

# NEW DATA TO INFORM MODERATE INCOME MARKET

**Presented by**

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- ▶ **Presentation to the Massachusetts Energy Efficiency Advisory Council**
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# BACKGROUND AND PURPOSE OF PRESENTATION

- ▶ Serving moderate income and renter households a priority in 2016-2018 Plan
  - Special offers designed to attract more participation
- ▶ PAs initiated a study to characterize moderate income households
- ▶ This presentation highlights findings from two recently completed studies:
  - 2018 Moderate Income Characterization Report
  - 2018 Home Energy Services Process Evaluation
- ▶ For full context, findings of these two studies should be viewed with other EM&V research including Customer Profile Studies, which confirm different participation and savings rates by income, geography, and other characteristics across the residential portfolio—**to be presented at future EEAC meeting**

# HES MODERATE INCOME OFFER: CONTEXT

- ▶ **Specialized marketing and enhanced incentives began in April 2016 (CLC offers began earlier); the offer has evolved since**
- ▶ **PAs notify customers about moderate-income offer at HEA signup, during HEA, through CAPs, and through several other sources and media**
- ▶ **PAs originally provided enhanced insulation and appliance incentives to income-qualified HES customers**
- ▶ **Customers decide whether to participate in income verification**
- ▶ **Verification involves providing:**
  - An HEA identification number
  - A heating or electric bill, and 1 month's proof of income for every adult in the home

# CHALLENGES IN PRODUCING DATA ON MODERATE INCOME MARKET CHARACTERIZATION

- ▶ **Data is not available on moderate income (60-80% SMI)**
  - Census has 100%, 150% and 200% of poverty level
  - Surveys have asked income by bin ranges--\$30,000-\$50,000
- ▶ **Current moderate income offer requires household size and exact knowledge of income to determine qualification**
- ▶ **The Baseline Study sample had a rich dataset of demographics and end-use saturations, with approximate idea of who was moderate income**
- ▶ **Using this source, we resurveyed group to get precise counts and further understand moderate income characteristics**
  - *In doing so we could have potentially created a bias sampled of those most amenable to completing our surveys*

# RESIDENTIAL POPULATION IS EVENLY SPLIT BETWEEN THE EXISTING AND POTENTIALLY EXPANDED MODERATE INCOME GROUPS

Estimated Number of Single-family Households by Income Group in MA

Income Group	Income Level	Estimated Population	
Low Income	<60% SMI	492,625	(27%)
Existing Moderate Income	61%-70% SMI	163,798	299,076
	71%-80% SMI	135,278	(16%)
Potentially Expanded Moderate Income (Group 1)	81%-90% SMI	126,050	262,205
	91%-100% SMI	136,155	(14%)
Potentially Expanded Moderate Income (Group 2)	101%-110% SMI	132,269	244,057
	111%-120% SMI	111,788	(13%)
Income Ineligible (HES Eligible)	121% SMI and greater	520,218	(29%)
<b>Total</b>		<b>1,818,181</b>	

