

Affordability, Alignment, and Assistance Subcommittee 1/7/2025

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*Meeting presentations, recordings, and materials are shared on the EAAC website in the [AAA section](#)

Agenda

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**Review
Subcommittee
Charge and Goals**

2

**Recap of Where
we Left off**

3

**MEAP Reform
Update**

4

**Preview of 2025
PIPP Reporting
and Next Steps**

Goals of the Low-Income Energy Policy Board

1

The overall goal of the work of the EAAC is to define and ensure energy affordability, accessibility, and security/self-sufficiency in collaboration with the EWR-LI and the LIEPB (its advisory organization) as stated by the Commission through Case No. U20757.

2

To build on these directives, the LIEPB set their primary purpose as “guiding the process of assessing energy affordability and accessibility holistically, especially through linking EWR services and energy assistance programs.”

3

They set as their overarching goal “to reduce the number of households with unsustainable energy burdens.” All work of the Board, EAAC, and EWR-LI Workgroup flowed from this purpose and goal.

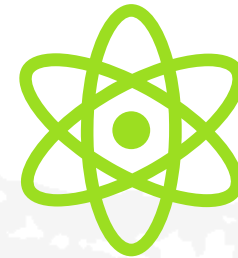
Shared Goals of the Subcommittee



To promote energy
AFFORDABILITY.



To support program
ALIGNMENT for ease of
access and use,
effectiveness of
administration, and
evaluation.



To evaluate and improve
systems of energy
ASSISTANCE.

Guiding Principles

The ideal system/program design should achieve shared goals while also:

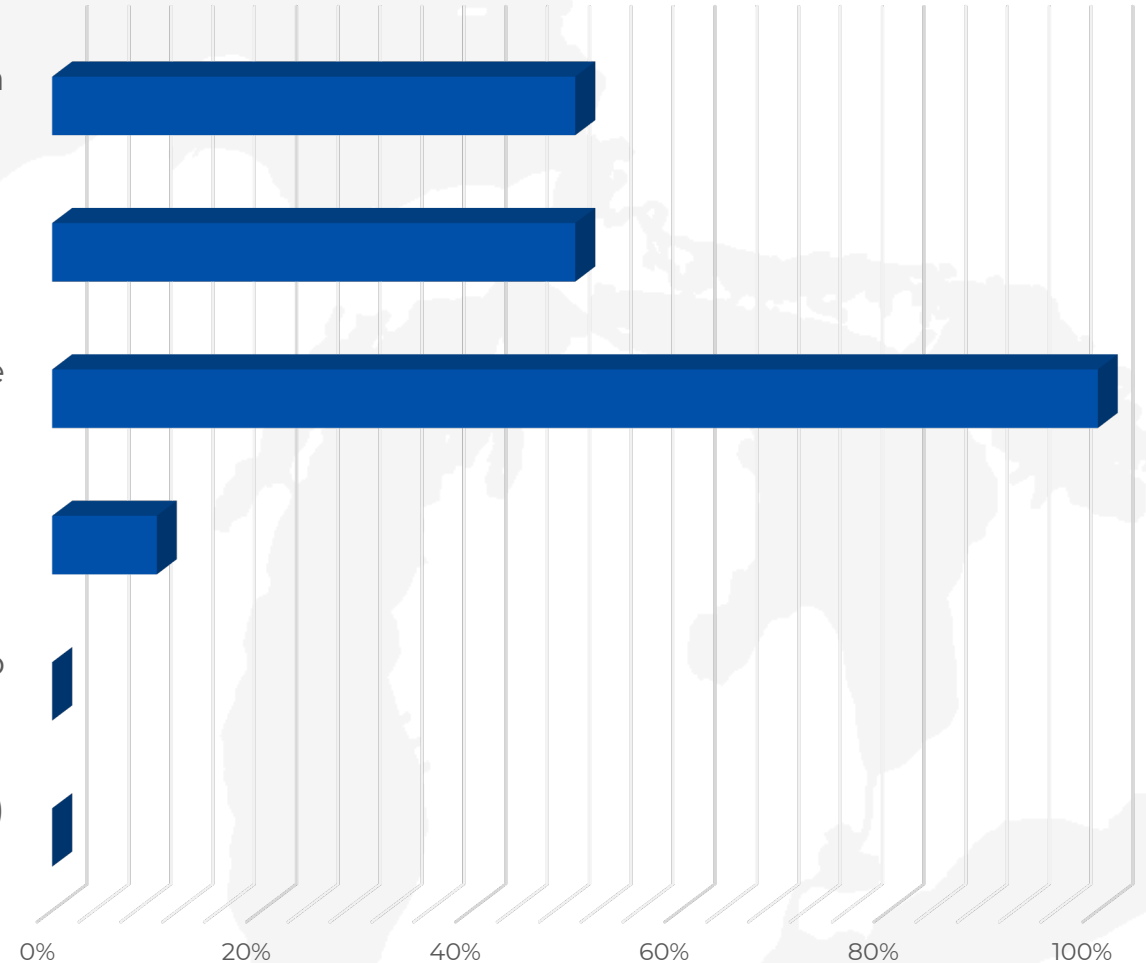
- **Ensuring equitable distribution** in the access to, use of, and outcomes from energy affordability and assistance policies/programs
- **Centering impacted community priorities** and participation in policy/program development, accountability, and assessment
- **Treating customers with dignity**, enabling them to live comfortably, and not penalizing customers for an inability to pay their bills
- **Coordinating and communicating clearly** with relevant state agencies to integrate state policy goals, including those related to healthy homes and climate change

