Consumer Protection:
Utility Service Disconnection and Bill Payment -
An Assessment of Vermont and Beyond

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This report is the result of a 10-week Summer Internship Program directed by Energy Action Network (EAN) Senior Fellow, Christine Donovan.

1. Introduction

The passage of the Global Warming Solutions Act (GWSA) in 2020 created legally binding targets for Vermont to lower its greenhouse gas (GHG) emissions. The emissions reduction requirements have set Vermont and Vermonters on an accelerated path towards increased energy efficiency in new and existing buildings, increased renewable energy adoption, and switching heating, cooling, and transportation from the use of fossil fuels to electricity (referred to as strategic or beneficial electrification). As Vermont advances in this transition, it is important that no one is left behind. Ensuring that adequate shut-off protections and utility bill assistance programs are in place for low-to moderate-income (LMI) residents is an essential component to increased use of electricity for important aspects of daily life.

2. Project Purpose

This report provides key findings from a research project that identified and assessed existing rules and programs, in Vermont and beyond, that:

- Provide electric and gas utility consumers protection from disconnection of their utility service; and that
- Offer bill assistance options for low- to moderate-income households.

The purpose of the project was to assess the effectiveness of existing disconnection rules and bill payment programs in protecting consumers from utility service shut-offs due to missed payment, and to assess if additional consumer protection practices could further advance equity and affordability during the transition to a clean energy economy. Key questions this project addressed include:

- What approaches, if any, do Vermont electric and gas utilities and/or consumer protection entities currently employ to assist LMI households with utility bill payment and to protect customers from utility shut offs?
    - Are there examples of highly successful and equitable approaches that can inform future practices?
    - Are there unmet needs and/or gaps in current approaches and practices that provide new opportunities for enhancement or new approaches in the future?
- What, if any, consumer protection regulations and/or policies are in effect by the Vermont Public Utility Commission (PUC), or others, that apply to electric and/or gas utilities? Are they generally deemed to be effective? If not, why not?
- Are there examples of successful regulations, policies, and approaches in other states that could help inform future practices in Vermont?

3. The Policy Context for this Project – Recent Vermont Legislation

Four laws passed in Vermont since 2020 create the legal and policy context for current and future activities related to reducing greenhouse gas emissions across all sectors of the economy in a cost-effective, affordable and equitable manner. Each of the laws have different implications for current and future attention to consumer protection practices for customers of Vermont's electric and gas utilities. An overview of the laws is presented in Table 1.

Table 1: Recent Vermont Climate Action, Clean Energy, and Environmental Justice Laws

Legislation	Overview	Implications
Global Warming Solutions Act (GWSA)	Act 153 passed on September 22, 2020. The GWSA amends Sec. 3. 10 V.S.A. § 578 and created greenhouse gas emissions reduction requirements that the state must meet over three timelines: 26% reduction below 2005 levels by Jan. 1, 2025, 40% reduction below 1990 levels by Jan. 1, 2030, and 80% reduction below 1990 levels by Jan. 1, 2050. The GWSA established a Vermont Climate Council and tasked it with developing a Climate Action Plan (CAP) for Vermont by 2021 to be revised at least every four years thereafter. The 2021 CAP identified a diverse portfolio of pathways, strategies, and actions for the state to pursue in order to meet the legally-mandated GHG reduction requirements.	The GWSA helped focus public and private leaders on the need to dramatically and quickly reduce GHG emissions as a key pathway for Vermont to do its part towards alleviating the negative impacts of climate change. The law also helped inspire increased attention on ensuring that the transition to a clean energy economy (not reliant on fossil fuels) be done in a just and equitable manner, in a way that leaves no one behind.
Environmental Justice (EJ) Law	Act 154 passed on May 31, 2022. The law established an environmental justice policy for the State and required all state agencies to incorporate EJ principles into their work, rules, and procedures. The law established an Environmental Justice Advisory Council and an Interagency Environmental Justice Committee to advise the State. It also required that an EJ mapping tool be developed and used to help inform future policy and program design and implementation.	The Environmental Justice law is the first in Vermont to address environmental health disparities and to seek to improve the health and well-being of all Vermont residents regardless of race, income, education, or geographic location. The law has increased attention to energy burden and equity in current and future climate action, clean energy, and environmental justice activities. As state agencies, the Public Service Department and the Public Utility Commission have important roles in developing and overseeing both energy regulation and consumer protection. The added consideration of environmental justice will be key to a successful transition to an equitable and just economy not reliant on greenhouse gas emitting fossil fuels.
Affordable Heat Act (AHA)	Act 18 became law on May 11, 2023 after a legislative override to the Governor's veto. The law requires the Public Utility Commission to draft rules for a Clean Heat Standard (CHS) that is intended to reduce GHG emissions from the thermal (buildings) sector in Vermont. The law put in motion a two-year process for the PUC to develop a plan for implementing the CHS as a key mechanism for meeting thermal sector GHG emissions reductions in support of GWSA obligations. The Act required the PUC to provide a proposed CHS plan to the legislature by January 15, 2025. Legislative	If approved by the legislature, the CHS will have implications for fuel dealers that import fuel into Vermont, who will need to lower the GHG emissions of the fuel they provide, in accordance with the GWSA requirements. Such reductions would be translated into and monetized as "clean heat credits." An important element is the law's emphasis on social equity. Each year, fossil fuel importers will be required to ensure at least 16 % of the clean heat credits they earn result from assisting low income households and another 16% from assisting low or

	approval will be needed before CHS implementation.	moderate income households to weatherize and/or switch to clean heat sources. Residential customers are responsible for only 52% of thermal sector emissions. Commercial and Industrial fuel users, which make up 48% of thermal fuel emissions, are not eligible for the LMI credits. Therefore, if Clean Heat services are deployed in proportion to current emissions, LMI Vermonters would be expected to receive over 60% (32%/52%) of residential clean heat credits.
Renewable Energy Standard (RES)	Act 179 became law on June 17, 2024 after a legislative override to the Governor's veto. The law increases the amount of electricity from renewable energy that utilities are required to purchase pursuant to the Renewable Energy Standard (RES) which was first created in 2015.[1] This is the first major update to the RES since 2015. The law now requires Vermont's electric utilities to obtain 100 percent renewable electricity on or before January 1, 2035, with specifications depending on the type of utility. There is also a change from 2 percent to 3 percent that utilities are allowed to increase their rates without going through a ratemaking docket with the PUC.	The updated RES law is expected to accelerate the path already underway in transitioning to the use of only renewable electricity in Vermont. As we seek to switch fossil fuel heating and transportation to renewable electricity, this increases the importance of having effective utility disconnection protections and bill payment assistance in place for those most in need.

