

Moderate Income discussion

March 7, 2023

Representatives from each Program Administrator, Lead Vendors CLEAResult and RISE, All-In Energy, HPCs (Homeworks and Abode), LEAN, DOER, and Optimal attended a half-day working session to discuss barriers to serving moderate income customers and opportunities to adjust the current approach to better reach this critical customer base. A complete list of attendees is included as an appendix.

The discussion focused around three categories of barriers and ideas for improvement, including:

- Identifying and verifying moderate income customers,
- Marketing, and
- Other Improvements to Program Design.

A summary of barriers, recommendations for improvement and next steps is described for each category below.

A. Identifying and Verifying Moderate Income Customers

Barriers

- There appears to be consensus across most participants that we lose the opportunity to identify and provide enhanced incentives to moderate income customers during the intake and income verification process.
- Currently, there is not a standard process across Lead Vendors to screen all customers for income information at intake. Once a customer is identified as moderate income, actually getting them to complete the verification process can be challenging as it requires production of tax returns and other documentation.
- Additionally, many participants noted that discussion of income was sensitive and that the majority of customer engagement currently happens when the energy specialist or HPC are already in the home—asking customers about income levels at this stage of the engagement is uncomfortable and likely too late to deliver immediate information to the customer on what they are eligible for.
- For HPCs, in particular, there is a disincentive to raise moderate income offers so late in the process because it often results in loss of that lead/ wasted work: (1) the income range for moderate income is so narrow that some potentially moderate income customers are actually income eligible and get transferred to LEAN, and (2) previously, the moderate income verification process had been slow and lacking in transparency that it went against their desire to secure the next phase of work with the customer.
- Finally, and in connection with the price mitigation efforts, the HPCs are finding that the costs to serve this customer segment are significantly higher than market rate customers. HPCs experienced difficulty accessing customers and found that where the customers scheduled an HEA they were more likely to cancel or reschedule the appointment.
- More broadly, there is also a lot of movement in this customer segment as they tend to move between moderate, income-eligible, and market rate income levels as circumstances change.

- As a result of these challenges, participants believe that the program is serving customers that are not properly identified as moderate income (through the market rate program and through LEAN's 50% rule in which they serve an entire multi-family building once 50% of the residents have been deemed income-eligible) and—more importantly—that we are missing the opportunity to reach more of these customers.

Recommendations for Addressing these Barriers

- 1. Update and streamline intake procedures for Lead Vendors by screening all potential customers for income level**
 - This could include asking customers calling into the call center a few simple questions and/or requiring all customers to go to the portal to answer income-related questions (along with other information).
 - Under the latter approach, customers would schedule an HEA with the Lead Vendor, then be required to log into portal and answer some questions/ self-attest. Based on this process, customers would be able to see the range of offers in the portal that they are potentially eligible for. So, when the Lead Vendor goes out to do the HEA they are set up to discuss and confirm the work that the customer is hoping to do and move them more quickly toward implementing the improvements.
 - Lead Vendors could experiment with rolling out something like this in a couple of communities to see if it helped drive greater uptake and improved customer experience.
 - LEAN noted that this would be more consistent with their process and they had found there were significant advantages to understanding customer income levels and offer eligibility prior to going out to their home/ in the field
- 2. Consider allowing customers to self-identify their income, rather than requiring tax returns and other forms of verification, by providing information on household size and income level**
 - All-In Energy noted that Renew Boston allowed customers to self-identify and required customers to sign an affidavit; this approach was found to be quite effective. Other research has shown that there were not statistically significant differences in abuse between income verification based on self-identification and via documentation. All-In Energy can provide references for this research.
 - Some participants raised concerns that self-identification would lead some income-eligible customers to be incorrectly identified and served as moderate income customers, and that would be doing these customers a disservice since they are eligible for so many more services once they are income-qualified (e.g., LIHEAP).
 - Others noted that differences in income verification between moderate-income and income-eligible could be addressed with clearer communication about the differences between these categories and the additional service that customers could get by going through the entire verification process.
 - Additionally, one participant noted that customers who take HEAT loans are required to provide income data and that data could be a post-verification check for self-attesting moderate-income customers that fall into this category.
 - Note: this type of change to the process would likely require some pre-confirmation with the Department, perhaps similar to the approach taken for price mitigation efforts.