2023 & 2025 AAA Charge

Charge to the EAAC AAA Subcommittee

Progress

- Initiate a stakeholder discussion of DTE's report on enrollment in the LIA credit program; report recommendations to the Commission.
- Discuss the LIA/RIA enrollment assignment, enrollment cap, and best use/program pairings.
- Evaluate the feasibility of a low-income customer subclass in the Cost-of-Service-Study (COSS)
- Evaluate and make recommendations regarding Percentage of Income Payment Plans.
- Propose an energy affordability standard for integration into the regulatory environment.
- Determine the best fulfillment of MCL 460.11(2)



2023 Recap

Authorizing Legislation: MCL 460.11 (2)

“Notwithstanding any other provision of this act, the commission may establish eligible low-income customer or eligible senior citizen customer rates. Upon filing of a rate increase request, a utility shall include proposed eligible low-income customer and eligible senior citizen customer rates and a method to allocate the revenue shortfall attributed to the implementation of those rates upon all customer classes. As used in this subsection, ‘eligible low-income customer’ and ‘eligible senior citizen customer’ mean those terms as defined in section 10t.”

MCL 460.10t(6)(b)

"Eligible low-income customer" means a customer whose household income does not exceed 150% of the poverty level, as published by the United States Department of Health and Human Services, or who receives any of the following:

- (i) Assistance from a state emergency relief program.
- (ii) Food stamps.
- (iii) Medicaid.

Currently Authorized under MCL 460.11(2)



RIA credit=equal to monthly customer charge. Automatically applied when customer receives other energy assistance (SER, HHC, MEAP). Can also self-attest

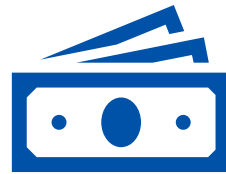


LIA credit=\$30-\$40 monthly credit. Same qualifying criteria as RIA. Applied at company's discretion. Generally given to APP customers to offset MEAP agency's portion of the subsidized bill. Can't receive RIA and LIA together

*See the "program descriptions" sheet of the Low-Income Customer Journey document linked on the [AAA website](#) for more energy assistance and protections information



The AAA reviewed ways to fulfill MCL 460.11 (2), which authorizes low-income rates, by means of analyzing the current RIA and LIA credits.



In October, the AAA evaluated the feasibility of a Consumers Energy cost-based low-income electric cost of service study, which is relevant to the MCL 460.11 (2) legislation.

**This did not lead to a greater bill reduction than the RIA*



The AAA outlined different possibilities to fulfill this legislation but is waiting on results from the PIPP pilots to make an informed recommendation to the Commission on the best fulfillment of MCL 460.11 (2).

