

SECTION 1. INTRODUCTION TO THE NEW YORK ENERGY SMARTSM LOW-INCOME ENERGY AFFORDABILITY PROGRAM

Program Overview

The Public Service Commission (PSC) named the New York State Energy Research and Development Authority (NYSERDA) the administrator of the State public benefits program in July 1998.¹ The **New York Energy SmartSM** Low-Income Energy Affordability Program began July 1, 1998 and operated through June 30, 2001 under the initial three-year **New York Energy SmartSM** Program with a budget of \$16.2 million, representing 9.6% of the total initial three-year **New York Energy SmartSM** funding allocation of \$168.6 million (net of evaluation and administration funding). In January 2001, the PSC extended the **New York Energy SmartSM** Program for an additional five years, from July 1, 2001 to June 30, 2006.² The Low-Income Program funding for this five-year period is \$103.5 million, representing 15.1% of the total five-year system benefits charge (SBC) funding allocation of \$682.4 million (net of evaluation and administration funds). Over the eight-year period (1998 through 2006) the Low-Income Energy Affordability Program will have spent nearly \$119.6 million, or 14.1% of the total eight-year SBC budget, toward the goal of increasing the energy affordability of New York’s low-income households. Table 1-1 outlines the funding for the Low-Income Energy Affordability Program.

Table 1-1. Low-Income Energy Affordability Program Funding (\$ million)^a

Program Time Period	New York Energy SmartSM Program	Low-Income Energy Affordability Program Initiative	% of Total New York Energy SmartSM Program^b
Initial 3-Year Program 7/1/98 - 6/30/01	\$168.6	\$16.2	9.6%
Extended 5-Year Program 7/1/01 - 6/30/06	\$682.4 ^c	\$103.5	15.1%
Total 8-Year SBC Program 7/1/98 - 6/30/06	\$851.1	\$119.6	14.1%

^aBudgetary numbers presented in Table 1-1 do not include funding for administration and evaluation.

^bThe percentage of total New York Energy SmartSM Program Budgets identified in Table 1-1 were set by the Public Service Commission. (Case 94-E-0952 - In the Matter of Competitive Opportunities Regarding Electric Service. Order Continuing and Expanding the System Benefit Charge for Public Benefit Program. Issued and Effective January 26, 2001.)

^cThis amount reflects funding from July 1, 2001 through June 30, 2006, rather than January 1, 2001 through June 30, 2006, as stated in the January 2001 PSC Order.

¹ New York State Public Service Commission. *Opinion and Order Concerning System Benefits Charge Issues*. Issued and Effective, January 30, 1998.

² State of New York Public Service Commission. January 26, 2001. *Order Continuing and Expanding the System Benefits Charge for Public Benefit Programs*. Case 94-E-0952 - In the Matter of Competitive Opportunities Regarding Electric Service.

A primary goal of the Low-Income Energy Affordability Program is to improve energy affordability. This involves: fostering energy-efficient building design and installation of efficient lighting and appliances in low-income housing; conducting a Low-Income Forum on Energy to coordinate low-income activities with related agencies and operating a related Public Awareness campaign; and aggregating low-income customers to secure lower prices for electricity and fossil fuels (*e.g.*, natural gas). The goals of the Low-Income Energy Affordability Program are to:

- Reduce the energy burden of low-income consumers through improved energy efficiency, energy management strategies, and specific aggregation strategies.
- Coordinate with community-based organizations and existing public assistance programs to implement market-based energy procurement and efficiency strategies.
- Leverage private and public funds and build on the successes of existing initiatives with weatherization and other community-based organizations.
- Provide a multi-faceted all-fuels approach to reduce the energy burden of low-income customers and support the viability of low-income multifamily buildings by supplementing federal weatherization program funds and expand the scope of services to include the installation of electric-reduction measures and electric-to-gas conversions.
- Implement specific aggregation strategies to increase the market power and self-sufficiency of low-income consumers who may not be served in the competitive energy marketplace.
- Inform low-income energy customers and State and community-based service providers of the services and options available to them (*e.g.*, Develop printed materials that inform low-income consumers on purchasing and using energy efficiently, and improve the linkages among parties that help low-income and special-needs New Yorkers address their energy needs).

