



State of Maine  
**Office of the Public Advocate**  
112 State House Station, Augusta, Maine 04333-0112  
(207) 624-3687 (voice) 711 (TTY)  
[www.Maine.gov/meopa](http://www.Maine.gov/meopa)

Janet T. Mills  
GOVERNOR

Andrew Landry  
ACTING PUBLIC ADVOCATE

## **Office of the Public Advocate Report: Low-Income Electricity Burden Study**

December 1, 2021

Good morning Senator Lawrence, Representative Berry, members of the Energy, Utilities and Technology Committee. My name is Kiera Reardon and I am the Consumer Advisor in the Office of the Public Advocate. Thank you for the invitation and opportunity to speak with you about the important topic of low-income household energy burden and related emerging issues.

The low-income energy usage and energy burden studies that the Office of the Public Advocate (OPA) completed in 2018 and 2019 with the help of our expert consultants provided tremendous insight into what Mainers are facing across our great State. While the Energy Usage Study dove deep into the specific energy usage in 68 low-income households, the Energy Burden Study took a more global view across Maine using data from the U.S. Department of Energy. Also, the Energy Usage Study examined all energy including transportation and home electricity usage beyond just heating. The Energy Burden Study looked primarily at home heating costs. Working with Synapse Energy Economics, Inc. we analyzed many available data sources, and decided to use the U.S. Department of Energy's Low-Income Energy Affordability Data Portal (LEAD). The LEAD tool was newly launched at the time. When you read the report, you'll notice an appendix describing how we had to convert the data from the financial methodology utilizing area median income to federal poverty guidelines. I'm pleased to say that LEAD portal has continued to be updated and is now a much



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more user-friendly way to look at household data for low and moderate income households by state and region without requiring extensive conversions. I urge you to look at this tool when time allows at <https://www.energy.gov/eere/slsc/maps/lead-tool>. While the energy burden data is from 2016 and our analysis is from 2018 and 2019, the trends hold true across the state, region, and country. The conclusions drawn are still true today though the exact percentages may shift as prices change.

The key takeaways are as follows:

- When looking at households within income brackets relative to the federal poverty guidelines, the lowest income houses have lower energy expenditures than higher income brackets. However, it does not decrease proportionately. What we find is that those households with the lowest income are spending much larger percentage of their finances on energy expenditures. And again, the trend is that households use more energy as their income level increases, but that increased usage is often at a slower rate than the income increases. Homes with more income tend to use more energy in their home. And yet, this still translates to a smaller percentage of their annual income being spent on home energy. When you compare low income households in Maine to other residential homes in Maine you find great disparity on income and expenses directed towards energy. *Low income Maine households use 18 to 19% of their income on energy. Compare this to the 6% in other Maine households.*
- Homes which heat with propane spend far more on home energy than homes with any other heating source. In fact, propane almost doubled the energy



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expenditures in the household. This may be due to a variety of reasons from cost of fuel to graduated pricing where homes that use less propane pay more than structures that use more. However, I urge you to also take a look at Table 3 and Figure 4 in the Maine Low-Income Energy Burden Study which describes how many households heat with propane compared to other fuel sources. I think that this an important consideration. I am pleased to tell you that one outcome of the study is that Efficiency Maine Trust is targeting the low-income funding from the New England Clean Energy Connect agreement on converting and installing heat pumps in low-income homes currently heating with propane.

The recommendations of the study align well with policy positions the OPA has discussed with Efficiency Maine Trust and their low-income advisory group. These positions include supporting homeowners' efforts to weatherize their homes and increase energy efficiency. We are pleased there has been a tremendous influx of funding aimed at this effort through the American Rescue Plan and that effort will continue over the next several years. This is important because the study also showed that homeowners face greater energy burdens than renters. We can speculate that this could be due to homeowners being in larger buildings or homes with less shared walls therefore more exterior exposure. One upside is that energy efficiency programs tend to be easier to implement with homeowners than with renters. A home is likely to stay in possession of that same owner and doesn't have the accompanying concern that we often hear when targeting low-income projects towards landlord owned buildings;



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which is that there is no guarantee the benefits will continue to be received by low-income renters.

National data analysis shows that New England residents face some of the highest energy burdens in the country. This is amplified in low-income households, and furthermore in rural households compared to urban. Using Area Median Income and LIHEAP eligibility criteria, we estimated that 130,000 Maine households fit within LIHEAPs eligibility. Numbers fluctuate, but this is a much higher number than the 30-40,000 households that participate in LIHEAP each year. LIHEAP is currently our gateway program to income assistance on electricity bills and to arrearage management. MaineHousing and the Community Action Agencies continue to address and improve participation rates, but it is critical to keep in mind that any program implemented and supported through rates will disproportionately impact low-income homes.

### Emerging Issues

- LD 506 – An Act To Reduce the Tax Burden on Low-income Electricity Customers is currently on the Appropriations & Financial Affairs Committee’s agenda. This bill would remove sales tax from low-income electric bills (residential accounts currently taxed on kWh usage over 750).
- Community solar and HEAP – Households using electric heat currently have Home Energy Assistance Program (HEAP) funds applied directly to their



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electric account. These funds do not transfer to the project developer for HEAP eligible customers participating in community solar. It is unclear what steps are necessary to facilitate distribution of HEAP funds in this manner.

- Community solar and LIAP/ELP funds – Households eligible for LIAP/ELP funds lose that benefit if they participate in community solar. Unlike HEAP, the source of funding for this benefit is from other utility customers and community solar participants do not contribute. There would therefore be a significant equity issue if low-income community solar customers were allowed to receive LIAP/ELP benefits unless community solar participants were required to contribute to the cost of this program themselves.
- The new program starting in the Spring of 2022 which applies a monetary credit from Net Energy Billing kWh donations to Arrearage Management Program participants is one to watch for a similar problem related to community solar. It feels like it has the potential to fall into the same issue that HEAP and ELP/LIAP do for credits.
- Participation rates in HEAP are traditionally lower than the number of households thought to qualify. MaineHousing and the CAAs have worked to increase enrollment, but it is estimated that more than 60% of eligible households are not receiving a benefit. Using HEAP as a gateway program for low-income electric benefits and AMP is streamlined and effective, but we know there are households that could benefit from assistance. Thanks to



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AARP, the eligibility issue has been thoroughly examined in a Public Utilities Commission Inquiry, Docket Number 2021-00061. There are many possible changes to be made to the low-income electric program and the Commission is undertaking that process with an engaged stakeholder group including the OPA, AARP, the consumer and investor owned electric utilities, and Maine Equal Justice. ([Reference: PUC, Docket No. 2021-00061](#))

- Lifeline telecommunications subsidy – The federal subsidy for voice telephone services is set to expire in December 2022. This will leave Mainers with the option to apply for a subsidized cell phone or internet service through lifeline, but they will not receive discounted landline telephone service through Lifeline after this date. This is a communications concern for the hard of hearing and the elderly populations of Maine.
- Low-Income Household Water Assistance Program – Federal funding aimed to provide a means to subsidize water utility bills will roll out in coming months. It is believed that the application process will be handled through CAAs and MaineHousing, but they can speak more to the program design as the details are finalized.

I thank you for your time and consideration and welcome any questions.