4. The Environmental Justice Context for this Project – Energy Burden and Household Energy Bills

Energy burden is defined as "the percentage of annual household income spent on annual energy bills," i.e. home electricity and heating bills.[2] It is an important lens to use when examining energy usage in the context of income and affordability. High energy burdens and total household energy bills both contribute to a household experiencing energy insecurity - "the inability to adequately meet basic household heating, cooling, and energy needs over time."[3]

[1] Renewable Energy Vermont, "Vermont's Renewable Energy Standard Fact Sheet," accessed 7/30/24, https://www.revermont.org/wp-content/uploads/RES-Fact-Sheet.docx.pdf.
[2] American Council for an Energy Efficient Economy, *How High Are Household Energy Burdens?,* September 2020, Pg 1, https://www.aceee.org/sites/default/files/pdfs/u2006.pdf.
[3] American Council for an Energy Efficient Economy, *How High Are Household Energy Burdens?*

Energy insecurity has increasingly been recognized by policymakers, utilities, and advocates as a major equity issue to be better addressed. Three main strategies have been identified to combat energy insecurity and disparate energy burdens:[4]

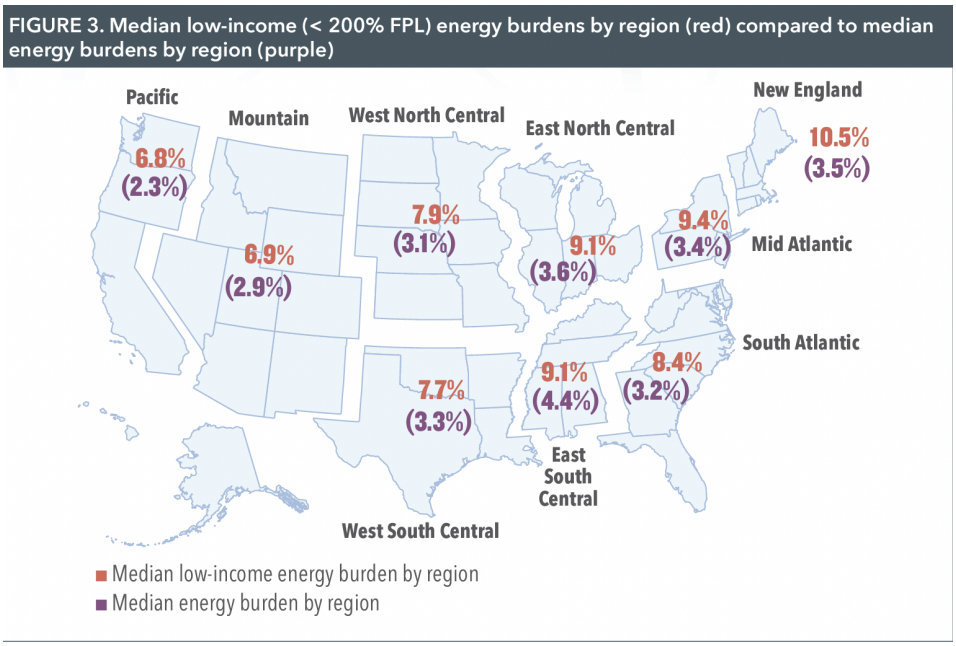
1. Increase household income;
2. Reduce household energy use; and
3. Increase bill payment assistance through utility or government resources.

This project focused on the third strategy while acknowledging the importance of all the work being done on the first two strategies.

According to a report published by the American Council for an Energy Efficient Economy (ACEEE) in 2020, the national energy burden for households was 3.1%, meaning on average households spend 3.1% of their income on electricity and heating bills. When this data is broken into sub-groups, large inequities become apparent. Due to historical racial injustice and compounding causes of inequity, people of color and low income households across the country spend the highest portion of their income on electricity and heating bills and experience the highest energy burden. The most severely burdened groups typically face "compounding, intersecting causes of inequality and injustice, with energy burden representing one facet of inequity."[5] High energy burdens are a national challenge and are defined as greater than 6% of income being spent on energy bills, while severe energy burdens are defined as greater than 10% of income spent on energy bills. New England ranks third regionally for the highest energy burden.

Image 1: National Median Low-Income and Median Energy Burden by Geographic Region

[4] American Council for an Energy Efficient Economy, *How High Are Household Energy Burdens?*
[5] American Council for an Energy Efficient Economy, *How High Are Household Energy Burdens?*

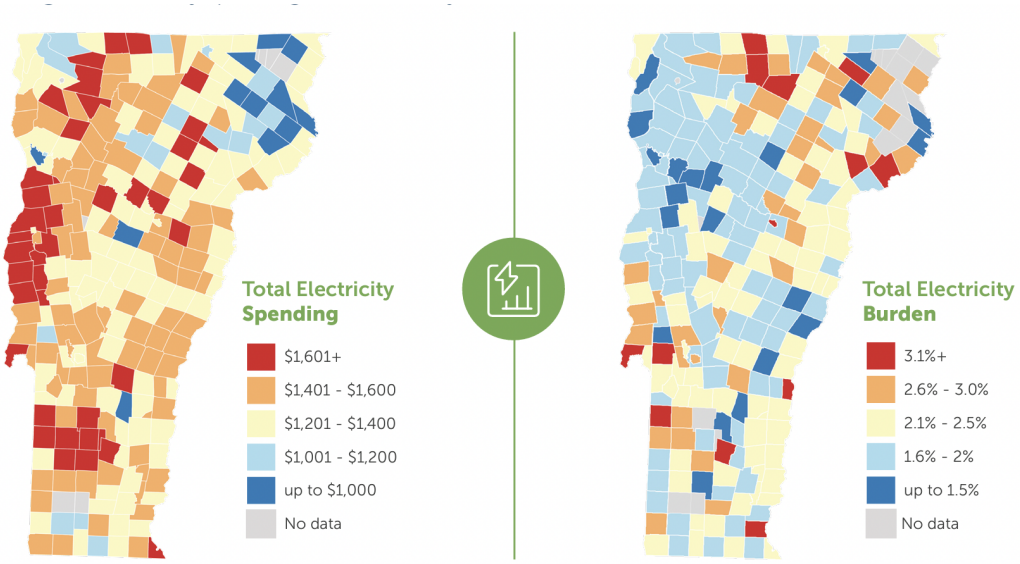


American Council for an Energy Efficient Economy, *How High Are Household Energy Burdens?*

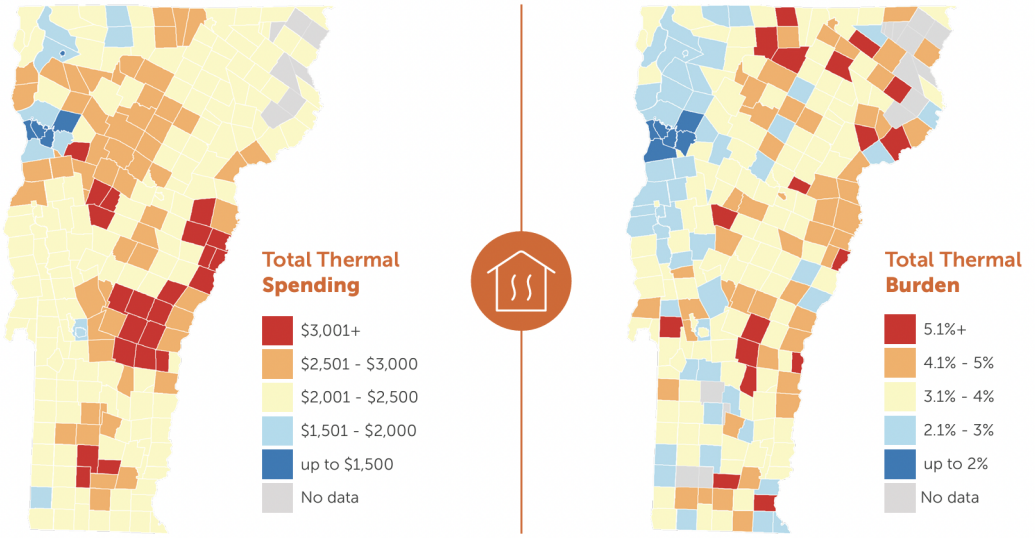
For more than 5 years, Efficiency Vermont (the state's regulated energy efficiency utility) has collected, analyzed, and reported on energy burden in Vermont, with the most recent Energy Burden Report published in 2023. Energy burden data is reported at the town level and census block level, but does not report on individual level energy burden. Efficiency Vermont's data also considers transportation fuel costs in the assessment, something national calculations typically do not. This report does not take into consideration transportation cost burdens as it is beyond the scope of this research. When transportation costs are removed from Efficiency Vermont's assessment, the average electric and thermal burden in Vermont is 5%, indicating that many Vermonters face either high or severe energy burdens.[6]

Image 2: Electricity and Thermal Spending and Burden by Town

[6] Efficiency Vermont, *2023 Vermont Energy Burden Report*, August 2023, Pg 1, https://www.efficiencyvermont.com/Media/Default/docs/landing-pages/energy-burden-report/2023-EfficiencyVermont-EnergyBurdenReport.pdf.



