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# LMI Affordability Through Rate Design

## Midwest Energy Solutions Conference

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# Agenda

- Cost-based Rate Reforms
- Low-income Discount Frameworks
- COVID Response Synchronization

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# Cost-Based Rate Reforms



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# Options with Simple Metering

- Low-income customer class
  - In some jurisdictions, customers have a lower cost load shape
- Inclining block rates
  - High usage customers often have higher correlation with peak hours in summer due to AC
  - Low-usage low-income customers benefit from initial block with low price
- Seasonal rates
  - If winter is an off-peak season, especially helps low-income customers with electric heating

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# Time-Varying Rates

- Well-designed time-of-use rates can be low risk for low-income customers
- Critical peak pricing likely does increase bill volatility in exchange for significantly improved price signals
- Peak-time rebates or demand response programs are an alternative with lower risk
  - Free energy management devices can virtually guarantee a benefit for low-income customers

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## Low-Income Discount Frameworks

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# Simple Bill Discounts

- MA: 25-36%
- CA Alternative Rates for Energy: 30-35%
- VT Green Mountain Power: 25%

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# Tiered Bill Discounts

- Rhode Island
  - SNAP/HEAP/SSI: 25%
  - Medicaid: 30%
- NH Statewide Electric Assistance Program
  - Percentage discount based on income and household size with 5 tiers: 8% to 76%
- NY electric/gas framework
  - Tiered flat \$ per month discounts: \$13-\$42
  - Automatic enrollment mechanisms



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# Percentage of Income Payment Plans

- Electricity bill capped at 6% of household income
- Eligibility verified every year
  - OH: 150% of federal poverty line
  - IL: 200% of federal poverty line
- Underpayment is treated as debt, which can be forgiven through timely payments

# 3

# COVID Response Synchronization



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# COVID Response Synchronization

- Utilities will file to recover uncollectible debt from unpaid bills
- Key is a balanced response that recognizes ways costs declined or revenues went up
  - Debt costs have dropped substantially
  - General residential consumption is up
- Shareholders can share in burden



# About RAP

The Regulatory Assistance Project (RAP)<sup>®</sup> is an independent, non-partisan, non-governmental organization dedicated to accelerating the transition to a clean, reliable, and efficient energy future.

Learn more about our work at [raponline.org](https://raponline.org)



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