

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

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

Agenda

1

**Review
Subcommittee
Charge and Goals**

2

**Energy Assistance
Funding and APP
Level-Setting**

3

**Arrears Handling
and
Disenrollment**

4

**Discussion 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. U-20757.

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.

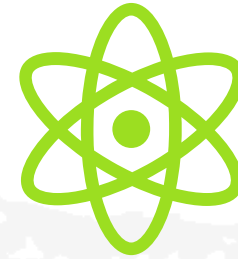
Shared Goals of the Subcommittee



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:

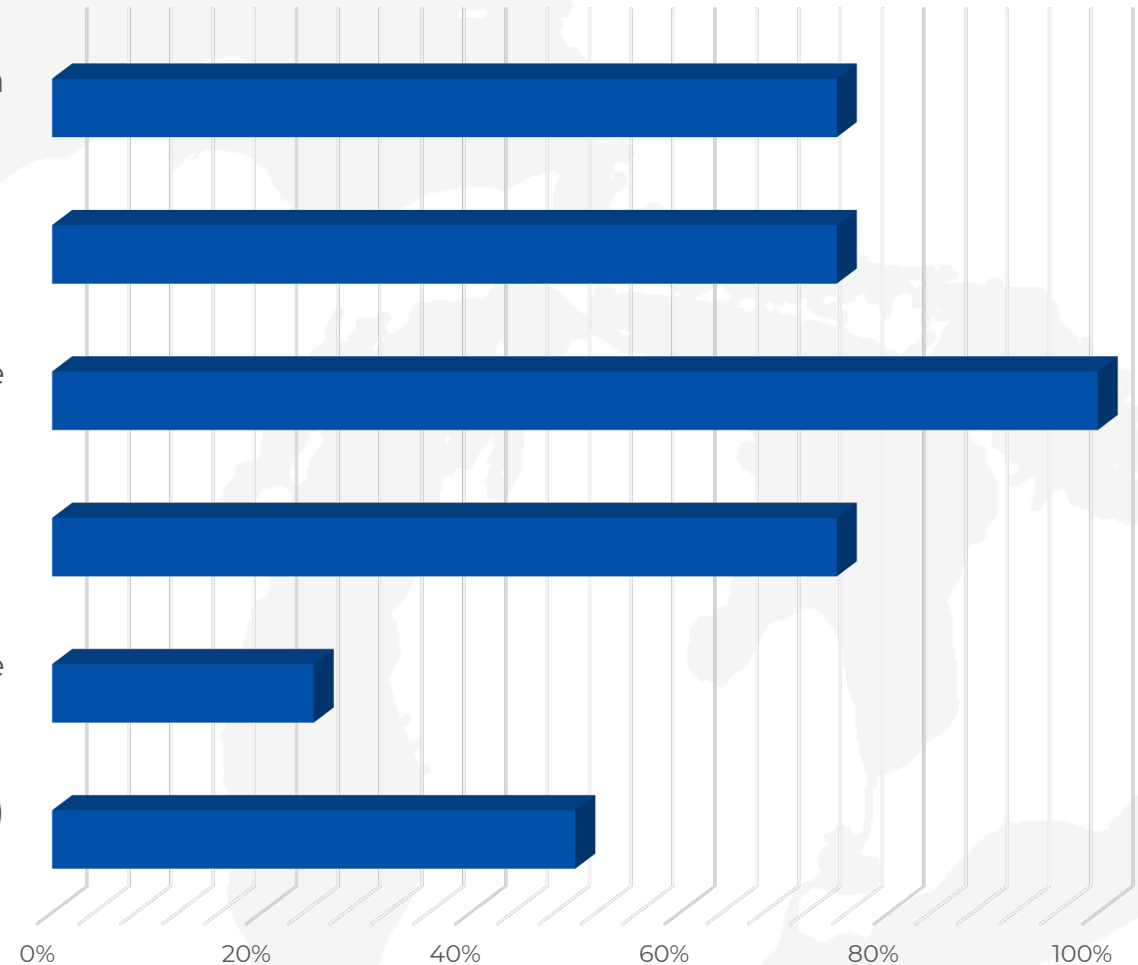
- **Ensuring equitable distribution** in the access to, use of, and outcomes from energy affordability and assistance policies/programs
- **Centering impacted community priorities** and participation in policy/program development, accountability, and assessment
- **Treating customers with dignity**, 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