Electricity Spending and Burden by Town, Efficiency Vermont, *2023 Vermont Energy Burden Report.*



Thermal Spending and Burden by Town, Efficiency Vermont, *2023 Vermont Energy Burden Report.*

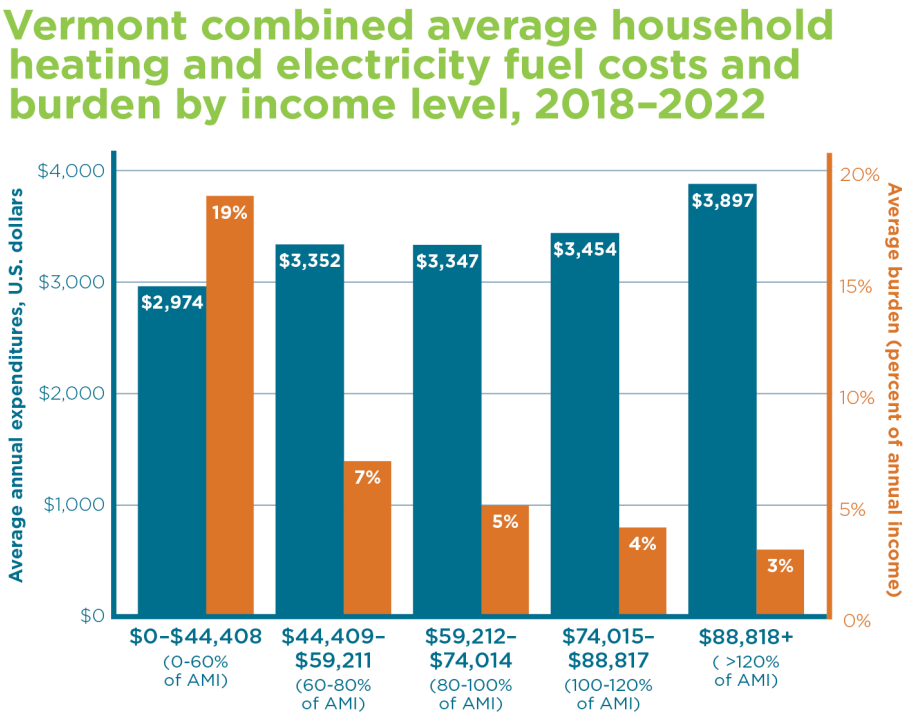
As shown by Image 2, Efficiency Vermont's analyses have consistently found the Northeast Kingdom and areas of southern Vermont to experience the highest energy burdens while Chittenden County and the Champlain Valley experience the lowest energy burdens. This can be attributed to a number of socio-economic, geographic, housing, and other factors.

EAN has also compiled data on income, heating and electricity costs, and energy burden. There are several different reference points used to identify low- and moderate-income households in the United States. The table below uses area median income (AMI), while many utility payment assistance programs use the federal poverty level (FPL) as a reference point for calculating

income levels. It is important to note that there is no "one size fits all" approach to defining low-income nationally or sometimes even statewide, due to varying costs of living and other factors.[7]

Income eligibility thresholds for energy bill assistance programs vary by program type and program implementer, though it is generally between 150 to 200 percent of FPL. Most Vermont utility and energy assistance programs qualify households at 185 percent of FPL and below, and define these programs as low-income. Although the graph below does not utilize this metric, it is a visually helpful representation of the fact that Vermonters with the lowest income are spending the highest percentage of their income on energy costs and therefore experience the highest burden.

Graph 1: Vermont Combined Average Household Heating and Electricity Fuel Costs and Burden by Income Level



Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-year Public Use Microdata Samples.
Notes: Income categories are based on 2018-2022 median household income in Vermont of $74,014. Energy burden refers to the share of annual household income spent on energy. Costs include fuel only and are not inclusive of equipment and maintenance costs.

When considering consumer protection for electric and gas utility customers, energy burden is an important metric. As the table below shows, many socioeconomic and other factors contribute to

[7] Energy.gov, "Low-Income Energy Affordability Data (LEAD) Tool and Community Energy Solutions," accessed 8/1/24, https://www.energy.gov/scep/low-income-energy-affordability-data-lead-tool-and-community-energy-solutions.

high energy burdens. That said, many of the factors can be improved with the correct policies, programs, and access to support services. It is vital to enact rulings and policies that strengthen consumer protection, rather than adding additional hardship and unreasonable expectations on households that are already struggling.

Table 2: Key Drivers of High Household Energy Burdens

Drivers	Examples of factors that affect energy burden
Physical	Housing age (i.e., older homes are often less energy efficient)
	Housing type (e.g., manufactured homes, single family, and multifamily)
	Heating and cooling system (e.g., system type, fuel type, and fuel cost)
	Building envelope (e.g., poor insulation, leaky roofs, inefficient and/or poorly maintained poorly maintained heating and cooling systems (HVAC), and/or inadequate air sealing)
	Appliances and lighting efficiency (e.g., large-scale appliances such as refrigerators, washing machines, and dishwashers)
	Topography and location (e.g., climate, urban heat islands)
	Climate change and weather extremes that raise the need for heating and cooling
Socioeconomic	Chronic economic hardship due to persistent low income
	Sudden economic hardship (e.g., severe illness, unemployment, or disaster event)
	Inability to afford (or difficulty affording) up-front costs of energy efficiency investments
	Difficulty qualifying for credit or financing options to make efficiency investments due to financial and other systemic barriers
	Systemic inequalities relating to race and/or ethnicity, income, disability, and other factors
Behavioral	Information barriers relating to available bill assistance and energy efficiency programs and relating to knowledge of energy conservation measures
	Lack of trust and/or uncertainty about investments and/or savings
	Lack of cultural competence in outreach and education programs
	Increased energy use due to occupant age, number of people in the household, health-related needs, or disability
Policy-related	Insufficient or inaccessible policies and programs for bill assistance, energy efficiency, and weatherization for low-income households
	Utility rate design practices, such as high customer fixed charges, that limit customers' ability to respond to high bills through energy efficiency or conservation

Source: Updated from Ross, Drehobl, and Stickles 2018

American Council for an Energy Efficient Economy, *How High Are Household Energy Burdens?*

5. Energy Equity and Utility Regulation

Energy equity is defined as the "fair and just distribution of the benefits and burdens of energy production and consumption."[8] Utilities and regulators must increasingly consider equity when setting rates and when implementing new policies and programs in order to foster a more just society. A number of states have recently passed Environmental Justice legislation to strengthen their ability to focus on and address equity. At the federal level, the Biden administration executed executive order 14008, known as the Justice40 Initiative, which directs 40% of the overall benefits of certain Federal investments to be provided to environmental justice communities.[9] Vermont's Environmental Justice Law, passed in 2022, is now in the beginning phases of implementation. The law is intended to continue to elevate equity as a central component of state government, including the roles of utility regulation and consumer protection.