As NYSERDA made the transition from the initial three-year and expanded five-year program, adjustments were made to reflect the lessons learned from program administration between 1998 and 2001. Major **New York Energy SmartSM** Program milestones are shown in Figure 1-1 as well as funding levels of the Low-Income Energy Affordability Program.

Table 1-2 examines the Low-Income Energy Affordability Program initiatives throughout the entire eight-year funding period. Table 1-2 identifies the program objectives and services provided by programs during this time. The table also identifies the time frame each program initiative was operational.

NYSERDA has partnered with other statewide entities to identify market barriers to low-income customer participation in energy markets and develop strategies to ensure low-income customers can benefit from competition. NYSERDA has provided and made accessible public benefits programs that serve to increase the energy affordability of low-income households by providing information on energy efficiency and assistance programs, reducing electricity use, and coordinating the bulk purchase of fuel. In carrying out its public benefits strategy, NYSERDA has subsequently informed low-income consumers about energy market restructuring and the many options that are available to them in the

marketplace to become more energy-efficient.

Figure 1-1. Major Milestones of the New York Energy SmartSM Program and the Low-Income Program Transition

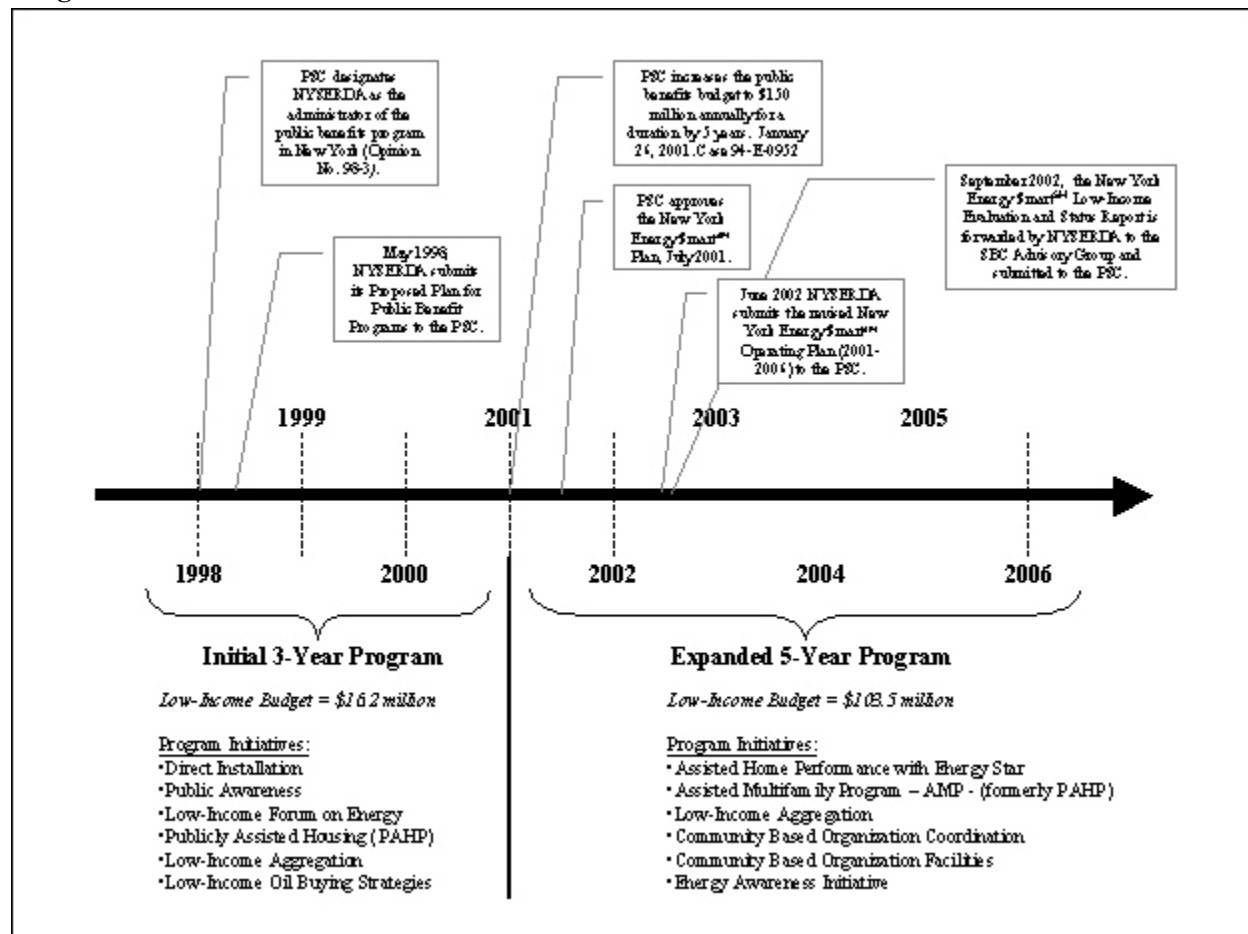


Table 1-2. The Low-Income Energy Affordability Portfolio

Program	Program Objectives/Services Offered	Time
Direct Installation	<ul style="list-style-type: none"> Provide electric-reduction measures (lighting, appliances, and electric-to-gas conversions) to low-income customers. Provide classroom and field training to WAP agency representatives. 	Began: October 1998 Ended: April 2002
Public Awareness	<ul style="list-style-type: none"> Design and implement a public awareness campaign that would result in measurable improvements in the enrollment of low-income residents in energy efficiency and Statewide energy management programs. 	Began: November 2000 Ended: June 2002
Low-Income Forum on Energy (LIFE)	<ul style="list-style-type: none"> Improve the effectiveness of existing public resources for energy assistance by facilitating information sharing and strategy coordination among government agencies and community-based organizations. 	Began: April 1999 Ended: Ongoing

Table 1-2. The Low-Income Energy Affordability Portfolio

Program	Program Objectives/Services Offered	Time
