Which utilities have the top-performing gas low-income programs?

An Ask E Source answer
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Q:Which utilities have the top-performing gas low-income demand-side management (DSM) programs?

A:To get a sense for which utilities are running effective low-income gas programs, we benchmarked eight gas utilities. For this analysis, we used E Source DSM Insights, our tool containing data on DSM program goals, budgets, spending, and savings from DSM regulatory filings. We learned that:

- CenterPoint Energy's Minnesota low-income portfolio boasts the highest therm savings (3.3 million therms) and the lowest acquisition costs ($1.06/therm).
- National Grid Massachusetts's low-income portfolio has the third highest therm savings (after CenterPoint and Southern California Gas Co.) and relatively low acquisition costs.
- Xcel Energy Colorado's low-income portfolio has the fourth highest therm savings and very low acquisition costs.

Figure 1: Gas low-income portfolio performance

The performance of gas low-income portfolios across the eight utilities we examined varies considerably in terms of overall program size, impact, and cost-effectiveness. Acquisition costs ranged from a low of $1.06/therm to a high of $55.62/therm.

Utility	Year	Reported budget ($)	Reported savings (therms)	Acquisition cost ($/therm)
CenterPoint Energy Minnesota	2017	3,429,092	3,239,700	1.06
FortisBC	2017	2,162,000	444,238	4.87
Xcel Energy Colorado	2018	3,829,816	710,930	5.39
Puget Sound Energy	2017	242,271	13,057	18.55
National Grid Massachusetts	2017	27,765,915	1,287,768	21.56

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Utility	Year	Reported budget ($)	Reported savings (therms)	Acquisition cost ($/therm)
SDG&E	2018	7,111,063	208,384	34.12
SoCalGas	2018	83,212,138	1,575,510	52.82
Avista Utilities Washington	2018	852,196	15,323	55.62

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Here are some best-practice strategies pulled from these successful programs:

- Working with local electric utilities to offer a joint program reduces program costs and helps scale programs
- Having a single entity coordinate with various stakeholders across your state streamlines program offerings and reduces administrative costs
- Offering several low-income programs gives customers multiple ways to participate and helps scale programs
- Targeting your outreach to customers who have high energy usage can help improve your return on investment

CenterPoint Energy

Of the low-income portfolios we reviewed, CenterPoint's Income-Qualified Programs had the highest volumetric savings (just under 3.3 million therms) and lowest acquisition costs ($1.06/therm). We asked the utility's low-income program manager to share their strategies for success. They explained that by diversifying its offerings, CenterPoint expanded its reach among low-income customer types.

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CenterPoint offers five low-income programs and uses different partners and program administrators to deliver these options to customers:

- *Low Income Weatherization.* Like most utilities with low-income programs, CenterPoint partners with local Weatherization Assistance Program (WAP) organizations to deliver its whole-home single-family weatherization offering.
- *Home Energy Squad.* CenterPoint jointly administers this energy audit and direct-install offering with Xcel Energy.
- *Low-Income Rental Efficiency.* This shared-cost program targets small one- to four-unit multifamily buildings in which 50% of the renters meet income qualifications. It offers a free energy audit and pays half of the cost of qualifying upgrades. CenterPoint works with the Energy Cents Coalition to deliver the program.
- *Multi-Family Building Efficiency.* This program, offered in partnership with Xcel Energy, features a free energy audit and free direct install of low-cost in-unit and common area measures. It encourages deeper upgrades by offering tiered incentives based on the level of energy savings expected from the project, which can include up to 80% of the improvement cost. The utility describes the program as a "one-stop shop" for multifamily property owners.
- *Non-Profit Affordable Housing Rebates.* The utility parters with affordable housing organizations to incentivize efficiency measures in one- to four-unit new construction and retrofit projects.
- *Low Income Heating System Tune-Up.* Delivered by local Community Action Partnership (CAP) agencies, this program includes a free heating system tune-up with safety checks.