# MODERATE INCOME CUSTOMERS FACE GREATER ECONOMIC AND ENERGY CHALLENGES THAN HIGHER INCOME HOUSEHOLDS SURVEYED



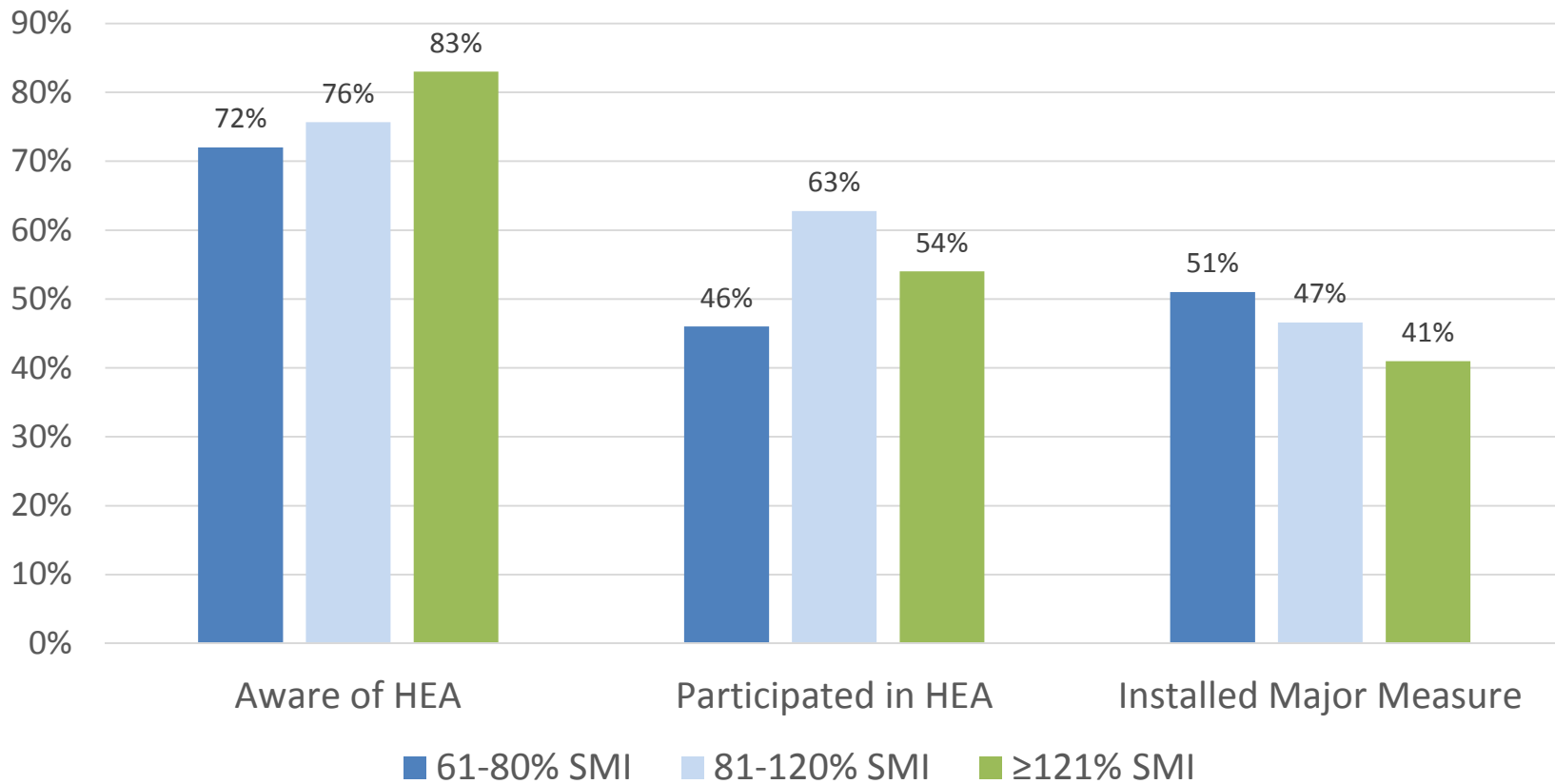
More reported they're not sure they'll be able to pay for all expenses each month



Also, more sacrificed comfort to pay bills

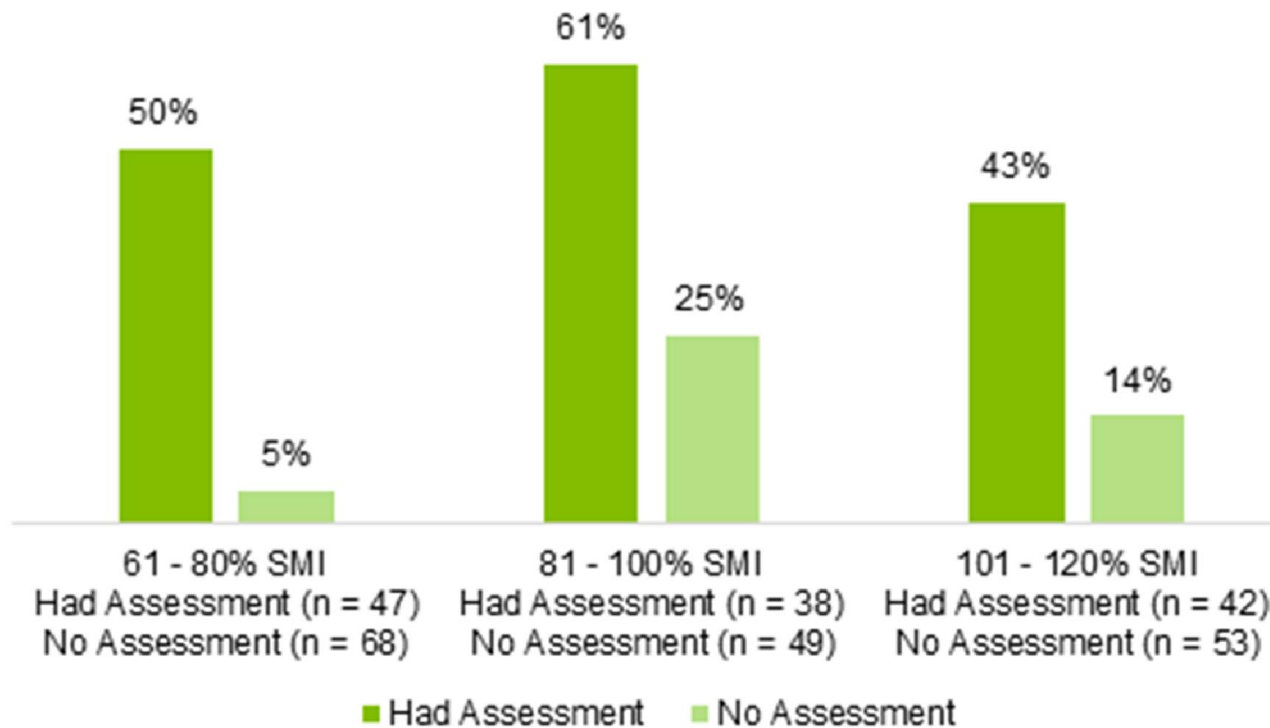
# RESPONDENT MODERATE INCOME GROUP IS AS LIKELY TO RECEIVE AN HEA AND INSTALL MEASURES AS THOSE WITH HIGHER INCOMES

