

Non-energy Benefits and Public Goods—Understanding and Overcoming the Cost-effectiveness Challenges of Programs that Address Equity

Abstract

Utilities across the US struggle each year to keep community-serving programs afloat in the face of restrictive program cost-effectiveness testing. Income eligible weatherization, schools, educational and community outreach, shade tree and greening programs benefit disadvantaged communities, fostering equity. Shade trees green communities, cool homes and improve livability. Educational programs provide kids with energy-saving know-how to help parents reduce energy bills. The communities served by utilities often rank these equity-focused programs among the most valuable, yet they are often not cost-effective. Why?

The answer lies partly in the structure of cost-effectiveness testing which often does a better job accounting for the costs of a program relative to its benefits. Many of the programs described contribute significant, real non-energy benefits (NEBs) to utilities' customers and communities, and yet commonly state regulations and fixed-cost recovery mechanisms do not allow for a full accounting of the multiple benefits flowing from these programs—improved health, increased livability and comfort, lower energy bills and better cooling access for vulnerable populations in the face of climate change, educational know-how that customers with low or fixed incomes to make smarter decisions about energy use, lowering energy bills and mitigating urban heat islands.

This workshop is designed to provide program managers, program implementers, utility staff and other stakeholders the information and tools they need to effectively advocate for equity-focused programs and challenge traditional barriers to cost-effectiveness. We will unpack the problem by exploring the economic concepts of social goods and positive externalities (i.e., NEBs), learning how NEBs are treated differently by various states and jurisdictions, and learning how they tie into cost-effectiveness testing. We will then explore case studies highlighting different methods utilities and stakeholders have used to overcome obstacles to cost-effectiveness for programs with large social benefits.

As climate change advances, its effects will be disproportionately felt by vulnerable populations, increasing the urgency of finding collaborative solutions to ensure the survival of energy efficiency programs that disproportionately benefit underserved and disadvantaged populations. You will leave this workshop with the resources and tools you need to advocate effectively for the provision of programs that promote social good.