



Tennessee Interfaith Power & Light

A Spiritual Response to Climate Change

www.tennipl.org tennipl@gmail.com

PO Box 26313 Knoxville TN 37912

Call for TVA Lower Income Energy Efficiency Programs

Tennessee Interfaith Power and Light (TIPL) is a statewide network of faith groups that spiritually responds to the moral challenges of climate change. To learn more about TIPL, you are invited to visit our website: tennipl.org.

Climate change is a threat multiplier. Social variables such as age, income, and health or disability status often determine the ability to prepare for, respond to, and recover from climate catastrophes. In addition, low income neighborhoods often are in areas that have greater exposure to hazards such as flooding or extreme heat. In the absence of proactive efforts to address equity concerns in resilience planning, climate change will reinforce and worsen current socioeconomic disparities, resulting in greater burdens and lessened opportunity for low-income and other disadvantaged populations.

Impacts of Fuel Bills upon Lower Income

The price impacts from the EPA's proposed Clean Power Plan will be the subject of intense attention: electricity costs can affect the competitiveness of business, particularly those engaged in energy-intensive activities, with implications for economic output and jobs. Increases and decreases in electricity rates and costs affect the disposable income of all residents, with ramifications tied to quality of life, ability to meet other financial obligations, and the degree of spending in the general economy.

Nearly 30% of Tennessee Households Live in Unaffordable Housing: Unaffordable housing is defined as housing costs exceeding 30% or more of the income of residents. For a homeowner, housing costs includes mortgage, utilities, and property taxes. Housing costs for a renter are rent and utilities.

In Tennessee, 24.1% of homeowners and 42.6% of renters live in unaffordable housing. 20% of working families are severely housing cost burdened, meaning that they spend 50% of their income on housing. The numbers of Tennesseans living in unaffordable housing continues to rise.

Energy Burden: Energy burden is the share of annual household income that is used to pay annual energy bills. For example, if a household has an annual energy bill of \$1,000 and a gross annual income of \$10,000, the energy burden is 10%. Home energy burden, by definition, refers to heating and cooling alone. Families living on low wages, disability payments, or a fixed income like Social Security face spending an average of roughly 14% of their income on energy, compare to 3% for those with a higher income. Their energy bill can reach 70% of monthly income during the hottest and coldest months.

In 2001, 11% of U.S. households could not afford to pay their energy bills at least once during the year. This was the most common of all inability-to-pay problems reported by the 21 million households who could not afford one or more essential services or goods that year. Nearly half of those who could not afford their energy had incomes too high for public assistance eligibility, and nearly every one of them was a working family. Several studies have demonstrated a strong connection between a family's inability to pay its home energy bills and some obvious and not-so-obvious consequences:

- Children are removed from their homes because of loss of heat or electricity.

- Senior homeowners are forced to leave their homes because they cannot keep up with their energy bills.
- Inability to pay utilities is second only to inability to pay rent as a reason for homelessness.

TVA's Energy Efficiency Programs Not Accessible to Lower Income Households: The design of TVA's energy efficiency program assumes that the customer has money to pay for the energy efficiency work or has at least a 620 credit score to access a TVA on-bill financing program. Only those who own a home are eligible. TVA's current energy efficiency programs are inequitable because lower income people do not have the discretionary income to participate in the TVA home weatherization program nor the credit score to finance energy efficiency improvements through TVA.

TVA Does Not Have a Lower Income Energy Efficiency Program: According to the *Consortium for Energy Efficiency's* 2013 study, the national average for utility spending on lower income programs is 7% of the total energy efficiency program budget. TVA spends no money on lower income energy efficiency programs.

Inequity of TVA Energy Efficiency Programs

- **Every household pays for TVA energy efficiency programs:** The cost of TVA energy efficiency programs, meager as it is (\$75 million in FY 2015), is paid by every consumer of TVA power across its service area through monthly power bills. Those who lack the resources to access TVA energy efficiency programs pay for TVA's energy efficiency programs along with everyone else.
- **Lower income households do not benefit from TVA energy efficiency programs:** The nearly one-third of Tennesseans living in unaffordable housing most need relief from higher power bills, but they are excluded from TVA energy efficiency programs as they lack the financial resources to do so.
- **Lower income households have no protection from increasing power bills:** Even modest increases in electricity costs can have a disproportionate impact on the budgets of lower-income customers. While moderate and higher income households can take advantage of energy efficiency to reduce their power bills, no such option is available to those most in need of protection from higher energy bills.
- **TVA has no programs for lower income households:** TVA does not invest any resources into lower income home weatherization programs because TVA has said that if it did, it would cost other customers more.

Tennessee Interfaith Power and Light calls upon the TVA to:

- Protect lower income customers from the impacts of rising electricity costs by addressing the disproportionate impacts of energy costs on lower income households.
- Ensure that the lower-income benefit from energy efficiency program implementation.

Resources:

[Moral Response to Climate Change](#), Tennessee Interfaith Power & Light (TIPL) (2014)

[Health Effects of Living in a Hot Home](#), TIPL (2014)

[Health Effects of Living in a Cold Home](#), TIPL (2014)

[Knoxville Energy Burden](#) TIPL (2014)

[EPA's Clean Power Plan: State Plans and Consumer Impacts](#), Paul Hibbard, et al. Analysis Group. July 2014.

[2012 State of the Efficiency Program Industry](#), Hilary Jane Forster, et al., Consortium for Energy Efficiency. March 28, 2013.

[Education and Outreach Study](#) prepared for TVA EnergyRight Solutions by Deloitte, 2014.