Utility regulation has historically been based on three premises:[10]

1. Regulators are charged with setting electricity rates that are "just and reasonable;"
2. Regulators should not create "undue preference or advantage" on various customers; and
3. "Just compensation" should be provided to utilities who perform an important and needed public service.

The term "cost of service" regulation refers to a regulatory approach that results in rates being established that enable a utility to recover its costs and earn a reasonable return on its operations.[11] Under cost of service regulation, a utility's authorized revenue is based on its operational costs, capital investments, and a reasonable rate of return (compared to other utilities). Reasonable and just rate design for customers typically is based on "cost causation," which means that costs should be borne by the customers who cause the utility to incur the expense.[12] This rate design approach addresses issues with cross subsidies and averages many costs across customer classes. Typical utility rate design does not assess affordability for individuals or take into account energy burden and energy insecurity.[13] According to a 2021

[8] US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation, November 2021, pg viiii,* *https://eta-publications.lbl.gov/sites/default/files/feur_12_-_advancing_equity_in_utility_regulation.pdf*.

[9] Energy.gov, "Justice40 Initiative," accessed 8/1/24, https://www.energy.gov/justice/justice40-initiative.

[10] US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation,* November 2021, pg 82*,* *https://eta-publications.lbl.gov/sites/default/files/feur_12_-_advancing_equity_in_utility_regulation.pdf*.

[11] Lawinsider.com, "Cost of Service definition," accessed 7/31/24, https://www.lawinsider.com/dictionary/cost-of-service#:~:text=Copy-,Cost%20of%20Service%20means%20the%20total%20annual%20cost%20of%20rendering,Sample%201Sample%202.

[12] California PUC, "Current Rate Design," accessed 7/31/24, https://docs.cpuc.ca.gov/PublishedDocs/PUBLISHED/FINAL_DECISION/169782-02.htm.

[13] US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation,* November 2021, pg 82*,* https://eta-publications.lbl.gov/sites/default/files/feur_12_-_advancing_equity_in_utility_regulation.pdf.

report completed for the US Department of Energy by Lawrence Berkeley Laboratory, at the time of the report no state utility was using energy burden in determining or capping electricity rates for low-income customers in initial rate-setting. A more common approach has been for Public Utility Commissions to individually authorize utility-specific programs for payment assistance for customers who have been identified as needing such a program due to increasing rates, and for those utilities with a large portion of such customers in their service areas.

Research conducted for this report indicates there are unrealized opportunities for adjusting current rate design practices to address and help mitigate high energy burdens and energy insecurity. This will be especially important as states, like Vermont, seek to increase reliance on renewable electricity as a strategy for transitioning away from greenhouse gas emitting fossil fuels for building heating and transportation. Electricity rates that create an energy burden of 6% or greater are considered unaffordable for a household, and are generally deemed as 'unreasonable.'[14] Moving forward, electric and gas utility regulators have an important role to play in protecting the public interest by factoring in energy burden and energy insecurity into future rate designs.

6. Utility Service Disconnection – National Overview and Best Practices

Disconnection Overview

Disconnection rules were largely created out of response to rapidly rising energy costs in the 1970s that led many state legislatures and public utility commissions to develop new consumer protections.[15] Today, the importance of and context for strong disconnection rules has shifted. As society continues to progress in "electrification and decarbonization efforts, low-income and historically disadvantaged households and communities are particularly reliant upon effective consumer protections."[16] Unfortunately, many of the consumer protections created decades ago do not meet current needs, as shown by high energy burdened areas across the country.

> "When consumer protections are inadequate and energy security is compromised, the protections for low income households actually work counter to the goals and objectives of federal and state payment assistance and energy efficiency programs."
>
> *Advancing Equity in Utility Regulation.*[17]

[14] US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation*, pg 82.
[15] US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation,* pg 35
[16] US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation*.
[17] US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation.*

To meet the moment and pave the way for a just transition, it is imperative that states examine their utility disconnection rules and protections to ensure that vulnerable customers are not burdened with unaffordable bills, and those who demonstrate good faith efforts to meet payments that are affordable are protected from loss of service.[18]

Every state and Washington, DC have a form of disconnection rule, however they vary widely in breadth and effectiveness. The following are components of utility service and considerations related to disconnection of service, which most states have adopted rules for some (or all) of:[19]

- Provision and denial of service;
- Provision of consumer information;
- Security deposits and advance payment for service;
- Late payment fees;
- Disconnection, termination, and restoration of service;
- Establishment of payment plans; and
- Resolution of disputes between customers and utility companies.

Disconnection Best Practices

Many states have rules with safeguards for both consumers and utilities. As noted above, the rules are generally referred to as "disconnection rules," although they typically address multiple issues not only those directly related to the shutting off of electric or gas utility service. Many include additional and related guidelines that help consumers maintain access to essential services and provide direction on what role utilities must play to protect their customers.

There are a number of key protections that states must develop to meet best practices:[20]

1. **Medical or Serious Illness Protections**
   Typically, these rules prohibit termination of utility service when a health care professional certifies that an individual in a low-income household has a serious illness. It is the primary way states seek to prevent risk to human health caused by a utility shut-off. The terms of this exemption vary widely state to state, but rules in many have been found to be overly restrictive and limited in scope and duration.

[18] US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation.*
[19] US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation.*
[20] US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation.*

2. **Weather-Related Protections**
   At least 33 states have seasonal or date-based protections and 20 states have adopted provisions that restrict utility service disconnection during periods of extreme heat or cold. Vermont's rule includes a version of these provisions. It is important for states to re-examine the needs of residents as climate change puts new pressures on the intensities of weather events. States may want to consider adding additional protections from disconnection for natural disasters such as wildfire and floods, something increasingly familiar to Vermonters.

3. **Elder and Child Protections**
   Many states have adopted disconnection prohibitions or limitations when an elderly person is in the household. Some states have also adopted similar protections for young children.

4. **Deferred Payment Agreements**
   Most states require utilities to offer deferred payment agreements to customers with arrearages before disconnection. This option is a vital piece of a consumer protection framework. In many circumstances, however, a missed payment can result in a further punitive action, going counter to the nature of the protection and further burdening a customer who is not financially able. A successful deferred payment plan "must incorporate an understanding of affordability challenges and insecure, changeable income circumstances of low-income households."[21]

5. **Deposits, Late Fees, and Other Customer Fees**
   Most states allow utilities to charge security deposits, late payment fees, and interest on late payment. These additional costs to low-income households who lack enough funds to pay for all of their basic necessities is highly burdensome and can serve as an additional barrier to access or maintain service.

In Vermont (and elsewhere), the COVID-19 pandemic revealed a significant number of households struggling to pay utility bills. Many states responded by temporarily increasing consumer protections and enhancing bill payment assistance programs as a way to increase support for those most in need. Due to climate change, regions across the country are experiencing more frequent and intense weather events. At the same time, states like Vermont are increasing reliance on clean, renewable electricity for heating and transportation. Given these trends, states should consider instituting some or all of the COVID-era protections on a permanent basis.