AAA RIA/LIA Reform Options Summary

- ❑ Continue the current administration of the credits
 - Could adjust LIA enrollment cap
- ❑ Reform option 1: continue current credits, but prioritize underserved customers for the LIA
- ❑ Reform option 2: switch to a single credit that is tied to rate increases.
- ❑ Reform option 3: institute a percent of income payment plan
- ❑ The conclusions from the cost-of-service based low-income rate presentation indicated a cost-based rate not providing greater assistance.

2023 Reform Options Comparison

	Option 1 (Prioritize underserved for LIA)	Option 2 (Single Credit of \$25 [for example])	Option 3 (PIPP) *Example based off of one piloted utility with income/usage limits
Direct Bill Subsidy Per customer/month:	\$30 for LIA \$5-\$15 for RIA	\$25	\$56
Annually for all eligible customers:	≈\$77,000,000	\$171,490,200	\$383,566,414
Est. Admin Costs One time:	\$50,000-75,000	\$50,000	\$420,000
Annual:	\$50,000-65,000	\$200,000	\$260,000-500,000
Non-Financial Benefit	Benefit customers who haven't had access to greater assistance.	Greater benefit on average. Keeps up with rate increases.	Achieving energy security
Drawbacks	Difficult to determine eligibility.	Inequitable rate increase for smaller utility customers	Inequitable rate increase for smaller utility customers

Reform Issues in 2024

Since we last met, we've heard a lot of concerns in contested proceedings

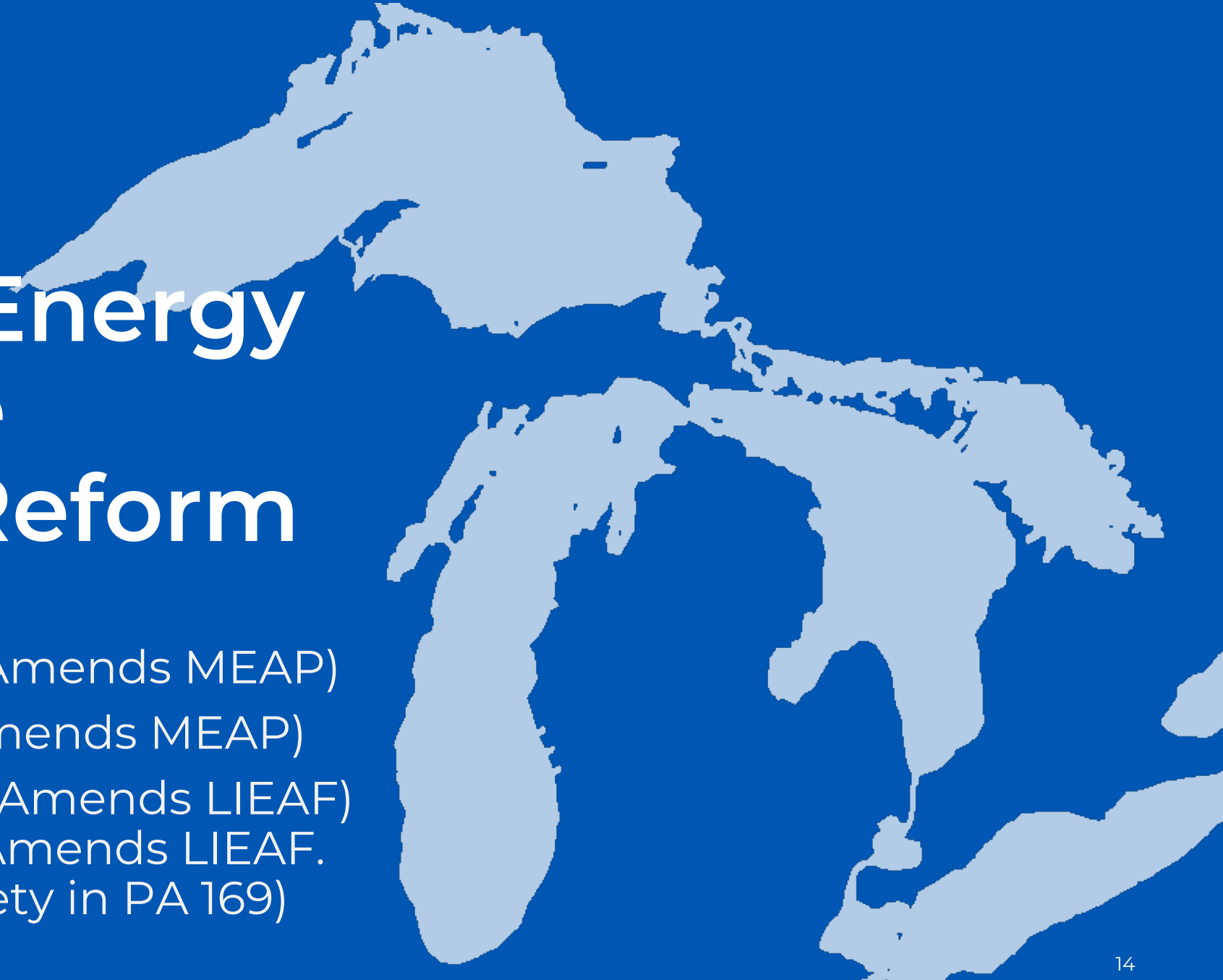
- MPSC Case Nos. [U-21291](#), [U-21534](#), [U-21585](#)

