

The evolution of an impossible choice.

The Equity Advisory Group is facing two deep-felt questions that must have responses.

- where is the equity in raising energy burdened households' fuel costs,
- how to keep the Low Income Heat Energy Assistance Program solvent as fuel prices rise rapidly, in the global market, and by the cost of a CHS credit.

In the May 25 EAG meeting, I posted the following:

"Where is the equity when a low income homeowner having applied clean heat measures still has to pay for higher fuel prices?"

It did not elicit a focused responses, though one member said the comment was 'spot on'. It also appeared to open the discussion, on subsequent meetings; how the CHS might affect low and middle income households.

In the April 15 meeting, I mentioned the Low Income Heat Energy Assistance Program and how it might be negatively affected by the cost of CHS credit. There was some confusion about LIHEAP being a federal program. There was a suggestion that its Director Richard Giddings be invited to describe the Program's financial and administrative structure.

In the April 30 EAG meeting, I posted the following comment:

Regarding the Final Report outline, I see no reference to the LIHEAP's 26,160 clients' increased cost of fuel. While they await the retrofit, they might lose a portion or the entire assistance grant because the Program might have liquidated its funds due to the 70 cent, or more, fuel cost increase.

The response was more animated and it was agreed, LIHEAP should be included in the Outline for the Final Report. The EAG is giving more attention to the impact CHS will have on the low and low median income families struggling to pay their bills.

I suggest adding to the "Specific groups' needs", the following:

"Analysis of higher fuel costs impacts to the Low Income Heat Energy Assistance Program"

LIHEAP is funded by annual appropriations to the U. S. Department of Health and Human Services, which are then distributed to States according to a formula for the provision of energy assistance through locally administered programs.

Congress appropriated \$4.025 billion for LIHEAP in the FY2025 budget; a \$25 million increase over the \$4 billion in FY 2023.

The federal statute and State Program requires an LIHEAP applicant to agree to the following:

“If I receive fuel assistance, I agree to accept free weatherization services. I also give ESD permission to obtain and share any data about my annual energy consumption, cost, usage data, utility charges, payment history and other account information from my primary and/ or secondary heating and energy company or companies. I authorize the company or companies to provide this information to ESD.”

Because of its funding structure, the amount of money available for State grantees can vary year to year, and no level of funding is guaranteed. In fact, the Trump administration proposed a complete elimination of LIHEAP funding for fiscal years 2018 and 2019 on the grounds that States and utility companies provided sufficient low-income assistance and protection from disconnection.

Assume, for the moment, voters come to their senses and the next Congress maintains LIHEAP funding at its current level. Now, add a 70 cent per gallon increase to the fuel cost across Vermont. Using U.S. D.O.E., Energy Information Agency data, in 2022 Vermonters purchased nearly 250 million

gallons of heating fuels. The increased fuel costs totals \$175 million.

Using Vermont Office of Economic Opportunity's Department of Children and Families LIHEAP data, that increase would add a \$2 million shortfall to the assistance LIHEAP provides. The Vermont Treasury would have to provide additional funds to assure LIHEAP clients are not left out in the cold.

In Summary:

If LIHEAP's 13,000 household clients are deemed to be exempt from paying increased fuel costs representing the cost of a credit, numerous difficulties will arise:

- * bookkeeping confusion,
- * validation of eligibility,
- * potential fraud, and
- * exemption justification for households that cannot transition to CHS for technical and structural reasons.