

**VEIC Study Review Synthesis**  
**Chapter 6 – Low Income Weatherization Programs Review and Assessment**  
**July 10, 2012**

**Summary of Chapter Intent**

Chapter 6 presents a high-level overview and assessment of the low-income weatherization programs offered in New Hampshire. Overall, the energy efficiency and weatherization programs that serve New Hampshire's low-income residents are highly effective. As discussed in more detail below, these programs not only improve the energy efficiency and comfort of the households served, but they also reduce the need for energy assistance subsidies from other federal and state programs allowing them to serve additional needy customers. The VEIC Report made a number of recommendations for improving the state's low-income weatherization programs – each of which is discussed below.

**Chapter Team Findings**

The Chapter Review Team conducted an independent assessment of each recommendation presented in the VEIC Report using the screening tool developed by the VEIC Report Review Group. Considerations given to each recommendation included: individual reviewer agreement with the recommendation, reviewer comments/concerns, assessment of any required actions, estimates of the time horizon and potential impact of the recommendation, and the cost of implementing the recommendation using agreed upon comparative evaluation scales.

Specific recommendations are detailed below. The Chapter Review Team believes the recommendation to Increase Funding will require action by the Legislature or the Public Utilities Commission or both – depending on the source of the additional funds. For example, enactment of a surcharge on delivered fuels will require legislation whereas an increase to the System Benefits Charge can be authorized by the PUC. The recommendation to Revise Prioritization Criteria will require PUC approval. All other recommendations are implementation issues that can be resolved by the Program Administrators.

***Recommendations – Near Term Actions***

- *Develop Shared IT Resources and Common Reporting Standards*  
The NH Office of Energy and Planning (OEP) and the utilities are working to implement a common weatherization projects database and shared software for assessing energy savings potential, program administration, and reporting. OEP, the Community Action Agencies, and the utility program administrators will all have secured access to the system with functionality to support their specific needs. The new system is scheduled to be in place January 1, 2013.
- *Review Workload Prioritization Criteria*  
The VEIC Report recommends that the criteria used to prioritize weatherization work be based on household energy burden (i.e. need). Currently there are multiple sets of criteria that come with each funding stream. The federal DOE weatherization funds require households be prioritized based on high heating energy usage, ability to leverage other funding sources, children under six, elderly, people with disabilities, and time on the waiting list. The priority for System Benefits Charge (SBC) funds paid by electric customers has been to reduce electric usage. In addition, households participating in the state's Electric Assistance Program (EAP) have been given preference over non-

participants. The EAP, also funded by the SBC, provides graduated discounts on electric bills based on the household's Federal Poverty Level. Weatherizing homes and reducing usage among EAP participants with the highest electric usage and highest discount levels directly reduces their electric consumption and consequently makes more EAP funds available to serve others in need. And finally, the Low-Income Home Energy Assistance Program (LIHEAP) is a federally funded program helping low income households with their energy bills. Similar to the EAP, LIHEAP households are offered weatherization services on a priority basis to stretch these limited funds as far as possible.

There are two current circumstances that have the potential to trigger a reassessment of the workload priorities. The first is the expected loss of ARRA funds and the resulting reduction in the funding level for the federal weatherization program. Loss of this funding will reduce the number of homes with low electric usage that would be served using the current prioritization scheme. The second is a pending docket currently before the Public Utilities Commission. The Commission is expected to rule on the use of SBC funds for non-electric energy savings. Once these issues are resolved, the Chapter Review Team recommends the program administrators review the prioritization criteria with the goal of striking a balance between households with high energy burden regardless of heating fuel and serving as many EAP households as possible.

➤ *Increase Funding*

There is a recommendation in Chapter 3 to consider an increase to the System Benefits Charge to alleviate the expected decline in funding levels in the post-ARRA period. The Chapter Review Team recognizes the critical nature of funding, particularly for this group of citizens who cannot afford to pay for weatherization services. In general the Team believes that requests for additional energy efficiency funding are more likely to be successful if they are based on a state energy policy such as might be articulated through an Energy Efficiency Resource Standard (EERS). However, the Team feels the needs of low income customers are well documented and widely understood; furthermore, there are options for increasing funding that do not require legislative action. These options include:

- HB 1490 recently became law and will increase funding for the CORE energy efficiency programs. A portion of these funds may be used to supplement funding for the low-income weatherization program.
- A portion of the LIHEAP funds may be set aside for low-income weatherization. While this is currently done in 48 states, it is not done in New Hampshire. OEP and the CAAs have recently discussed the possibility of establishing a set aside in New Hampshire.
- There has been no change to the System Benefits Charge in 10 years. It is within the authority of the Public Utilities Commission to increase the SBC.

Over the past several years, ARRA monies have significantly increased the funding for low-income weatherization in New Hampshire. If we are to maintain the trained workforce and momentum created by the Recovery Act, additional funding is needed now. The Team believes the EESE Board should recommend increasing the funding for low-income weatherization to the Public Utilities Commission. The Commission in turn could then direct the Commission Staff, the utilities and other interested parties to the CORE efficiency programs docket to review the options and make specific recommendations for additional funding.

### ***Areas for Further Consideration***

➤ *Continue to Coordinate Quality Assurance Inspections through Single Entity*

In the past, both the Office of Energy and Planning (OEP) and the utilities each individually conducted Quality Assurance inspections of up to 10% of the homes weatherized under their programs. The VEIC Study recommends coordinating the inspections of units served by both programs through a single entity to conduct QA reviews on 10% of projects. Most recently, the two programs utilized the same subcontractor during significantly increased state production due to the state utilizing ARRA funding. As this funding has run out, OEP will need to assess available funding in relation to the cost/benefit of outsourcing inspections. In order to achieve continued coordination, a new mechanism will need to be developed to replace it.

### ***Recommendations - Completed***

➤ *Coordinate Planning and Delivery of Training Activities*

The NH Office of Energy and Planning and the utilities are working together to plan and deliver training programs applicable to the home weatherization staff. Training includes BPI certification as well as programs to maintain competency and currency in home weatherization technology.

### **Background**

There are three primary programs and funding streams providing low-income weatherization services to New Hampshire residents: a federal program administered by the NH Office of Energy and Planning (OEP) and programs and funding provided through the states electric and gas utilities. From the customers' perspective, the programs and funding streams are seamless and delivered by the state's five Community Action Agencies (CAA). The program services are heating fuel neutral and comprehensive – including not only energy saving measures, but also, health and safety measures ranging from lead paint removal and to deck railing repairs. There is an emphasis on training programs for field personnel to ensure services are consistently high quality, delivered safely, and with understanding of the needs of the customer segment being served.

In the spring of 2012, OEP had proposed purchasing a new database system to replace the Excel spreadsheets that currently support the federal weatherization program. The new system was to be tailored to support DOE reporting requirements as well as CAA budgeting and billing. In the wake of their proposal being turned down by the Governor's Council, the OEP has been working with the utilities to move to a common system which is an upgrade to the system currently used by the utilities. While initially this common system is not expected to have all of the functionality of the new system proposed by OEP, the plan is to incorporate these features over time.

Over the 2008-2010 period examined in the VEIC Report, an average of 1,067 homes per year were weatherized at an average annual cost of \$3.1 million. Each year the average lifetime energy savings were 20.7 million kilowatt-hours and 1.1 million therms –saving the average participating electric customer \$235 on their electric bill and the average participating gas customer \$320 on their gas bill. Despite the progress being made each year, demand for these services outstrips the ability to deliver the services as is evidenced by a waitlist of 12,000 households.