3. **If self-attestation is not an option, consider using additional sources of data to pre-qualify and/or providing a small incentive to customers to qualify and improve the transparency of the verification process.**
 - For example, are there other sources of data, such as MassHealth or census data, that could be used to pre-qualify customers rather than requiring them to submit documentation.
 - Alternatively, we could consider providing a \$25 gift card to customers or allowing them priority access to audits (i.e., they get scheduled more quickly) as an incentive for going through the verification process.
 - We could also consider investing further to speed up process and create transparency and quick access to the portal via QR codes.
4. **Update program processes to allow HPCs that identify a customer who is either income eligible or moderate income to serve that customer in a timely manner regardless of income level.**
 - In Malden, LEAN and Homeworks are experimenting with a new approach where Homeworks engages the customer and determines they are likely income eligible. If they might be income-eligible, they enter them into LEAN's system, and then Homeworks delivers the audit but LEAN speaks with them and qualifies them in the interim. Homeworks then does the work at no cost to the customer and is compensated via LEAN. This addresses any disincentives that HPCs have to serve customers who may turn out to be income eligible and could be expanded to other locations based on experience.
 - Similarly, a separate workflow might be developed between Lead Vendors and HPCs to streamline income verification for customers that are identified and assessed by HPCs without going through the Lead Vendor intake process.
5. **Consider expanding the definition of moderate income.**
 - Participants noted that in many urban areas of Eastern Massachusetts, 61-80% of State Median Income (SMI) are actually low-income customers. For example, Renew Boston defined moderate income as 60-120% and other HUD-funded programs usually focus on area median income (AMI) because it better reflects differences in living costs in different areas of the state.
 - Optimal noted that AGO and another Equity Working Group counselor are against expanding the definition of moderate income because they see it as a way of trying to avoid serving these customers in favor of those with higher incomes.

Initial Analysis and Next Steps:

1. Update and streamline intake procedures for Lead Vendors – Moving Forward
 - Exploring additional options with lead vendors to promote and screen for offers up front. Reviewing intake scripts and opportunities for changes and additional data gathering.
2. Consider allowing customers to self-identify income – For Future Consideration
 - Significant change requiring regulatory approvals, focusing on other efforts to bring in customers and streamline experience for now.

3. Consider using additional sources of data to prequalify and/or providing incentives to qualify –
In discussion
 - Reviewing data sources currently used by qualification systems and whether there is opportunity to add more options.
 - Gift cards/incentives – for future consideration for now
4. Update program process to allow HPC's to serve IE and Mod-Income customers they bring in –
Moving Forward
 - ABCD/Action actively working with HPCs and new Statewide Intake process to bring the collaboration piloted in Malden statewide.
5. Consider expanding the definition of moderate income – For Future Consideration
 - Focus for now will remain on serving more of the customers who are already in the 61-80%.

B. Marketing

Barriers

- There was also consensus that additional marketing efforts are needed to help moderate income customers understand what is available to them and to encourage them to engage the program.

Recommendations for Addressing these Barriers

1. Better target moderate income customers (based on utility data) and develop simple messaging that appeals to this audience.

- Moderate income customers tend to include retirees on fixed incomes and working class families. We can use customer data to do a better job targeting those that may be moderate-income to let them know about the program. For example, this many include people who have recently gotten off the discount rate.
- We can also simplify and adapt the messaging around how we label moderate income, discuss available incentives and design messaging in a way that engages these two audiences.
- Marketing efforts should include both a broad-based outreach campaign via emails and mailings, and an update to the website to incorporate revised messaging and simplify the moderate income customer journey.
- Lead Vendors also suggested it would be valuable to develop marketing materials that could be used by Implementation Partners, such as contractors, community first partners, etc. These materials could include digital assets and handouts.

Next Steps:

1. Website updates clarifying incentive levels and participation channels – Moving Forward
2. Better target moderate income customer and develop messaging that resonates - Moving forward
 - PA Specific efforts underway
3. Develop marketing materials for implementation partners – Investigating

C. Program delivery

Barriers

- Several themes were identified during the discussion on how to better reach moderate-income customers, including:
 - Working class families, in particular, are extremely time constrained so we need to figure out a better way to make the customer journey more seamless and offer services at times when they are available to engage (such as in the evening or on the weekend).
 - These customers are more likely to be living in buildings with a significant number of pre-mitigation barriers.
 - There are substantial upfront costs associated with the current approach whereby a customer pays upfront and then receives a rebate later that likely pose a particular challenge to these customers.
 - Our programs are complex as are decisions related to home renovations, such as which HVAC system to choose, and how to select a contractor.
 - High electricity rates make it very difficult to convince customers to electrify, and arguably would be doing moderate income customers a significant disservice by increasing their energy burden.

