

NYC Energy Cost Burden

March, 2020

Agenda

1. Energy Cost Burden Context
2. NYC Energy Cost Burden Study
3. NYC Low Income Discounts Petition
4. Other Interventions Needed

ENERGY COST BURDEN CONTEXT

Context

Energy policy goals in tension: sustainability, resilience/reliability, and affordability

Common consequence of excessive energy cost burden:

- Foregoing food and medicine to pay for energy bills¹
- Loss of heating and/or air conditioning¹
- Exacerbated chronic health conditions¹
- Increased stress, anxiety, and depression²
- Financial implications of high utility debt²

¹Source: <https://www.eia.gov/consumption/residential/reports/2015/energybills/>

²Source: *Energy Burden and the Need for Integrated Low-Income Housing and Energy Policy*. Diana Hernández and Stephen Bird. 2010

NYC ENERGY COST BURDEN STUDY

Key Question and Methodology

Key Question:

Are low income programs achieving the State goal that low-income families should pay no more than 6% of income on energy bills?

Methodology:

- Data source: 2017 American Community Survey
- Energy Cost burden:

$$\frac{\textit{Electricity} + \textit{Natural Gas} + \textit{Fuel Oil} - \textit{HEAP Estimate}}{\textit{Pre tax Income}}$$

- Low income threshold – 60% of State Median Income

Study Findings

- **Energy cost burden remains a serious problem in NYC**
 - 484,375 low income families pay more than 6% of income toward household utility bills
 - This represents 14% of all NYC families
- **Energy cost burden disproportionately affects low income families**
 - Low-income families represent 36% of all families, but 79% of energy burdened families
 - Compared to the citywide median annual bill (~\$1,275), the median energy bill for low-income families is not substantially lower (\$1,155)

NYC LOW INCOME UTILITY DISCOUNTS PROPOSAL

Current Methodology

Current Program:

- Methodology should provide discounts that:
 1. Keep energy cost burden to no more than 6%
 2. Are standardized statewide
- Discounts are calculated as a function of:
 1. Incomes – high end qualifying income for family of 2
 2. HEAP Discounts – minimum \$350 plus adders
 3. Energy Bills – historic average bills

Observations:

- Methodology overstates families' resources
- Discounts can fluctuate heavily year over year

City Proposal Filed January 31

Key components of the petition

1. Incomes should be based on median income for the tier
 - Tier 1: \$36K under current approach; \$28K under median¹
 - Tier 3: \$21K under current approach; \$11K under median¹
2. HEAP should reflect non-emergency caseload statistics for non heat customers in NYC due to high concentration of renters
 - Tier 1: \$350 under current approach; \$42 from OTDA²
3. Bills should be based on weather-normalized consumption, with rates inclusive of increases for the year
4. A PSC reexamination should be triggered when target energy burden exceeds 8%, not 10%

¹Source: 2018 ACS analysis performed by ACS for Con Edison Territory

²Source: OTDA, Temporary and Disability Assistance Statistics (September 2017), p. 28, Table 26

HOLISTIC LOW INCOME ENERGY POLICY PROPOSAL

Components of a holistic energy policy

1. Increase amount of utility bill support programs
2. Increase access to low cost renewable energy, like community solar
3. Increase access to energy efficiency programs
4. Apply an equity lens to all ratemaking decisions

THANK YOU

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