[21] US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation, Pg 37.*

7. Utility Bill Payment Assistance – National Overview and Best Practices

Bill Payment Assistance Overview

Disconnection rules protecting consumers from unfair and untimely shut-offs go hand in hand with equitable rate design and payment assistance. Disconnection rules are the first safeguard to protecting consumers, particularly low income and other vulnerable customers, access to essential utility service and state rules should reflect such. The other vital component to consumer protection involves making energy bills affordable for all. Bill assistance programs are typically either ratepayer-funded or state-funded programs. They are currently offered in at least 30 U.S. states and vary widely in funding and benefit levels, eligibility criteria, administrative structures, and the number of customers served.[22] The following section highlights the need for programs to consider income and energy burden in order to result in truly affordable programs, as well as other program components that increase access and break down barriers to participation.

Bill Payment Assistance Best Practices

A number of key objectives have been identified at the national scale for bill assistance programs. This includes ensuring participants have affordable energy, can pay their bill on-time, and that eligibility and enrollment are accessible and effective. The following highlights best practices to meet these goals.

1. **Bill Payment Assistance Plans**
   As shown in Table 3, there are three main types of utility payment assistance programs in the United States.

   A Percentage of Income Payment Plan (PIPP) effectively reduces LMI energy burden by capping utility bill payments at a set percentage of a customer's income. A PIPP is tailored to the individual household and ensures that the energy bill remains affordable even when rates increase. To truly meet best practices while utilizing a PIPP, the program should ensure that no household has a monthly energy burden greater than 6%, including both electric and gas bills combined.[23] Typically, this type of assistance program is associated with higher administrative costs due to being so individualized.[24]

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[22] US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation*, Pg 29.
[23] Lusson, K, "Protecting Access to Essential Utility Serivce During Extreme Heat and Climate Change," National Consumer Law Center, 2024, pg 24, https://www.nclc.org/wp-content/uploads/2024/07/202407_Report_Protecting-Access-to-Essential-Utility-Service-in-the-Time-of-Extreme-Heat-and-Climate-Change.pdf
[24] Yim, E., and S. Subramanian, "Equity and Electrification-Driven Rate Policy Options," ACEEE, 2023, pg 4, https://www.aceee.org/white-paper/2023/09/equity-andelectrification-driven-rate-policy-options.

Two other main types of assistance plans are known as tiered discount and flat percentage approaches. While a flat percentage approach has low administrative costs, it is generally accepted to be less effective due to the 'one size fits all' assumptions made and lack of protection for rate increases. The tiered discount approach incorporates elements of both a PIPP and a flat rate approach to create different income tiers and corresponding discount rates at the midpoint for each tier. This plan has also been identified as a viable option for regulators and/or utilities to pursue in the creation of equitable rates and/or bill assistance programs due to its income awareness and because the income tiers can be created to approximate a median energy burden.[25]

Table 3: Pros and Cons of Different Assistance Plan Options

Program Type	What Participants Pay for Utility Service	Pros	Cons
Percentage of Income Payment Plan (PIPP)	Payments are capped at a predetermined "affordable" % of income	Tailored to a household's income based on an affordability goal; particularly valuable to lowest-income participants; protects low-income households from rising retail rates	Greater administrative complexity; depending on structure, provides lower benefits for households that meet eligibility criteria but have somewhat higher incomes than other qualifying households
Flat Percentage Discount	Total utility bills are reduced by a specified % or $ amount	Relatively low administrative cost	Same discount for all eligible customers; not distinguished by individual household's income
Tiered Discounts	Distinct discount rate is applied to each income tier to achieve a predetermined limit on burden level	Tailored to household's income; determination of each household's monthly bill or fixed credit is not required	Administrative costs are somewhat higher for a tiered discount approach than a flat % discount, but less than for a PIPP

US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation.*

2. Arrearage Management and Arrearage Forgiveness

While a program may promote affordable and timely bill payments through lessening of a household's energy burden, if the customer has a pre-existing arrearage that they must

[25] Lusson, K, "Protecting Access to Essential Utility Serivce During Extreme Heat and Climate Change," National Consumer Law Center, 2024, pg 25-26, https://www.nclc.org/wp-content/uploads/2024/07/202407_Report_Protecting-Access-to-Essential-Utility-Service-in-the-Time-of-Extreme-Heat-and-Climate-Change.pdf.

continue to pay off in addition to their discounted bill, it becomes less effective and therefore "runs counter to the objectives of promoting affordable, regular, timely payments by program participants."[26] Program design should take into consideration the affordability of current and future bills as well as any possible arrearage balances.

Arrearage Management Programs (AMPs) encourage on-time payment through reducing debt, typically by 1/12, until the arrearage is completely eliminated. When done correctly, such programs can benefit both the utility and the customer "with utilities receiving revenues that might otherwise have never been collected, thereby minimizing utility bad debt, and providing a fresh start for financially struggling utility customers" as well as continued access to essential service.[27] For this approach to be successful, payment assistance options must be available to the customer to ensure that each bill payment is affordable for the household.

Utilities can also use the approach of arrearage forgiveness. There are two main approaches for arrearage forgiveness for low-income households. The first "writes down customer arrears over time after a series of timely payments on current bills."[28] The second involves a full forgiveness of the customer's entire debt. This method is administratively simple, but involves a large resource upfront. Analysis of arrearage forgiveness approaches indicates that the gradual method provides customers with an enhanced incentive to keep up with current, affordable, bills. This method requires the utility to take into account the customer's realistic ability to pay, even for reduced bills, and provide considerable flexibility for customers to make up the missed payments.

3. **Eligibility Guidelines/ Automatic Enrollment**
   It is generally considered a best practice for households that meet income eligibility requirements and receive other energy assistance or means-tested benefits programs to be automatically enrolled in a utility bill affordability program. A self-certification process can be used to minimize administrative burden and speed up the receival of benefits.

Section 8 - Vermont's Disconnection and Bill Payment Assistance Practices

Vermont Overview

[26] US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation,* November 2021, pg 30*,* https://eta-publications.lbl.gov/sites/default/files/feur_12_-_advancing_equity_in_utility_regulation.pdf.
[27] Lusson, K, "Protecting Access to Essential Utility Service During Extreme Heat and Climate Change," National Consumer Law Center, 2024, pg 27.
[28] US Department of Energy & Lawrence Berkeley National Laboratory, *Advancing Equity in Utility Regulation, Pg 31*

Advocacy work and statewide guidance on consumer protection for utility service disconnection and affordable bill payment has been active in Vermont for decades. The governing bodies of consumer protection and utility regulation in Vermont are the Public Utility Commission (PUC) and the Public Service Department (PSD). The PUC regulates the siting of electric and natural gas infrastructure and supervises the rates, quality of service, and overall financial management of Vermont's electric, gas, and energy efficiency utilities.[29] The PSD is charged with representing the public interest in energy and other utility matters, and includes a Consumer Affairs and Public Information (CAPI) Division.[30] CAPI advocates for policies that protect consumer interests, educates consumers about utility issues, and helps people and businesses reach an informal resolution of their disputes with regulated utilities. Combined, these agencies are tasked with ensuring the consumer is paying a fair rate while also ensuring the utility is getting a fair rate of return.

As Vermont regulates its public utilities, it has the authority and "jurisdiction over the rates, quality of service, and overall financial management of Vermont's public utilities."[31] This includes imposing rules protecting the consumer. PUC Rule 3.300 dictates when and how a gas, electric, and water utility may disconnect a customer from service as well as various other components and stipulations concerning access to service.