Recommendations for Addressing these Barriers

In addition to the suggestions noted above in the income verification section, participants made the following additional recommendations:

- 1. Create a concierge or “navigator” to help customers navigate the program and reduce the number of hand-offs to different parties**
 - Several participants emphasized the importance of having someone to “hold these customers’ hands” through the process. While providing a navigator may be too costly a service to provide to all customers, perhaps it can be provided to moderate income customers as an incentive to qualify.
 - The PAs noted that this could build on the heating and cooling consultation effort that has recently launched, and that PAs don’t want to be in the situation of recommending which contractor to select so the approach will need to be carefully designed.
 - It could also include development of additional materials, such as a resource guide, to explain each step of the process.
 - Lead Vendors as well as All-In Energy expressed interest in working with the PAs to further develop an approach that could be tested in a few communities to start with
- 2. Offer audits outside of working hours to moderate income customers**
 - Consider providing virtual or even in-person audits for time-constrained, moderate income customers in the evenings or on the weekends—to prevent them from having to miss work.
- 3. Consider other ways to streamline the customer experience, especially around weatherization and HVAC improvements.**

- Currently the process for getting weatherization and HVAC improvements is disjointed as it involves two different contractors. Since weatherization is a requirement for heat pump installations, it is especially important that we work with weatherization and HVAC contractors to help bundle or streamline the approach.
- 4. Look at developing a discounted electricity rate for moderate income customers who electrify.**
- 5. Consider providing a conversion bonus for HPCs to serve Moderate Income customers.**
 - Since reaching and serving these customers is costly, it may help to incentivize HPCs by providing an additional conversion bonus.
- 6. Consider adding back in LEDs, increasing heating system rebates, and increasing resources available to address pre-mitigation barriers (similar to IE program)**
 - Many moderate-income customers are enthusiastic about LEDs and this could be a way to engage these customers initially on the program, almost as part of a marketing effort.
 - The income eligible program spends a significant amount of resources to address pre-mitigation barriers. For example, in 1 community the cost of pre-mitigation barriers is around 50% of project costs. As noted above, many moderate income customers live in building stock with similar challenges and so serving them effectively likely requires providing additional resources for addressing these barriers.
 - Additionally, the program should also consider providing greater moderate income rebates for heating systems and structure them to reduce/eliminate upfront costs

Key Questions & Proposed Next Steps:

1. Create a concierge or navigator role to assist customers – Investigating
 - Have requested proposals from both CLEAResult and All In Energy to explore using this model
2. Position virtual audits outside of working hours as special offering to capture more moderate-income customers – Moving Forward
 - Some in-person outside of working hours already available, in discussion with Lead Vendors to explore expanded virtual capacity and target-market as special offering to suspected moderate-income customers
3. Consider other ways to streamline experience with combined Weatherization and HVAC improvements – Moving Forward
 - National Grid and CLEAResult testing a streamlined referral path
4. Look at a discounted electric rate for moderate income customers who electrify – For Future Consideration
 - Significant regulatory/rate change. Perhaps for discussion with next planning process/future rates and regulatory filings
5. Consider conversion bonus for HPCs to serve moderate income – Already Exists
 - There is an additional amount in HPC bonus for moderate income completions. Changes noted in A4 above will help ensure HPCs can market to and engage more with low and moderate income customers.
6. Consider adding back in LEDs and increasing heating system and other barrier incentives – For Future Consideration

- Focusing on reaching more customers and assisting them to move forward with existing incentive structures
- 7. Work with LEAN to determine whether they can income qualify and possibly serve moderate income customers who enter through their income verification process.
 - National Grid and Eversource exploring customer experience after “over-income” result at CAP or ABCD Statewide Client Service Center income screening; looking for opportunities to streamline these customers directly into Mod Inc screening portal

APPENDIX: Attendees

In-person	Name	Org
1	Kate Peters	Eversource
2	Chris McClellan	Eversource
3	Violette Radomski	Eversource
4	Corey Starzman	Berkshire
5	Chris Porter	National Grid
6	Amy Vavak	National Grid
7	Melanie Coen	National Grid
8	Stephanie Terach	Liberty
9	Maggie Downey	CLC
10	Brianna Kane	CLC
11	Derek Kimball	Unitil
12	Riley Hastings	Eversource
13	Kevin Cote	CLEAResult
14	George Woods or Julia Dineen	CLEAResult
15	Brian Kearney	RISE
16	Dave Boettcher or Mark Tempel	Abode
17	Margie Lynch	Optimal
18	Gabe Shapiro	All-In-Energy
19	Alissa Whiteman	DOER
20	CFP Partner	TBD
21	Bill Graham	Homeworks
22	James Collins	ABCD
23	Brian Beote	Action
24	Joe Dorfler	Rich May
25	Harrison Grubbs	CLEAResult

26	Leah Cohen	Rich May
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Remote	Name	Org
	Amy Mclean	Berkshire
	Hammad Chaudhry	Berkshire
	Leah Berger	National Grid
	Chris Lavallee	National Grid
	Katelyn Mazuera	Eversource
	Bob Eckel	Eversource
	Margaux Levesque	Eversource
	Julia Dineen or George Woods	CLEAResult
	Matt Caffrey	Liberty
	Stephen McCloskey	CLC
	Justin Bolam	Abode
	Additional staff	Action
	Additional staff	ABCD
	Cindy Carroll	Unitil
	Deirdre Mitchell	National Grid
	Rouwenna Altemose	AIE