



THE BENEFITS OF ENERGY EFFICIENCY FOR CALIFORNIA'S LOW INCOME HOUSEHOLDS

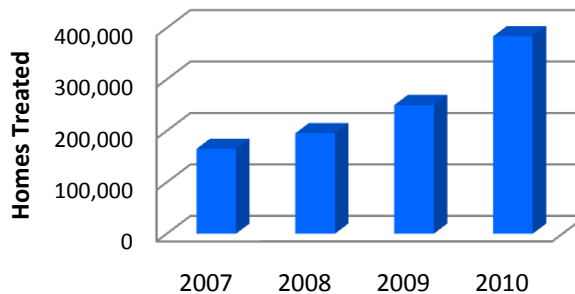
Improving energy efficiency significantly lowers energy bills, creates jobs, and reduces pollution – benefits which all utility customers enjoy. The benefits of efficiency may be greatest in California's low income communities, however, where poorly weatherized homes, high unemployment rates, and proximity to fossil-fuel fired power plants are too often the norm. Helping low income communities increase energy efficiency can:

- ✓ Provide long-term, sustainable bill relief to low income customers
- ✓ Improve public health in low income communities
- ✓ Enhance the comfort and safety of low income homes
- ✓ Spur economic growth and create jobs in local communities

California's Energy Efficiency Programs Help Low Income Households

Utilities around the state have programs geared specifically to the needs of low income households, supplementing the roughly \$200 million California receives in annual federal weatherization and bill payment assistance.ⁱ California's investor-owned utilities (IOUs) offer free energy efficiency services to qualified low income customers through the Energy Savings Assistance Program, which is overseen by the California Public Utilities Commission (CPUC).ⁱⁱ Qualification is based on income; for example, a four-person household with annual income less than \$44,400 can participate in the program.ⁱⁱⁱ Following adoption of California's Long Term Energy Efficiency Strategic Plan in 2008, the CPUC authorized the IOUs to invest nearly \$880 million from 2009-2011 to improve energy efficiency in low income households. The investment has paid off – last year alone, the IOUs treated more than 380,000 homes (more than double the number of homes treated in 2007). Since 2002, the program has served about 1.8 million low-income households, or roughly one third of all eligible participants.^{iv}

Participating Low Income Households in the Energy Savings Assistance Program



Energy Efficiency Improves Health in Low Income Households and Communities

Reducing the need for electricity generation through energy efficiency reduces the environmental and health impact of burning fossil fuels on low income communities. According to the American Lung Association, over 91% of Californians live in counties with substandard air quality, contributing to 19,000 premature deaths, 9,400 hospitalizations, and 300,000 cases of respiratory illness each year.^v Low income communities nationwide bear the brunt of these impacts by often living and working in close proximity to pollution sources. In California the situation is no different – five of our state's smoggiest cities also have the highest densities of low income residents.^{vi} Improved energy efficiency also provides *direct* health benefits to low income households. By sealing leaks, repairing structural damage, and adding insulation, weatherization eliminates drafts and leaks to keep homes warmer in the winter and cooler in the summer. By lowering energy bills, improved energy efficiency provides low income households more flexibility in responding to extreme weather

conditions. This not only provides important comfort benefits but also reduces safety hazards from supplementary heating (e.g., using ovens and fires to light and heat homes).

Energy Efficiency Reduces Low Income Households' Energy Bills

California's low income households spend a disproportionate amount of their income on energy bills. For many low income families, keeping up with bill payments means sacrificing other basic needs, such as food and medical care.^{vii} Improving the energy efficiency of low income households can reduce the burden of high energy bills and free up vital resources. Participants in the Energy Savings Assistance Program, for example, save on average nearly \$400 during the life of the efficiency upgrades.^{viii}

Energy Efficiency Spurs Economic Growth and Creates Jobs in Local Communities

Investing in energy efficiency has proven to be one of the most effective ways to create jobs and stimulate local economies. In low income communities in California battered by the recession and persistent high unemployment, efficiency programs can provide sorely needed job training and employment opportunities that cannot be outsourced. Energy bill savings from improved efficiency also flow directly back into the community, stimulating local economies and creating avenues for additional job growth.^{ix}

Low Income Energy Efficiency Programs Benefit More Than Just the Program Participants

Utility programs that target low income households provide all the benefits efficiency can bring – lower energy bills, reduced pollution, economic growth – to *all* utility customers. By obviating the need for additional supply-side investments, energy efficiency programs lower energy bills for all utility customers, not just program participants. Targeted low income efficiency programs also reduce the amount other utility customers spend to fund direct bill payment assistance programs (now well over \$1 billion annually in California, or more than three times the annual investment on low income energy efficiency) and cut utility costs (through lower credit/collection costs and avoided service shut off costs) by enabling more customers to pay their bills in full and on time. These programs all recognize that consumers care more about affordable energy *bills* than the *rate* they pay for each kWh or therm of energy.

Continuing to expand the reach and depth of low income energy efficiency programs statewide will mitigate bill impacts on overburdened households, avoid the need for additional costly generation, improve public health, and inject economic activity into struggling low income communities.

ⁱ For more information, visit CSD's [LIHEAP homepage](#).

ⁱⁱ The state's publicly-owned utilities (POUs) also offer energy efficiency services to low income customers, as required by law (see Cal. Pub. Util. Code § 386), but under program guidelines that vary by utility.

ⁱⁱⁱ The current income eligibility limits are available on the [CPUC website](#) and are valid through May 31, 2011.

^{iv} Data compiled from the IOUs' low income assistance [monthly program reports](#).

^v American Lung Association, "[State of the Air 2010](#)."

^{vi} Manuel Pastor et al., "[Minding the Climate Gap](#)" (April 2010).

^{vii} A survey of households that received home energy assistance over a five year period under the Low Income Home Energy Assistance Program found that, as a result of home energy costs, 30% went without food for at least a day; 41% went without medical or dental care; 33% did not fill a prescription or took less than the prescribed dose; and 31% did not make their full mortgage or rent payment. "[2009 National Energy Assistance Survey](#)" (April 2010).

^{viii} See note iv, supra.

^{ix} U.S. Department of Energy, "[Weatherization Assistance Program Factsheet](#)." Overall, DOE estimates that every \$1 invested in efficiency provides well over \$2 in energy and non-energy benefits and every \$1 million invested in weatherization programs creates 52 low income community jobs.