Awareness and Participation in HEA by Income Group



# THE HEA DRIVES AWARENESS OF THE MODERATE INCOME OFFERING

## Awareness of HES Moderate Income Offering





# INCOME NOT THE STRONGEST PREDICTOR OF HEA AWARENESS

## ► Stronger predictors include:

### Homeownership Status



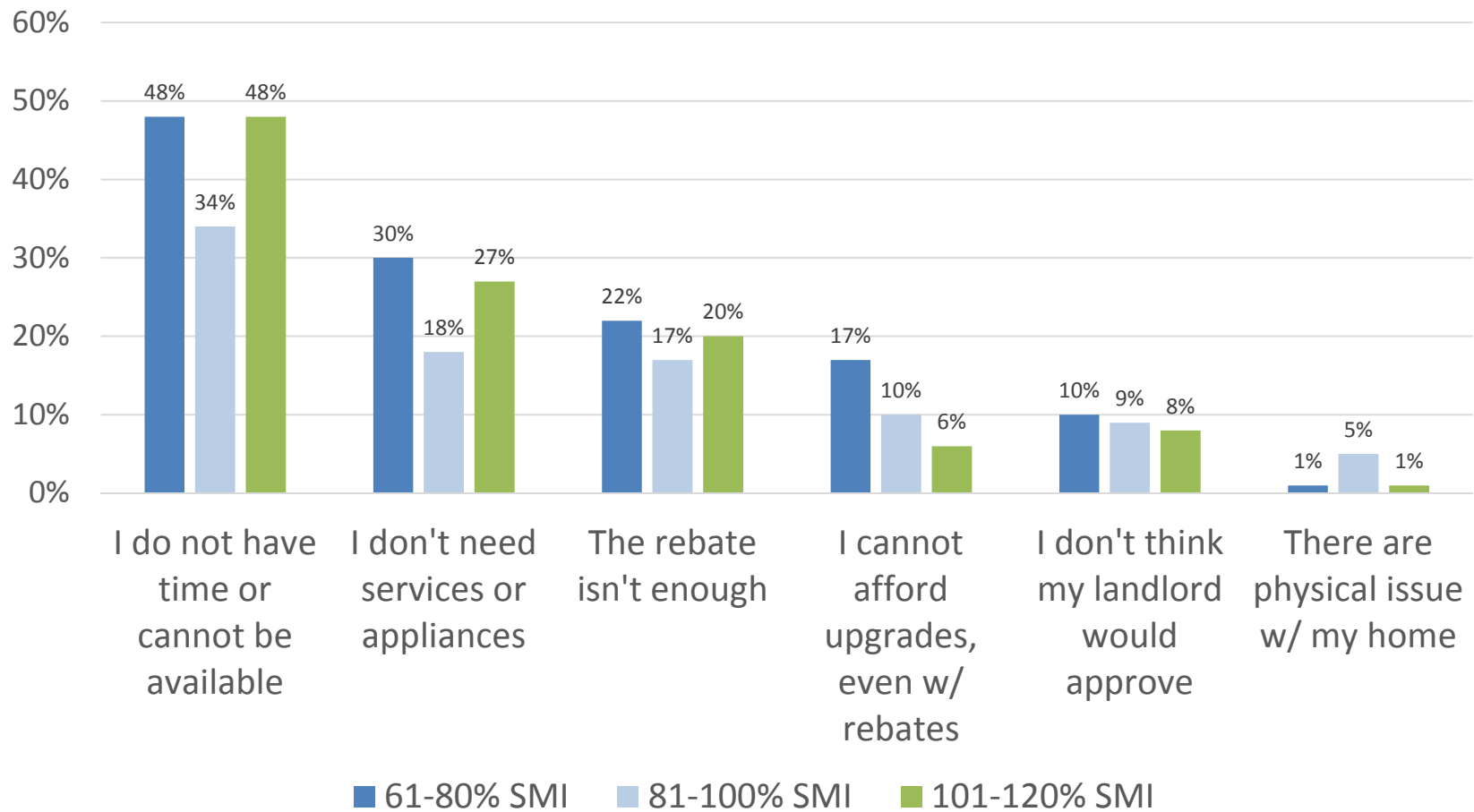
Home owners much more likely to participate than renters (in 60-80% SMI group, 60% of aware respondents participated in HEA, 0% of aware renters participated)