The topic of bill payment assistance for LMI customers is more complicated than for disconnection. There are a number of factors contributing to this including the role of regulators and the traditional form of rate setting that is still dominant. For a state like Vermont with many small electric utilities, issues can arise when such utilities are expected to create and fund their own programs. For example, certain utilities serve a larger LMI customer base than others, which can result in a burdensome level of cost-shifting onto the remaining ratepayers to support a bill assistance program. A statewide low-income rate has been offered as a solution in Vermont but has yet to be tried.

Vermont's Disconnection Approaches

While Vermont is meeting some best practices, there are a number of gaps between the state's current approaches and best practices identified at the national scale. There are also a number of barriers to accessing the programs that currently exist in Vermont. After a thorough process of identifying national best practices and a review of Vermont's current offerings, the following

[29] PUC Vermont, "About Us," accessed 8/1/24, https://puc.vermont.gov/about-us#:~:text=The%20Commission's%20mission%20is%20to,public%20good%20of%20the%20state.
[30] Department of Public Service, "Department of Public Service," accessed 8/1/24, https://publicservice.vermont.gov/.
[31] Department of Public Service, "Regulated Utilities," accessed 8/1/24, https://publicservice.vermont.gov/regulated-utilities.

highlights where Vermont is and is not meeting best practices in its utility service disconnection rule and practices.

The Vermont PUC Rule 3.300 'Disconnection of Residential Gas, Electric, and Water Service' addresses how, when, and if a utility can disconnect service and provides guidelines for related protections.[32] The rule meets many of the nationally recognized best practices for consumer protection. However, some advocates question whether some practices articulated in the rule are sufficient.

1. **Medical or Serious Illness Protections**
   A physician's note can be used as an exemption from being disconnected when a customer is behind on their utility bill. The note is valid for 30 days, can only be renewed once, and cannot exceed three 30-day periods in any calendar year. The commission must approve any further medical protection. Advocates challenge that this does not take into account many of the state's elderly residents living in remote areas with high energy using medical devices, little means to leave their house, and barriers to information on how to prevent further disconnection.

2. **Weather-Related Protections (including provisions for the elderly)**
   The rule states that no disconnection may occur between November 1 to March 31, inclusive, unless the utility performs a number of reasonable attempts to give notice in multiple forms. In that case, disconnection may happen as long as the weather is not predicted to drop below 10 degrees Fahrenheit in a 48-hour window once disconnection begins and below 32 degrees Fahrenheit for households with a resident age 62 or older. Advocates challenge that this rule does not consider the effect of climate change on Vermont and the increasing danger of heat in the summer months. Additionally, some would like to see even stronger protections against disconnections as a human right.

3. **Deferred Payment Agreements**
   Under the PUC rule, utilities are required to offer a number of payment plans for customers including budget billing options and repayment plans for arrearages that take into consideration the customers income, payment history, size of the arrearage, the current bill, the amount of time and reason for the outstanding bill, and whether the delinquency was caused by unforeseen circumstances. This component of Vermont's disconnection rule meets national best practices.

4. **Deposits, Late Fees, and Other Customer Fees**

[32] puc.vermont.gov, "Commission Rule 3.300 - Disconnection of Essential Service," accessed 8/1/24, https://puc.vermont.gov/document/commission-rule-3300-disconnection-essential-service.

Charges associated with disconnection are allowed in Vermont, with the PUC rule providing 30 days for customers to pay such charges to their utility in addition to the requirement to pay half of their bill to restore service. Reports have been written arguing that all charges associated with disconnection should be eliminated due to their highly burdensome impact on people who already cannot afford basic life necessities. Vermont also allows its investor-owned utilities (eg. Green Mountain Power and Vermont Gas Systems) to charge late fees.

Vermont's Bill Payment Assistance Approaches

Of Vermont's 17 electric utilities, Green Mountain Power and Burlington Electric Department have established bill payment assistance programs. Vermont Electric Cooperative and Washington Electric Cooperative recently began a joint temporary assistance program. Vermont's only natural gas utility, Vermont Gas Systems, also operates a bill payment assistance program.

Vermont's five Community Action Agencies and the Department of Children and Families also play critical roles by providing additional services and information to families in crisis. The state sponsored programs are vital but program implementers report they do not have the capacity to meet the full need. In addition, many programs are designed for people who are already experiencing crises; most of the programs do not offer proactive support.

The approach in Vermont of relying on individual utilities to offer assistance programs to their customers (rather than having one, common statewide approach) is standard across the US. However, this approach is known in Vermont to be failing to meet the needs of many Vermonters who may live outside of the service areas of utilities that do provide assistance. Even for those who do live within a service area with a program, the programs have been found to offer too little assistance to those who need it most. As such, while the existence of assistance programs available to some utility customers in Vermont is positive, the fact that not all utility customers in the state benefit from such offerings indicates Vermont is not meeting national best practices on a consistent, statewide basis.

Vermont Gas Systems (VGS)[33]

For households with incomes at or below 185 percent of the federal poverty level, VGS offers a low-income flat rate discount of 20% of the bill. VGS serves approximately 55,000 customers, of whom approximately 2,100 are on assistance.[34] The program is administered by the Department

[33] VGSVT, "Assistance Programs," accessed 8/1/24, https://vgsvt.com/savings/assistance-programs/.
[34] Dylan Giambatista (VGS Director of Public Affairs), Interview with author, zoom call, 7/10/24.

of Children and Families. Their approach does not align with best practices for bill payment assistance since a flat rate discount has been found to be the least effective way to support customers. Additionally, the application process may result in barriers to access: applications must be completed on paper (rather than on-line), must be mailed or delivered to the utility, DCF, or a CAA, and customers must reapply annually. There are no auto-enrollment or self-certification options which are generally deemed to help maximize access to such programs.

Green Mountain Power (GMP)[35]

Administered by the Department of Children and Families, GMP offers one of the largest and most established bill payment assistance programs in Vermont, known as the Energy Assistance Program (EAP). GMP is the largest electric utility in the state, serving over 260,000 customers, of whom approximately 10,500 are on the EAP.[36] For qualifying customers in GMP's service area at or below 185 percent FPL, enrolling in the EAP comes with one-time arrearage forgiveness and a 25% monthly bill discount. Analysis done on this program has found that the flat rate of 25% may not be enough to help customers in a meaningful way. While the arrearage forgiveness component provides an incentive for people to enter the program, national best practices and specific analysis of the EAP point to the fact that using a method of "writing down" customers debt over time may better incentivize timely payments. Additionally, this program also does not utilize any best practices for auto-enrollment.

Burlington Electric Department (BED)[37]

Using ARPA funds, BED started a pilot program in FY22 (after a rate increase) offering assistance to income qualifying customers at a 7.5 percent discount. The program now offers a flat rate discount of 12.5 percent and has been granted permanent status at that percentage by the PUC. Once funds for the program run out, the costs will be absorbed into the utility's general operations budget. This program currently provides assistance to 238 of BED's 17,000 residential customers.[38] However, concerns have been raised by regulators and advocates that the flat rate discount does not provide customers enough support. Additionally, there is no arrearage forgiveness or specific management component. BED does utilize some auto-enrollment practices and the application process is clear and accessible.

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[35] Green Mountain Power, "What is the Energy Assistance Program (EAP)?," accessed 8/1/24, https://greenmountainpower.com/help/what-is-the-energy-assistance-program-eap/.

[36] Vermont Department of Public Service, *Assessment of the Green Mountain Power Energy Assistance Program,* November 2019, pg 12, https://publicservice.vermont.gov/sites/dps/files/documents/GDS%20Assessment%20of%20the%20GMP%20Energy%20Assistance%20Program%20Nov%202019.pdf.