Here are some highlights of how each program contributes to CenterPoint's low-income portfolio performance, pulled from the utility's 2018 Conservation Improvement Program Status Report (PDF):

- When compared to other programs in the low-income portfolio, the WAP weatherization program achieves the highest savings (20,537 dekatherms in 2018) and has a Societal Cost Test (SCT) result of 1.04.
- The Low Income Heating System Tune-Up is the least cost-effective program in the portfolio with a 0.35 SCT result, but it had the greatest participation in 2018, reaching more than 1,200 customers.

National Grid

After CenterPoint's portfolio, National Grid's gas low-income portfolio for Massachusetts has the next highest volumetric savings with almost 1.3 million therms. In addition, National Grid has a long history of hitting high energy-savings targets of more than 2% retail sales. We spoke with the program manager of National Grid's Massachusetts low-income program and learned that developing a strong statewide platform to deliver the program with partners is one reason for the portfolio's success.

Massachusetts created the Low-Income Energy Affordability Network (LEAN) in 1997 to coordinate low-income weatherization efforts across the state. The group is made up of community action agencies (grant recipients of the US Department of Energy's [DOE's] WAP funds), utilities, and other stakeholders and led by a nonprofit that has worked with low-income populations to provide other welfare programs. The group has a few key responsibilities, including:

- Coordinating low-income weatherization among all electric and gas utilities
- Coordinating among all DOE WAP partners
- Coordinating with vendors outside of the WAP network
- Overseeing evaluations of low-income weatherization programs for continuous improvement
- Acting as lead trainer for the program
- Providing regulatory support for issues related to the program

This statewide model with a leading coordinator has enabled the state to scale its delivery and offer streamlined programs to low-income customers. Our National Grid contact said that "having a lead organization that is familiar with low-income customers has been key to our success. They have built trust with CAP agencies and streamlined our offerings and they understand the low-income community beyond energy efficiency and disconnects."

LEAN integrates program dollars from the DOE, utilities, and other sources while ensuring that funding source guidelines are adhered to. Most importantly, LEAN offers customers a one-stop, comprehensive program. According to the ACEEE report Successful Low-Income Energy Efficiency Programs (PDF), LEAN's lead vendor has dedicated staff that work closely with CAP agencies to provide training and quality assurance. LEAN hosts a Low-Income Best Practices Working Group each quarter where stakeholders work to continuously improve the program by addressing key challenges and implementing solutions broadly across the state. For example, the group is working on finding ways to address vermiculite in low-income homes because this has previously been cost-prohibitive and has resulted in deferred projects.

"Having a lead organization [LEAN] that is familiar with low-income customers has been key to our success." —Massachusetts low-income program manager at National Grid

Another secret to National Grid's success has been the state's commitment to serve low-income populations. The state's Green Communities Act of 2008 requires that at least 10% of electric and 20% of gas expenditures go to low-income programs. This commitment made it essential to lead a coordinated effort. In Massachusetts, utility commitment to efficiency is so high that our contact said federal funds represent only 5% of weatherization spending in the state. This has given the utility a bigger seat at the table in influencing program direction through the LEAN group.

See the 2017 Income Eligible Process Evaluation Findings (PDF) for more information on the program partnership model.

Xcel Energy Colorado

Similar to National Grid's portfolio, the low-income portfolio at Xcel Energy Colorado also has relatively high savings and low acquisition costs. The portfolio consists of three offerings:

- Single-family weatherization program
- Multifamily weatherization program
- Nonprofit-based program that subsidizes costs to retrofit buildings owned by 501(c)(3) organizations

Xcel Energy partners with Energy Outreach Colorado (EOC), a nonprofit organization dedicated to serving low-income customers. EOC manages all three of Xcel Energy's programs and serves as a single point of contact between local CAP agencies, the state energy office (which receives DOE funding and distributes it to CAP agencies), and other stakeholders. According to a program manager at Xcel Energy, working with an entity like EOC has augmented the utility's capabilities and reduced costs by simplifying coordination efforts. And EOC can move funds between the three programs, ensuring that no low-income dollars are left on the table.

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