



A Coordinated Approach: Part Two

Best Practices for Effective Programs

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INTRODUCTION

CARD Study: Low Income Policy Analysis and Evaluation

Purpose

- **Phase 1 – Policy Analysis**
 - Document statutory requirements and Minnesota Administrative Rules with respect to LI CIP
 - Examine how Commissioner decisions, guidance documents, and other recommendations implement statutory requirements and rules
 - Identify areas where Commission decisions, guidance, or recommendations might be re-evaluated and updated in light of current program experiences

Purpose

- **Phase 2 – Program Evaluation**
 - Collect information on utility approaches to design and implementation of LI CIP programs.
 - Document *reported* program performance compared to requirements and expectations.
 - Collect information on the experiences of LI CIP program implementers.
 - Identify and examine programs that are reported to be high performing.
 - Indentify options to enhance performance of LI CIP.

Status

- **Completed Tasks**

- Review of statute, rules, decisions, and procedures
- In-depth interviews with DER program managers (CIP, WAP, EAP)
- In-depth interviews with utilities (IOUs, aggregators, COUs)
- Analysis of IOU plans and status reports (2013 & 2014)
- Analysis of COU plans and status reports (2013 & 2014) in ESP
- Review of program information from 20 other states

Status

- **Active Tasks**

- In-depth interviews with LI CIP service providers and WAP service providers not engaged in LI CIP
- In-depth interviews with managers of projects with *reported* high performance
- Development of LI CIP program options for review by DER
- Reporting on study findings

Status

- **Planned Task**
 - Development of plan for disseminating findings and program design options.

OVERVIEW OF FINDINGS

Findings - Funding

- LI CIP funding is substantial ... represents about 40% of all energy-related funds spent on low-income housing units.

Findings - Funding

Funding Source	Funding	Percent
DOE WAP – PY 2014	\$6,083,615	22%
LIHEAP WAP – FY 2014	\$4,677,334	17%
LIHEAP ERR – FY 2014	\$5,734,273	21%
IOU Gas LI CIP – 2014	\$5,538,860	20%
IOU Electric LI CIP – 2014	\$2,930,620	10%
COU Electric & Gas LI CIP – 2014	\$2,663,959*	10%
TOTAL	\$27,631,661	100%

Findings – Funding

- **Spending Requirements**
 - Looking at policy options that may increase the amount spent on low-income programs ... programs that “directly serve the needs of low-income persons, including renters.” [Mainly relates to COU spending.]
 - Looking at policy options in particular that may improve the ability of COUs and WAP service providers to spend available funds in an effective way. [For example: Develop tools to address “small budget” problem.]

Findings - Utilities

- **Program Spending**

- IOUs generally spend as much or more than they are required to spend under the statutory requirements
- COUs are inconsistent; some spend required amount or more every year, some spend required amount some years, some do not appear to meet spending requirements

Findings - Utilities

- **Program Design**

- As they get more experience in their general residential programs, both IOUs and COUs are interested in expanding the types of households served through LI CIP and the measures installed in LI CIP programs. But, they are not sure how to assess whether those approaches are allowable under program rules.

Findings - Utilities

- **Utility / Service Provider Relationships**
 - Some utilities work directly with WAP service providers, are satisfied with the relationship, and are meeting all LI CIP program requirements
 - Some utilities say that they have had mixed experiences with WAP service providers – some providers have helped the utility to meet LI CIP spending requirements and but some others have not.
 - {Note: Just starting the service provider interviews ... there are always at least two sides to every story ...}

Findings – Policy and Performance

- **Guidance from DER CIP Unit to Utilities**
 - The DER CIP unit furnished guidance to utilities that recommended use of WAP service providers to deliver LI CIP and use of WAP rules to determine allowable spending.
 - DER CIP unit review of LI CIP portfolios does not comment on utility selection of service providers or on targeting of housing units or measures unless the utility is failing to meet spending requirements or the utility is spending on a program that does not “directly serve the needs of low-income persons, including renters.”