[37] Burlington Electric, "Energy Assistance Program," accessed 8/1/24, https://www.burlingtonelectric.com/help.

[38] Darren Springer (BED General Manager), Interview with author, zoom call, 6/24/24.

Vermont Electric Cooperative (VEC) & Washington Electric Cooperative (WEC)[39]

VEC, with over 32,000 members, and WEC, with approximately 12,000 members, have recently partnered on a state-funded initiative known as the Affordable Community Renewable Energy (ACRE) Program. This program will provide 400 income qualifying customers in their service territories the opportunity to have a no-cost sponsorship to a community solar array and a $45 monthly bill credit for 5 years.[40] Customers must be at or below 185 percent FPL to be eligible. While this is an important step for areas of the state where many households face high energy burdens, the constraints on the capacity and duration of the program leads regulators and advocates to look to the future for how these service areas can be supported permanently.

Community Action Agencies (CAAs)[41]

The five Community Action Agencies serving Vermont fill many important roles in the delivery of social services throughout the state. Their offices and websites provide Vermonters access to important information, advice, and support during times of crisis. The CAA's also offer a number of programs that help assist Vermonters in paying their energy bills using federal Low Income Home Energy Assistance Program (LIHEAP) dollars as well as other sources. Examples include:[42]

- Seasonal Fuel - A state-run program that helps Vermonters pay for their primary heat source. If a qualifying household's primary heat source is electricity or piped natural gas (supplied by VGS), customers can utilize this program to assist with utility bills.
- The Crisis Fuel Program – A statewide program that helps Vermonters during an emergency situation when a household's primary heat source has been disconnected due to non-payment.
- The Warmth Support Program – A statewide program created to supplement the LIHEAP Fuel Assistance Program and the Crisis Fuel Program. Income-qualifying Vermonters can access the Warmth Support program if they are in immediate danger of being disconnected from their utility service or are within a week of running out of bulk fuel.

Department of Children and Families (DCF)[43]

[39] Vermont Electric Coop, "Payment Assistance," accessed 8/1/24, https://vermontelectric.coop/payment-assistance.
[40] Andrea Cohen (VEC Government Affairs & Member Relations Leader), interview with author, zoom, 6/24/24.
[41] Department for Children and Families, "Community Action Agencies," accessed 8/1/24, https://dcf.vermont.gov/contacts/partners/caps.
[42] Vermont Community Action Partnership, "Energy Assistance," accessed 8/19/24, https://vermontcap.org/programs-services/energy-assistance/.
[43] Department for Children and Families, "Energy Assistance," accessed 7/1/24, https://dcf.vermont.gov/benefits/eap.

DCF plays an important administrative role in utility assistance and statewide crisis programs. The GMP and VGS payment assistance programs are the most robust offerings in the state and DCF is solely responsible for processing applications for these programs. This is because the utilities cannot currently access the income information needed to verify eligibility while DCF Economic Services has such information readily available. Applications are processed on an ongoing basis, with spreadsheets typically sent to the utilities daily.[44]

DCF has a slightly different role in the statewide programs for seasonal and crisis fuel assistance. These programs are funded with state and federal dollars and the money flows through the five Community Action Agencies. DCF is in charge of managing the funds and determining how much is allocated to each CAA.

9. Vermont Opportunities for Enhancement Moving Forward

Disconnection Enhancements

The Vermont PUC is currently in the process of updating rule 3.300 on utility disconnection (case number 17-4999-INV).[45] This provides an opportunity to take into consideration areas where the rule can strengthen consumer protections as the implications of climate change add new and unexpected pressures onto people's daily life and as Vermont moves to electrify heating and transportation in order to reduce GHG emissions. Additionally, the PUC plans for these updates to go hand in hand with development of the Energy Cost Stabilization Study that the Commission has been tasked with completing by the State Legislature. The results of the study are due back to the Legislature by December 1, 2025.[46]

Bill Payment Assistance Enhancements

As a small state with a population of less than 650,000, it can be hard to compare Vermont to what other states with much larger customer bases have implemented to support their low-income populations. However, over the years, Vermont has allocated resources to investigating where the state's gaps are in bill payment assistance, identifying the barriers to success, and examining new ideas for increased access and support. These investigations come in the forms of PUC dockets and an analysis of the GMP Energy Assistance Program. The collective findings show that while select Vermont utilities do offer bill payment assistance programs:

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[44] Ivy Harris (DCF Economic Services Division, Assistant Program Administrator), Interview with author, zoom, 7/22/24.
[45] EPUC, "Investigation into rule 3.300, 3.200 & 3.400" accessed 8/1/24, https://epuc.vermont.gov/?q=node/64/127248/FV-BDIssued-PTL.
[46] Steph Hoffman (PUC General Counsel), Interview with author, zoom, 7/3/24.

- The flat percentage rates utilized are both too little to help most people in a meaningful way and do not take into account customers' individual financial situations in the way a PIPP or tiered discount approach would;
- There is disparity throughout the state depending on what utility service area a customer happens to live in; and
- The application processes could be streamlined to reduce barriers for people trying to access or maintain assistance.

The GMP EAP Program offers the most robust assistance in the state with a 25% flat rate discount and a one-time arrearage forgiveness upon enrollment. In 2019 the PSD contracted an evaluation of the program, completed by the consulting firm GDS.[47] While the report only focused on the GMP program, its findings are relevant to the entire state as GMP is considered to be a leader in payment assistance plans in Vermont.

Table 4: Best Practices for Electric Utility Payment Assistance Programs

Best Practice Number	Best Practice	Status for GMP EAP
Program Design		
1	Issue arrears forgiveness based on successful ongoing payments once enrolled in the discounted rate	Not practiced
2	Allow catch-up provisions for program participants that may miss or delay payments under a program's discounted rate	Largely met
3	Align program eligibility requirements with other related social service programs	Not practiced
4	Utilize LIHEAP administrators or community action agencies to deliver program enrollments	Met
5	Minimize recertification burdens and risks for program attrition	Not formally practiced
6	Utilize a central program tracking system with complete customer records related to program applications and eligibility criteria, discount level and arrearage forgiveness	Not practiced
7	Coordinate with low-income energy efficiency programs to help customers manage energy consumption	Partially met
8	Design a rate discount based on an ability-to-pay consideration	Partially met

[47] Vermont Department of Public Service, *Assessment of the Green Mountain Power Energy Assistance Program,* November 2019, https://publicservice.vermont.gov/sites/dps/files/documents/GDS%20Assessment%20of%20the%20GMP%20Energy%20Assistance%20Program%20Nov%202019.pdf.

Best Practice Number	Best Practice	Status for GMP EAP
Marketing, Outreach, and Applications		
9	Outreach should make reasonable efforts to ensure that the program is known to low-income residents. This includes renters, people of color, non-primary English speakers, literacy challenged, and seniors	Partially met
10	Application locations and procedures should align with efforts to outreach to the low-income population.	Partially met
11	Provide objective and complete standards for evaluating eligibility to include: 1) The definition of a household 2) What income will be considered to determine eligibility	Largely met
12	Utilize effective but minimally intrusive measures for verifying eligibility	Largely met
13	Process applications within a defined, and short time-frame, with eligibility retroactive to the date of application.	Partially met
14	Implement protections to ensure the confidentiality of applicants	Largely met
15	Provide a notice to customers whose applications are denied	Met
16	Allow automatic enrollment via applications to other social programs using the same documentation expected for the GMP EAP (i.e. categorical eligibility and enrollment).	Not practiced
17	Enable self-certification	Not practiced
18	Enable self-enrollment or assisted enrollment via an online portal	Not practiced

Vermont Department of Public Service, *Assessment of the Green Mountain Power Energy Assistance Program.*

In addition to compiling a detailed list of best practices and identifying to what extent GMP was engaging in them, as shown by the table above, the report set forward 9 recommendations and key findings. Based on the recommendations and findings, GMP updated the EAP in 2022 but the program continues to largely operate in the same way as it was in 2019. GMP has the opportunity to revisit the recommendations to improve the efficacy of the program, increase ability for customers to access the program, and to further establish itself as a leader in utility consumer protection by meeting even more national best practices.

