

Energy Burden

Working Group #3

Common Themes

- ▶ There is very strong consensus that **energy burden is the most immediate affordability problem facing households.**
- ▶ Repeated themes:
 - ▶ many low-income households spend 20% or more of disposable income on energy
 - ▶ housing quality strongly affects affordability because inefficient homes lock customers into higher usage
 - ▶ low-income rate design is widely viewed as an important state tool
 - ▶ efficiency programs are frequently paired with affordability solutions rather than treated separately
- ▶ Many respondents explicitly distinguish that high bills are not only about price – **they are also about inability to reduce consumption.**

Areas of Disagreement

- ▶ Little disagreement exists. The disagreement is mainly over which lever should be prioritized first.
- ▶ Some prioritize:
 - ▶ low-income rate classes
 - ▶ immediate bill relief
- ▶ Others prioritize:
 - ▶ targeted efficiency investments
 - ▶ long-term housing upgrades
- ▶ Others emphasize:
 - ▶ controlling utility cost growth first

Particularly Interesting Points

- ▶ A strong recurring idea is that affordability policy should explicitly link energy burden reduction with long-term system savings - shifting affordability from short-term subsidy toward structural cost reduction.
 - ▶ “current cost-benefit approaches often ignore future reductions in low-income bill support if homes become more efficient”

Potential Solutions

As identified by working group participants in a survey earlier this year.

Solution	Working Group
Create a low-income rate class	Energy Burden, Financing & Market Design
Targeted energy efficiency program deployments	Energy Burden, Financing & Market Design
Value-Added Products like incentives for smart home investment	Energy Burden, Financing & Market Design