- 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)

Progress

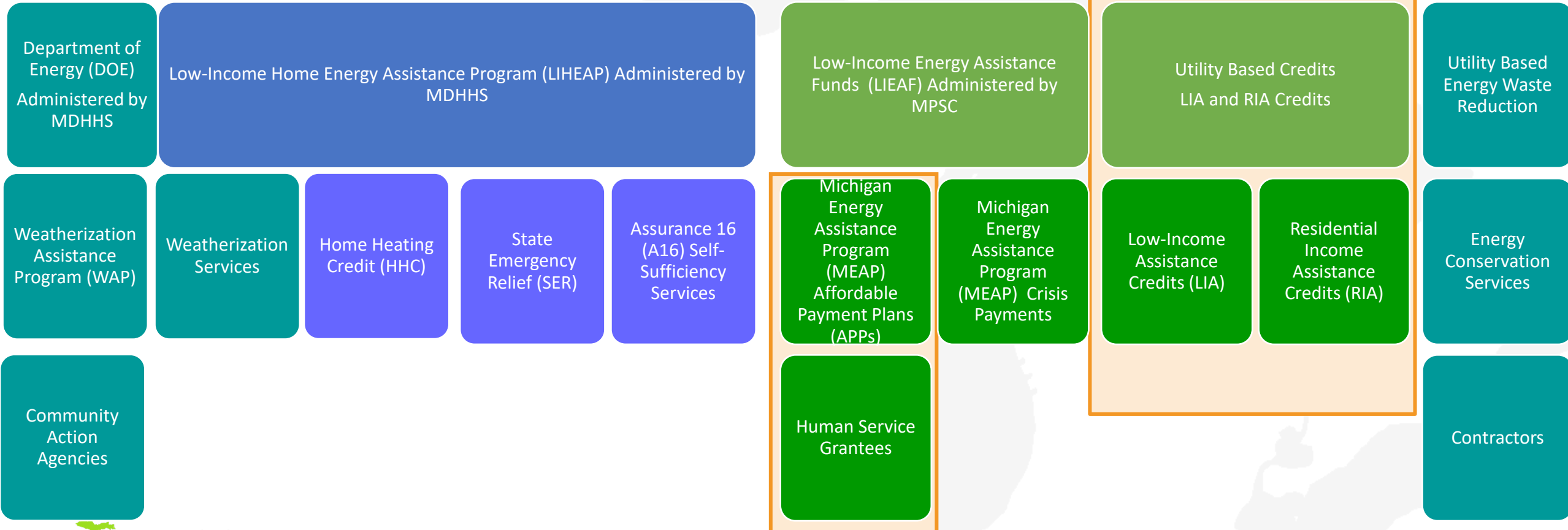


Energy Assistance Funding Level-Setting

Michigan Funding for Energy Affordability

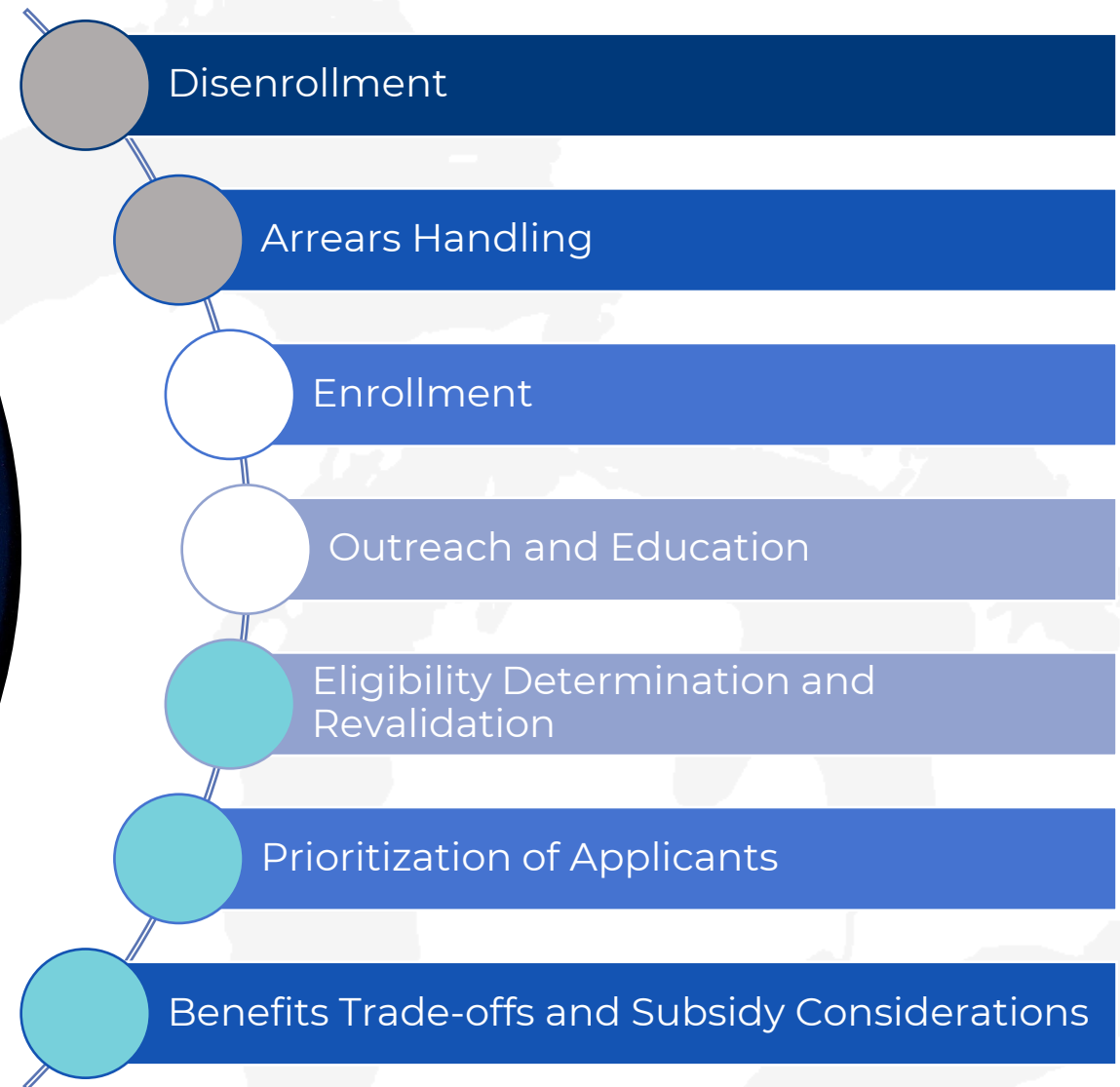
Federal Funds

Ratepayer Funds



AAA Topic Prioritization

Program Design Aspects to Analyze



Affordable Payment Plan Explainer

As requested at the 6-18-25
meeting

What is an Affordable Payment Plan (APP)?

At a high level, a MEAP Affordable Payment Plan (APP) is a monthly bill subsidy plan with payment obligations that must be met to remain on the plan. APPs include an arrears forgiveness component.

Until recently, participating utilities have largely been given the ability to develop their individual benefit levels.

Current APP Credit Matrix Design

	DTE	CE	UPPCO	Semco
1. Commodity	Determine: does a customer have only electric or gas service with the utility? Or do they have both gas and electric service with the utility?			
2. Income Tiers	A customer is sorted into an income range based on their percentage of the federal poverty level, a calculation of income and household size			
3. Determining if customer has high/low consumption/bill	Based on average of all low-income customers per commodity	Based on median consumption	Based on average consumption	Based on median consumption
4. Credit Determination	Aimed for 8% energy burden based on household size of 3	On average, MEAP pays for approximately 50% of the customer's bill for 0-75% FPL, 40% for 76-110% FPL, and 30% for 111-150% FPL	On average, MEAP pays for approximately 70% of the customer's bill for 0-19% FPL, 60% for 20-75% FPL, 50% for 76-110% FPL, and 40% for 110-150% FPL	On average, MEAP pays for approximately 60% of the customer's bill for 0-75% FPL, 50% for 76-110% FPL, and 40% for 111%-150%

Going Forward

- ❑ The MEAP took a big step to align some aspects of the APPs
 - Modified budget plans – consistent rather than variable agency gap payments
 - Income tiers
 - Minimum plan amount - \$10
 - Arrears forgiveness schedule
 - Some alignment in de-enrollment process
- ❑ Still many other aspects could be aligned
 - Could work to align the methodology of calculating credits while respecting differences in customer consumption behaviors/billed amounts

Arrears Handling

What are Arrears?