Objectives in which the MPSC is limited by legislative authority

- Households above 150% of the federal poverty level need assistance and aren't eligible (restricted by [MCL 460.10t\(6\)\(b\)](#))
- Some parties would like costs to be allocated differently ([MCL 460.11\(1\)](#))
- Some parties and customers would like rate increases to be denied in full (USA Constitutional law and the 5th Amendment.)

Objectives we're hoping to address in the AAA

- Utility customer service and assistance application concerns (program administration)
- Confusion with RIA and LIA credits
- PIPP proposals or tiered credits based on income

A light blue map of Michigan is positioned in the background on the right side of the slide. The map shows the state's outline, including the Upper and Lower Peninsulas, and is set against a dark blue background.

Michigan Energy Assistance Program Reform

December 2024

PA 170 (was SB 353; Amends MEAP)

HB 6075 (PA TBD; Amends MEAP)

PA 169 (Was SB 880; Amends LIEAF)

PA 168 (was SB 881; Amends LIEAF.
Reflected in its entirety in PA 169)

Definitions

- ❑ **MEAP** is the Michigan Energy Assistance Program, which offers one-time assistance, affordable payment plans (APPs), and self-sufficiency services to qualifying customers.
 - Granted to service agencies to administer funds and services
 - Current rules require customers to receive State Emergency Relief (SER) before receiving MEAP assistance
- ❑ **LIEAF** is the Low-Income Energy Assistance Fund, which funds MEAP and, until now, has been capped at \$50,000,000.
- ❑ **LIEAF funding factor** is the non-by-passable surcharge on retail electric meters. It had been capped at \$1/meter/month.
 - LIEAF and MEAP are authorized under Michigan legislation as noted on the previous slide.

Michigan Funding for Energy Affordability

Federal Funds

Ratepayer Funds

Department of Energy (DOE)
Administered by MDHHS

Low-Income Home Energy Assistance Program (LIHEAP) Administered by MDHHS

Low-Income Energy Assistance Funds (LIEAF) Administered by MPSC

Utility Based Credits
LIA and RIA Credits

Utility Based Energy Waste Reduction

Weatherization Services

Weatherization Services

Home Heating Credit (HHC)

State Emergency Relief (SER)

Assurance 16 (A16) Self-Sufficiency Services

Michigan Energy Assistance Program (MEAP) Affordable Payment Plans (APPs)

Michigan Energy Assistance Program (MEAP) Crisis Payments

Low-Income Assistance Credits (LIA)

Residential Income Assistance Credits (RIA)