Findings – Policy and Performance

- **Positive Outcomes of LI CIP Policies**

- Innovation - Some utilities have adopted innovative program models that seem to represent best practices, both in Minnesota and nationally.
- Fiscal Discipline - Since the utilities retain control of the spending for CIP and LI CIP, the state government is not able to use ratepayer funds for other purposes as they have in states like New Jersey.
- Utility Engagement – The positive treatment of LI CIP spending and savings with respect to utility incentives potentially encourage IOUs to have a positive view of LI CIP programs.

Findings – Policy and Performance

- **Issues with LI CIP Policies**

- Limited Measures – It appears that some electric utilities restrict spending to measures that may not represent the most effective use of funds.
- Uncertainty – Many utilities reported that they did not have an adequate understanding of WAP program rules to assess whether LI CIP program funds are being spent in the most effective way.
- Awareness – It appears that many utilities are not aware of program design options that could potentially improve their ability to meet spending requirements and/or to increase program cost-effectiveness.

OPTIONS AND ALTERNATIVES

Options and Alternatives

- **LI CIP Policy Review**

- Are there policies that are too restrictive and limit the ability of utilities and service providers to target homes and/or measures that would address the needs of low-income households?
- Are there policies that are not restrictive enough and do not ensure that utilities spend LI CIP funds on serving low-income households?

Options and Alternatives

- **Program Models**

- Are there program models that are more effective than current practice?
- If so, what is the role of DER in “encouraging” the adoption of program models that could enhance the performance of the LI CIP program?

Options and Alternatives

- **Roles**
 - CIP Unit / WAP Unit /EAP Unit
 - What is the role of each unit within DER of helping to disseminate information on best practices and/or on “encouraging” the adoption of best practices

Options and Alternatives

- **Program Tracking / Data Tracking Tools**
 - Each program has tools that help to track information relevant to that program ... EAP / eHeat ... WAP / Weatherization Assistant ... LI CIP / ESP (Energy Saving Platform)
 - Are there ways to share information among those or other tracking systems that would help to increase the potential for program coordination?

BRAINSTORMING TOPICS

Overview

- **Co-Delivery with WAP** – Missed opportunities?
- **WAP Deferrals** - Electric baseload measures?
- **Previously Served** - LI CIP electric or gas measures?
- **Delivered Fuel Homes** – Electric LI CIP for WX
- **Non-WAP Homes** – Target high electric usage independent of WAP targeting
- **EAP ERR Collaboration** – Use LI CIP funds to pay for high efficiency add-on.

Co-Delivery Options

- **Opportunity** – Expanding the number of LI CIP measures installed in each WAP home reduces average costs per home, increases average benefits per home, and ensures that LI CIP funds are spent on low-income programs.
- **Specific Examples ...**
- **Barriers ...**
- **Potential Solutions ...**

WAP Deferrals

- **Opportunity** – When a home is deferred under WAP guidelines, there may still be good opportunities for electric baseload measures. But, there also are appropriate restrictions. Should the program explicitly sort out those opportunities and restrictions?
- **Specific Examples ...**
- **Barriers ...**
- **Potential Solutions ...**

Previously Served by WAP

- **Opportunity** – A home previously served by WAP represents a good target for LI CIP spending; likely to be low-income and receptive to service delivery.
- **Specific Examples ...**
- **Barriers ...**
- **Potential Solutions ...**

Delivered Fuel Homes

- **Opportunity** – Electric LI CIP funds can be spent on weatherization for households whose main heat is a delivered fuel or natural gas from a municipal utility not required to participate in CIP.
- **Specific Examples ...**
- **Barriers ...**
- **Potential Solutions ...**

Non-WAP Homes

- **Opportunity** – eHeat gives you good information on income eligible households who may have high electric usage, but not high heating fuel usage. These might be good candidates for installation of electric measures.
- **Specific Examples ...**
- **Barriers ...**
- **Potential Solutions ...**

EAP ERR Coordination

- **Opportunity** – The EAP unit expresses a goal of installing high efficiency heating units in low-income households. Utilities are replacing furnaces in homes of low-income customers to make them eligible for additional LI CIP measures.
- **Specific Examples ...**
- **Barriers ...**
- **Potential Solutions ...**

SUMMARY

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