Arrears, or arrearages, are past-due balances from unpaid customer bills.

Arrears can create a crisis (past due or shutoff notice)

A crisis undermines energy security

A crisis can prompt someone to apply for assistance

- ❑ Crisis assistance options
 - SER
 - MEAP
- ❑ Heating/energy security assistance
 - Home heating credit
 - MEAP affordable payment plans
 - RIA and LIA monthly credits

Does Crisis Assistance Resolve Arrears?

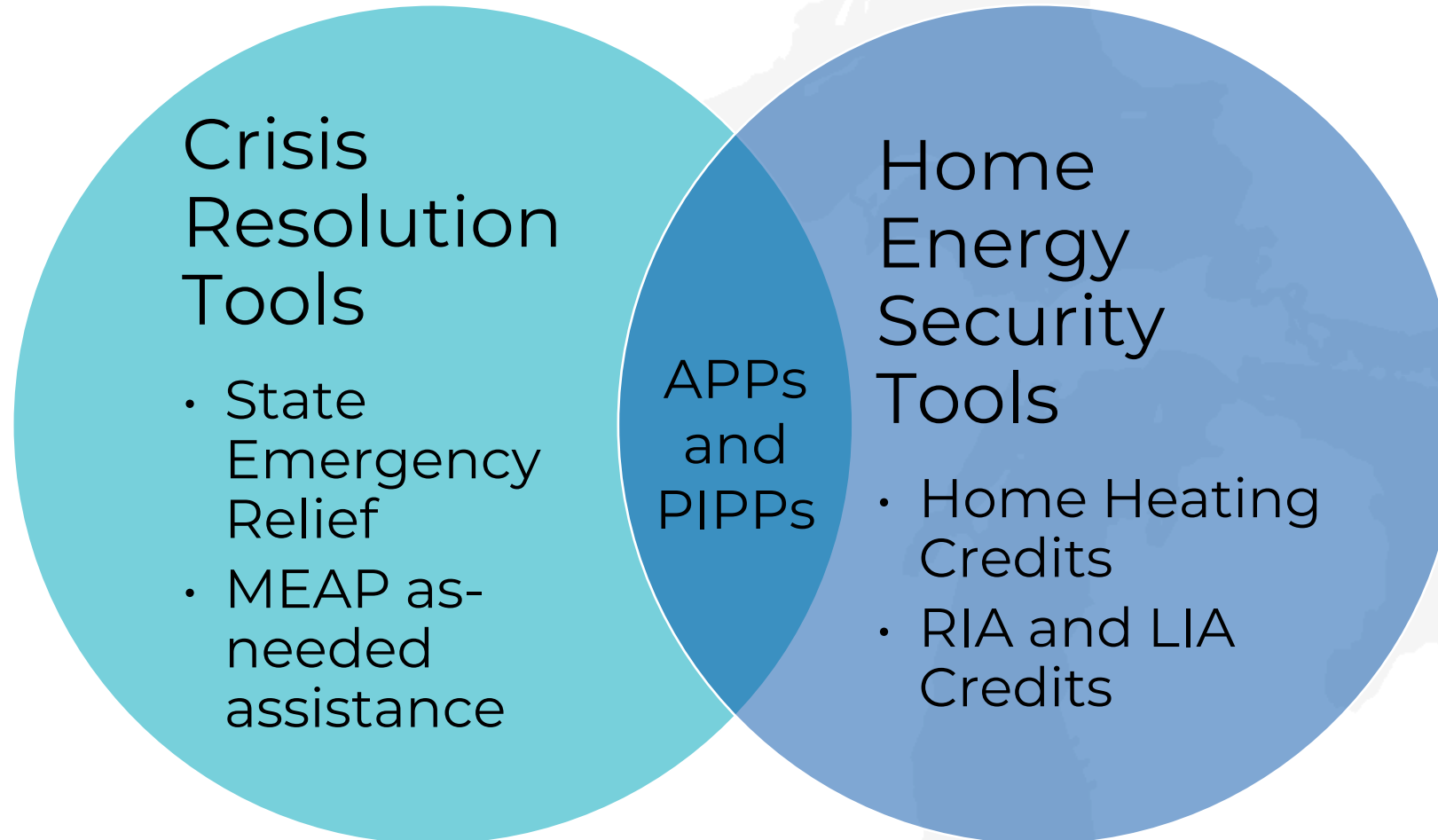
- ❑ It depends...
 - How high are the arrears?
 - How much assistance is available to the household?
 - Are energy security plans available to address the arrears?