Energy Conservation Services

Community Action Agencies

Human Service Grantees

Contractors

Legislative Action – LIEAF Funding Factor

- ❑ No longer requires that at least 70% of the funds received for the program must be spent during the state's crisis season, defined as November 1 to May 31.
- ❑ \$50,000,000 cap on the fund is lifted.
- ❑ The LIEAF surcharge will slowly increase from a \$1/electric meter/month to a \$2/electric meter/month cap and then be adjusted by inflation (the consumer price index)
 - The surcharge may increase by up to 25 cents each year.
- ❑ Utilities with 45,000+ customers cannot opt-out of MEAP
- ❑ Opt-out utilities must provide their own energy assistance program similar to MEAP and equal to the revenue that would have been collected from the LIEAF surcharge.
- ❑ Requires education and outreach on availability of the assistance programs and funding.

Legislative Action – Michigan Energy Assistance Program

After October 1, 2025, income eligibility is changed from 150% FPL to 60% SMI.

Requires prioritization of eligible low-income households that have at least one member who is any of the following:

- A child under five years of age.
- An individual with a disability.
- An individual who is 60 years of age or older. (Aligns w/ LIHEAP, however, MCL 460.10t is 65 y.o.)
- An individual who has experienced homelessness in the preceding 12 months and who needs energy assistance to secure housing.

Requires consideration of categorical eligibility, policies that make a household eligible for energy assistance based on the household's involvement in other low-income assistance programs.

Requires guidelines and performance metrics related to self-sufficiency and reducing energy insecurity.

Requires notification of and includes referral to weatherization or energy waste reduction programs and services.

Impacts of MEAP Reform

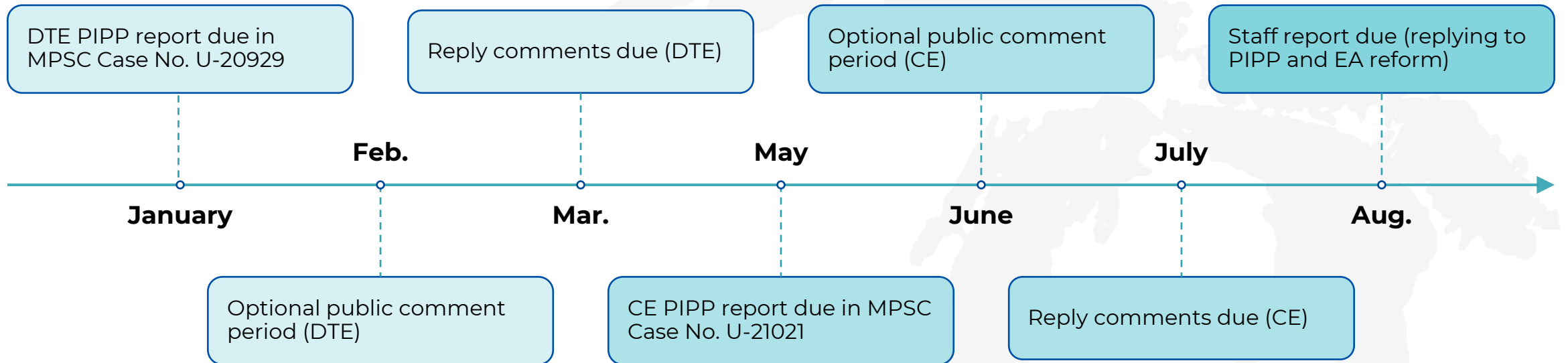
- ❑ More money will be available to customers
- ❑ More customers are eligible for energy assistance since low-income is defined by the legislation as 60% SMI
- ❑ Utility-based energy assistance program eligibility under MCL 460.11(2) and MCL 460.10t (6b) (RIA and LIA) is still 150% of federal poverty level, plus SER, Medicaid, and SNAP recipients.
 - Categorical eligibility may not align.
 - Under statute, it is unclear if utility programs can qualify customers above 150% of FPL if they have not received those other programs
- ❑ Vulnerable population prioritization may not align.