Publicly Assisted Housing Program (PAHP)	<ul style="list-style-type: none"> • Promote a comprehensive whole-building approach to improving energy efficiency in publicly assisted multifamily housing; • Provide for the bulk purchase of energy-efficient appliances; • Provide coordination of federal and state resources; and • Provide financing mechanisms to fund energy efficiency improvements. 	Began: February 2000 Ended: May 2002
Low-Income Aggregation (including Oil Buying Strategies)	<ul style="list-style-type: none"> • Arrange for the bulk purchase of fuel oil, natural gas, and electricity at competitive or discounted prices while ensuring strong consumer protections; • Coordinate energy efficiency and conservation services with weatherization programs, NYSERDA programs, and other public and privately funded energy efficiency initiatives; • Inform low-income households to make energy supply and usage decisions. 	Began: April 2000 Ended: Ongoing
Assisted Home Performance with ENERGY STAR®	<ul style="list-style-type: none"> • Provide energy audits, financing, and installation of identified energy efficiency measures in 1 to 4 family homes with household incomes less than 80% of SMI. • Develop a trained and certified infrastructure of energy service professionals for this under-served market. 	Began: Spring 2002 Ended: TBD (2006)
Assisted Multifamily Program (AMP)	<ul style="list-style-type: none"> • Provide technical assistance, training, and financial incentives to enhance the incorporation of energy efficient design and the selection of energy efficient equipment in the State's portfolio of publicly assisted housing. • Coordinate program delivery with other State and local agencies that work in public housing. • Create a network of Local Case Managers (LCMs) to provide program marketing, intake, case/client management, coordination, and technical services. 	Began: June 2002 Ended: TBD (2006)
Community Based Organization Coordination	<ul style="list-style-type: none"> • Continue support for the Low-Income Forum on Energy (LIFE). • Encourage the development of a competitive energy efficiency market that serves the working poor by providing community-based organizations with the business and technical skills to offer energy efficiency services in their communities. 	Began: June 2002 Ended: TBD (2006)
Community Based Organization Facilities	<ul style="list-style-type: none"> • Reduce energy costs of community-based organizations thereby allowing more funding to be targeted toward the core mission of the CBO. 	Began: TBD Ended: TBD (2006)
Energy Awareness Initiatives	<ul style="list-style-type: none"> • Inform low-income residents about the energy and money saving services available to them in the market. • Provide paid media and greater reliance and outreach on CBOs to provide services to low-income energy users. 	Began: TBD Ended: TBD (2006)

Source: NYSERDA

TBD - To be determined.