Current Energy Assistance Offerings

	Home Heating Credit	State Emergency Relief	MEAP as-needed Assistance (aka “one-time assist”)	MEAP Affordable Payment Plans	PIPP Pilot (DTE and CE Concluded)	RIA Credit	LIA Credit (some investor-owned utilities)
Assistance frequency	One-time assistance	One-time assistance	As-needed assistance	Monthly assistance	Monthly assistance	Monthly assistance	Monthly assistance
Commission authority	No Commission authority	No Commission authority	Limited Commission authority	Limited Commission authority	Commission authority through MCL 460.11(2)	Commission authority through MCL 460.11(2)	Commission authority through MCL 460.11(2)
	Authority: MDHHS/ Michigan Department of Treasury (agency agreement)	Authority: MDHHS	Authority: MDHHS/MPSC (agency agreement)	Authority: MDHHS/MPSC (agency agreement)			
Arrears Reduction	Not intended for arrears	Up to a cap	Addresses SER copays (can be if arrears are over the capped assistance and proration for ineligible household members, noncompliance with child support...)	Has arrears reduction component	Has arrears reduction component	Not intended for arrears	Not intended for arrears

What Programs Provide Arrears Reduction?



Current Energy Security Assistance Arrears

	LSP/CARE/APP	LSPM (LSP Modified)/CARE MB/APP MB	PSP/PIPP Pilot	LIA/RIA Credits
Program Description	Former MEAP affordable payment plan replaced by the modified budget version	Modified budget affordable payment plan launched in Oct 2024	Payment Stability Plan (DTE's Percent of Income Program - PIPP) PIPP (CE)	Low Income Assistance Credit/Residential Income Assistance Credit
Arrears Cap	\$3,000 DTE \$4,000 CE	None	\$1,500 DTE \$6,000 CE	None
Consumption (bill) Cap	DTE: Dual - \$3,750 Electric Only - \$1,600 Gas Only - \$2,150 CE: No consumption cap	None	For single or dual: \$3,750 DTE Credit cap of \$6,000 for CE	None
Arrears Forgiveness	Arrears are frozen at the time of enrollment and 1/24th is forgiven each month as long as the customer is actively enrolled in the program; regardless of on-time payment status	Upfront arrears forgiveness payment up to \$600 2nd arrears payment of up to \$600 at 12 months as long as the customer is actively enrolled in the program A final arrears payment of up to \$1800 at the completion of the plan. Total arrears forgiveness of \$3,000	Arrears are frozen at the time of enrollment and 1/24th is forgiven each month with full and on-time payment. DTE provided the last arrears forgiveness payment early, before the customer paid their final bill	None

Frequency: Monthly vs. Milestones

APPs formerly provided monthly forgiveness

- Burdensome on utilities and grantees
- Frequently very small forgiveness amounts (\$5-\$10)

To mitigate these issues, the cadence of forgiveness was changed to at APP enrollment, at 12 and at 24 months

- \$600 at plan start
- \$600 at month 12
- \$1,800 at month 24

If payment plans are *not* restricted to 24 months...

- Instead, arrears could be forgiven up to +/- \$600 per year without being capped

How much are Customers in Arrears

*at the start of the PIPP pilots

For the average CE low-income customer not on APPs or PIPP, arrears at the start of the PIPP pilot were (p. 198 of report)

- \$353 for combo customers
- \$195 for electric-only customers
- \$127 for gas only customers

For DTE's PIPP control group not on APPs or PIPP, arrears at the start of the PIPP pilot were (weighted avg from data document)

- \$504 for combo customers
- \$370 for electric-only customers
- \$215 for gas only customers

Inclusion: What is included in arrears?

- ❑ DTE: “Any late fees that are accumulated prior to enrollment on PSP, LSP or LSPM are not paid by the program and are the responsibility of the customer.” (DTE Energy PSP Report, p. 61)
- ❑ CE: “as part of a program design element, any late payment charges that are part of the arrears balance prior to enrollment in an APP will be reversed and no longer be the customer’s responsibility” for CARE, CARE MB, and PIPP. (Consumers Energy PIPP Report, p. 53)
- ❑ Discussion: what should be included in arrears forgiveness?