PIPP Reporting Update

PIPP Background

- ❑ PIPPs are percentage of income payment plans, in which a customer pays a set percentage of their income on their energy bills
- ❑ Consumers Energy (CE) and DTE Energy were both ordered to conduct pilots
 - DTE's has concluded and Consumers' will be concluding in the next couple of months
- ❑ These pilots were available to a limited number of customers with incomes at or below 150% of the federal poverty level (CE) and 200% of the federal poverty level (DTE)
- ❑ We are now approaching the stage at which CE and DTE will present their findings

2025 PIPP Reporting Timeline



*Timeline subject to Commission discretion and timeliness of reporting

What to Expect

- ❑ The Commission's Low Income Energy Policy Board is interested in promoting home energy security, which is the reliable access to and availability of energy for meeting diverse and varied household needs.
- ❑ Additionally, when determining the best way to reform utility-based energy assistance, Staff will be looking at:
 - Customer on-time payment rate
 - Customer service disconnection rate
 - Cost of assistance programs per customer (bill benefit)
 - Rate impact of programs on non-income-eligible customers
 - Eligibility criteria
 - Program enrollment caps
 - Program administration
 - Customer outreach/communications

What are your priorities?

- The previous slide depicted broadly what Staff plans on analyzing and prioritizing for its report to the Commission
- While the Commission may choose to open the CE and DTE PIPP reports to public comment, we want to ensure we're addressing your priorities for this coming reporting season.

- What concerns do you have?
- What priorities do you have?



Use the raise hand function in Teams to speak or add to the chat



Be respectful of diverse input



Voice dissent in a productive and respectful manner

Primer for the Discussion

- ❑ When choosing a reform recommendation, is it best to:
 - Narrow eligibility and availability to provide greater assistance to few?
 - Expand availability, but provide a smaller amount in assistance to all?
 - Expand availability *and* provide greater assistance to all eligible?
 - ❑ Potentially disproportionately impact the energy burden of ALICE customers and other ratepayers.
- ❑ How does a reform of the credits relate to MEAP reform?
- ❑ Which option best reduces the number of households with unsustainable energy burdens?

Next Steps



Next Meeting:

February 4

As we transition to new AAA leadership, you may see meeting invites from Jamie Curtis canceled and rescheduled by Mary Wilkins



Reports:

DTE will file its PIPP report to the [U-20929](#) Commission docket later this month.



Goals:

Provide affordability, alignment, and assistance recommendations to the Commission for their consideration.



Leadership:

Working with DTE and Consumers Energy to ensure PIPP reporting contains necessary information.

Appendix: Energy Assistance Glossary

- ❑ ALICE: Asset-Limited, Income-Constrained, Employed
 - [Michigan | UnitedForALICE](#)
- ❑ APP: the MEAP Affordable Payment Plan
 - Available through [Michigan Energy Assistance Program](#)
- ❑ FPG/FPL: Federal Poverty Guidelines/Level
 - [LIHEAP IM 2024-02 FPG and SMI](#)
- ❑ HHC: Home Heating Credit
 - LIHEAP Heating Benefit [Home Heating Credit Information](#)
- ❑ LIA: Low-Income Assistance Credit
 - Current expression of [MCL 460.11 \(2\)](#)
- ❑ LIEAF: Low-Income Energy Assistance Fund
 - Funds the [Michigan Energy Assistance Program](#)
- ❑ LIHEAP: Low-Income Home Energy Assistance Program
 - [Low Income Home Energy Assistance Program](#)

Appendix: Energy Assistance Glossary – Cont.

- ❑ MEAP: Michigan Energy Assistance Program
 - [Michigan Energy Assistance Program](#)
- ❑ PIPP: Percentage of Income Payment Plan/Program
 - <https://liheapch.acf.hhs.gov/docs/PIPPupdate.pdf>
- ❑ RIA: Residential Income Assistance Credit
 - Current expression of [MCL 460.11 \(2\)](#)
- ❑ SER: State Emergency Relief
 - LIHEAP Crisis Benefit [State Emergency Relief \(SER\) Program](#)
- ❑ SMI: State Median Income
 - [LIHEAP IM 2024-02 FPG and SMI](#)