Utility Rate Design Enhancements

For many small utilities in Vermont, offering a bill payment assistance program that is robust enough to support customers in a meaningful way may not be achievable due to the utilities limited staffing capacities and, unfortunately, a high level of need within many of their service areas. This is an important reason why advocates have been pushing for a statewide approach.

In early 2020, the PUC opened a docket investigating potential implementation of best practices for providing discounted rates to low-income residential ratepayers of Vermont's electric

utilities.[48] The GMP EAP analysis was named in the opening order as a contributing reason for the docket. Due to the COVID-19 pandemic, the investigation was stalled for a while and was not completed until 2023. The docket largely addressed the idea of creating a statewide low-income electric rate. This included investigation into establishing a funding source as a solution to the differing size and capacity of utilities and the disparities of socio-economic makeup throughout the state. The PUC ruled that they have the authority to create such a rate as well as a statewide funding mechanism to support a new rate. This authorization and funding of addition of a new low income rate could help ensure that the areas of the state where people experience the most energy burden are supported the most.

However, to date, no action has been taken as a result of the docket. In its closing order, the PUC wrote:

> "The Commission appreciates that Vermont's electric utilities either already have or will soon have programs that provide reduced rates to low-income residential ratepayers."[49]

The PUC acknowledged that the programs available "vary by utility" and that:

> "Some of the utilities' programs have one or more of the following characteristics that present barriers to the effectiveness of the programs: (1) a short or limited duration, (2) a cap on the number of participants, or (3) a relatively low discount."[50]

Even with these acknowledgements, the Commission ruled it was appropriate to "remain concerned about the affordability of electricity for low-income Vermonters because of the increasing costs of electricity and other costs of living," and to use the differences in the utilities' programs as "an opportunity to gather information and analyze the effectiveness of different approaches to offering low-income rate assistance."[51] As a result, inequities persist based on zip code. Many households have no assistance offered at all by their utility, and for those that are offered assistance, it is known and recognized that the assistance is insufficient.

Although no action has been taken to develop a low income rate or a funding source for such a rate as a result of Docket 20-0203-INV, the docket did confirm that the PUC has the authority and ability to act to increase energy equity and security in the state. The Vermont Legislature

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[48] EPUC, "Low Income Rate Investigation," accessed 8/1/24, https://epuc.vermont.gov/?q=node/64/147182/FV-ROAMessage-Copy-Portal.
[49] Public Utility Commission, "Order Closing Investigation and Ordering Further Process for Washington Electric Cooperative," 6/13/23, https://epuc.vermont.gov/?q=node/64/147182/FV-Case%20Summary-Portal.
[50] Public Utility Commission, "Order Closing Investigation and Ordering Further Process for Washington Electric Cooperative."
[51] Public Utility Commission, "Order Closing Investigation and Ordering Further Process for Washington Electric Cooperative."

subsequently included an "Energy Cost Stabilization Study" in the Miscellaneous PUC bill (S.305/ Act 142) that the PUC is tasked with completing by December 1, 2025. Many of the questions outlined in the Act for the PUC to address in the study concern energy burden, energy equity, current programs available to Vermonters, their effectiveness assessed from a variety of perspectives, and what a state-wide program would look like.

Utility Fixed Charges Enhancements

Approaches to disconnection protection and payment assistance vary widely across state lines. In California, a new and innovative rate design approach was recently approved. The new income-based fixed charge is intended to keep electric bills affordable while California continues to increase electrification of heating and transportation as a strategy for transiting off greenhouse gas emitting fossil fuels.

Electricity bills usually have two components: a volumetric charge and a fixed charge. Historically, utilities have utilized the volumetric charge - with the charge being higher or lower based on the customer's energy usage, while fixed charges are used for the cost of metering, billing, and collection. As California progresses in reducing GHG emissions and mitigating the effects of climate change, the volumetric charges have become burdensome for ratepayers. A fixed charge approach is intended to better mirror the incremental cost of generating and delivering electricity while also helping to achieve renewable energy goals. The income-based component is intended to help avoid adding disproportionate burden on households experiencing high and severe energy burden and is based on the concept of creating tiers of rates for customers based on income. Higher income customers would pay more than those in lower income tiers.[52]

> "The income-based fixed charge approach is quite novel … it is a major departure from traditional rate design principles and practices."
>
> *Equity and Electrification-Driven Rate Policy Options*[53]

An income-based fixed charge approach could be a viable option for Vermont to consider moving forward. Like California, Vermont is also accelerating its renewable energy adoption with GHG reduction requirements drawing nearer. California has identified traditional electric rates as a barrier to and disincentive for some households to make the transition to a more electrified way of life. An income-based fixed charge approach could be an option worth

[52] The Public Advocates Office, "Electric Flat Rates Will Help Address the Affordability Crisis and Enable Household Electrification," accessed 7/30/24, https://www.publicadvocates.cpuc.ca.gov/press-room/commentary/240328-flat-rate.

[53] Yim, E., and S. Subramanian, "Equity and Electrification-Driven Rate Policy Options," ACEEE, 2023, pg 16, https://www.aceee.org/white-paper/2023/09/equity-andelectrification-driven-rate-policy-options.

exploring as Vermont grapples with some of the same challenges associated with transitioning off of greenhouse-gas emitting fossil fuels.

10. Conclusion

Vermont offers consumers of regulated natural gas and electricity a number of protections from shut-offs and options for payment assistance through select utilities, the Department of Children and Families, and five Community Action Agencies. However, as the effects of climate change grow increasingly unpredictable and devastating, and Vermont continues its progress towards a clean energy economy, there is a strong opportunity for leaders to review Vermont's current approaches and take additional steps to protect Vermonters' electricity and gas sources as a necessity and human right. Vermont has the opportunity to be a leader in utility service consumer protection and follow the National Consumer Law Center's recommendation that "State laws should explicitly recognize that utility service is essential to public health and safety, and that no customer should be disconnected based on the inability to afford essential utility service."[54]

Specific opportunities for action include revising and updating Vermont's approaches to utility disconnection and bill assistance payment, informed by results of this project, by:

- Updating the PUC's Disconnection rule;
- Assessing the efficacy of a new low-income rate design (including an income-based fixed charge) as part of the Energy Cost Stabilization Study; and
- Revisiting findings in the PUC's recent low income rate investigation during both of these activities.

Increased attention to high energy burdens and inequities embedded in our energy system are essential moving forward. Through innovation and action, those most in need would benefit from enhancements to a variety of existing disconnection and bill payment programs and offerings in Vermont. Careful attention to these issues are essential to a successful transition to a just and equitable clean energy future, and reinforced by a variety of recent state laws addressing climate change, equity, and the transition to a clean energy economy.

[54] National Consumer Law Center, "Implementing a Roadmap to Utility Service as a Human Right," April 2021, https://www.nclc.org/resources/implementing-a-roadmap-to-utility-service-as-a-human-right/.

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