Disenrollment

Disenrollment Procedures

Utility	PIPP	LSP/CARE	LSPM/CARE MB	LIA	RIA
DTE	Customers who were three or more payments behind were removed from the PSP plan	Removed from plan after two missed months of payment (figure 16)	Removed from plan after two missed months of payment	De-enrollment after 12 months on the credit without income revalidation	De-enrollment after 12 months on the credit without income revalidation
CE	Removed from plan after two missed months of payment	Removed from plan after two missed months of payment	Removed from plan after two missed months of payment	De-enrollment after 12 months on the credit without income revalidation	De-enrollment after 12 months on the credit without income revalidation

What Happens After Disenrollment?

Utility	PIPP	LSP/CARE	LSPM/CARE MB	LIA	RIA
DTE	No post-enrollment protocol	Put on budget-wise- billing post-grad—sometimes put on LIA	Follows LSP Protocol	No post-enrollment protocol	No post-enrollment protocol
CE	No post-enrollment protocol. True North (a PIPP administration agency) provided a link to information about the CE Budget Plan		Put on the CE Energy Budget Plan. Customer responsible for unforgiven arrears starting the first post-enrollment billing cycle	Unknown post-enrollment protocol	Unknown post-enrollment protocol

Discussion



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



Be respectful of diverse input



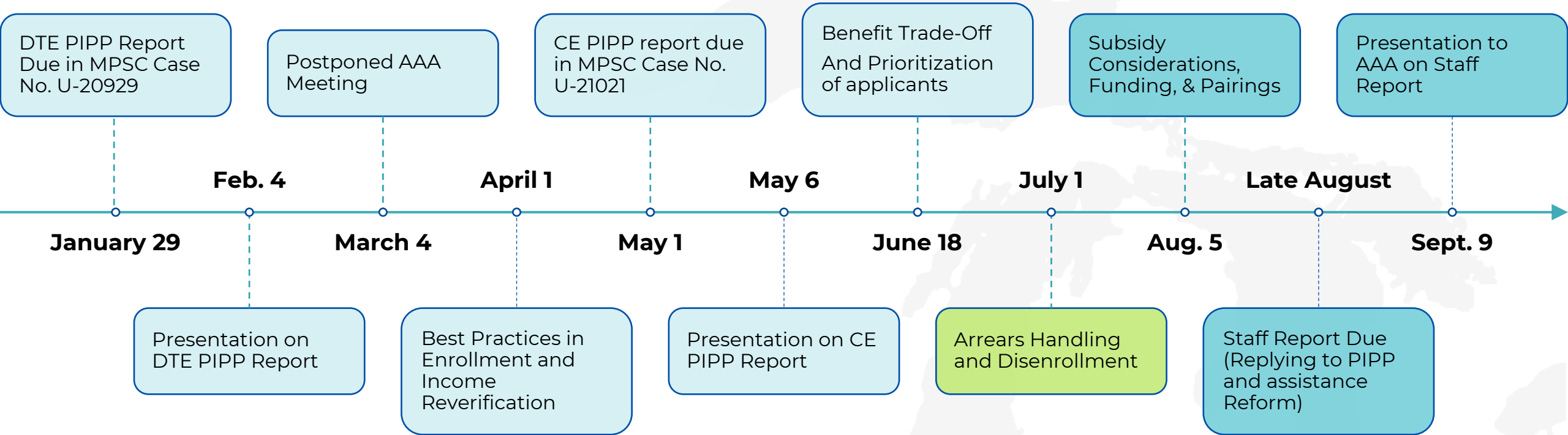
Voice dissent in a productive and respectful manner

Discussion

- ❑ What might disenrollment processes look like in a system that promotes energy security?
- ❑ Are there differences that you like/would expect among utilities?

Reporting Updates

2025 PIPP Reporting Timeline



*Timeline subject to Commission discretion and timeliness of reporting

Next Steps



Next Meeting:

August 5
Subsidy Considerations, Funding, & Pairings



Reports:

DTE filed its PIPP [report](#) to the [U-20929](#) Commission docket.
Consumers Energy filed its PIPP [report](#) to the [U-21021](#) Commission docket.



Goals:

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



Leadership:

Reviewing DTE and Consumers Energy PIPP reports to identify and bring decision points to the AAA meetings.

Appendices

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](#)

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.