### Life Stage



- HEA participation and measure installation similar across income groups
- Existence of children lowers HEA awareness and participation
- Qualitative research identified common characteristics by life stage subgroups

# LACK OF TIME TO PARTICIPATE IN HEA PROCESS IS MAIN PARTICIPATION BARRIER



# SUMMARY OF REPORT FINDINGS

**Current offering may not be addressing greatest barriers to participation**

- Greatest barriers: Customer time and availability, perception of need for energy efficiency, and need for more information
- Current offering focuses on financial barrier while imposing significant time requirements on applicants

**Income verification process may also be a barrier**

- Personalized and more in-depth discussion on the requirements may help to overcome that barrier

**Customer trust in PAs and positive prior experiences drive willingness to participate**

- Reaching households and willing trust without prior experience a significant challenge for program and Statewide Marketing Campaign

# KEY FINDINGS FROM THE PROCESS EVALUATION RELATED TO MODERATE INCOME

- ▶ **“Number of participants in moderate income program” is an appropriate KPI to track participation in new offer**
- ▶ **Participation in moderate income offer has been limited**
- ▶ **Many energy specialists and HPCs are uncomfortable talking with customers about their income**
- ▶ **More than 70% of customers say they will complete the income verification process**
  - Of the 30% indicating they were unlikely to undertake the verification process, most indicated they just did not have time
- ▶ **Time is a critical non-monetary barrier for some customers**
  - The process to participate in the program needs to not only be simple and fast, but also appear simple and fast when presented to customers

# CHANGES TO MODERATE INCOME OFFERING

- ▶ **Streamlined income verification process**
  - changed documentation required and now only require utility bill(s) and proof of income such as pay stubs
- ▶ **Moved from an offer of 90% off insulation with a \$3,000 cap to 100% with no CAP**
- ▶ **Increased marketing**
  - now include information in the HEA confirmation email
  - also now provide information during customer intake call
- ▶ **Working on developing a specific script for the Energy Specialist during the HEA**
- ▶ **Online portal**
  - looking to launch an online portal soon to apply and submit required documentation for income verification

# THANK YOU

## Report links:

Home Energy Services Process Evaluation [http://ma-eeac.org/wordpress/wp-content/uploads/MA-RES-35-HES-Process-Evaluation-Comprehensive-Report\\_FINAL\\_31MAR2018.pdf](http://ma-eeac.org/wordpress/wp-content/uploads/MA-RES-35-HES-Process-Evaluation-Comprehensive-Report_FINAL_31MAR2018.pdf)

## Moderate Income Characterization Report

<http://ma-eeac.org/wordpress/wp-content/uploads/Moderate-Income-Market-Characterization-Report-Final-16Mar2018.pdf>

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# OTHER RESIDENTIAL EVALUATION RESULTS TO BE DISCUSSED AT FUTURE EEAC MEETING

## ► Residential Customer Profile Study

- Compilation of customer and participation data and Census information to determine program activity distribution by income, geography and ownership status
- Added tax parcel data for every MA residence
  - Important in identifying multifamily properties and linking them to utility account data

## ► Baseline Study

- Large multi-year study of over 6,000 surveyed households and detailed metering of 300 homes
- Provides updated saturation data
- Provides detailed energy and demand data by end-use