Report Contents and Intent

This report provides an analysis of the **New York Energy SmartSM** Low-Income Energy Affordability Program from July 1, 1998 through June 30, 2002. As such, the primary focus of this report is on the initial three-year public benefits program. During this period, the **New York Energy SmartSM** Low-Income Energy Affordability Program was limited to customers of three electric distribution utilities serving the southeastern part of the State: Con Edison, Central Hudson, and Orange and Rockland.³ The Low-Income Energy Affordability Program coverage was extended to include Niagara Mohawk, New York State Electric and Gas, and Rochester Gas and Electric service areas at the time of the approval of the expanded five-year **New York Energy SmartSM** Plan by the PSC on July 3, 2001.⁴

The evaluation methodology used to conduct this analysis and produce this report is an extension of the broader **New York Energy SmartSM** Program evaluation. The **New York Energy SmartSM** Program evaluation is based, in part, on the four public policy goals that were established for the program by the PSC.

This report demonstrates that, in four years of operation, the Low-Income Energy Affordability Program has achieved progress toward increasing the energy affordability, safety, comfort, and social well being of low-income energy consumers. This report also demonstrates how the lessons learned from the first four years of program design, administration, and evaluation have contributed to new program initiatives designed to enhance progress toward meeting the goals and objectives set for the program. This report will also detail the next steps in program evaluation that will attempt to quantify the market transformation benefits which, up to this point, have been difficult to determine.

Organization of this Report

Section 2 provides a brief overview of low-income households in New York. This overview includes background on how low-income households use energy, types of end-use applications used, and their general awareness of energy assistance programs throughout the State.

Section 3 presents the goals and objectives of the Low-Income Energy Affordability Program. The goals and objectives help to provide the framework for measuring the success of this program. **Section 3** also identifies the specific program initiatives that comprise the Low-Income Energy Affordability Program. Each initiative has been designed to achieve a specific objective or address a targeted market need. The logic behind low-income program initiatives will be briefly outlined. **Section 3** also discusses how the

³ New York State Public Service Commission. In the Matter of Competitive Opportunities Regarding Electric Service., Opinion No. 98-3. *Opinion and Order Concerning System Benefits Charge Issues*. Issued and effective January 30, 1998. Cases 94-E-092 *et al.*

⁴ New York State Public Service Commission. In the Matter of Competitive Opportunities Regarding Electric Service. *Order Addressing Petitions for Clarification and/or Rehearing and Adjusting SBC Budgets*. Issued and effective July 3, 2001. Cases 94-E-0952.

Program interacts with other statewide low-income energy assistance programs. This discussion highlights activities the Program has taken to coordinate its efforts with other ongoing energy assistance administrators.

Section 4 defines the evaluation methodology. Since the Low-Income Energy Affordability Program's inception, it has been evaluated along with the portfolio of **New York Energy SmartSM** programs. This section will outline the specific evaluation activities used to collect, measure, analyze, and report on data and information received from administration of the Low-Income Energy Affordability Program. **Section 4** also presents and discusses major findings of the Low-Income Energy Affordability Program evaluation. Findings include electricity savings, number of customers served by the program, reduced emissions resulting from energy savings, and a discussion of non-energy benefits such as improved health, safety, and comfort.

Section 5 concludes the report with a discussion of lessons learned from program administration, operation, and evaluation through June 2002; a discussion of the new program initiatives that will serve to advance the Program's goals and objectives; and the next steps in program evaluation for collecting, measuring, analyzing, and reporting on the progress the Program is making toward increasing the energy affordability of low-income households in New York.

Appendix A outlines individual contractor roles and responsibilities for all of the Low-Income Energy Affordability Programs.

Appendix B identifies the total number of households in New York by county, as well as the total number of households in the State that are 60-80% of the State median income (SMI).

Appendix C contains residential and low-income household statistics, including household energy consumption, average household energy demand, household energy uses, and energy expenditures.

Appendix D identifies and outlines other programs that provide low-income energy services in New York, including the Affordability Program, served by Niagara Mohawk Power Corporation, the NYSEG Power Partner program, administered by the New York State Electric and Gas Corporation, the Low-Income Home Energy Assistance Program (HEAP), administered by the New York State Office of Temporary and Disability Assistance (OTDA), and the Weatherization Assistance Program (WAP), administered by the New York State Department of Housing and Community Renewal (DHCR).

Appendix E presents the initial 3-year **New York Energy SmartSM** Low-Income Energy Affordability Program logic model. The inputs, activities, outputs, short-term, and long-term outcomes of the program are summarized in **Appendix E**.