



401 Nicollet Mall  
Minneapolis, MN 55401

March 20, 2023

Senate Energy, Utilities, Environment, and Climate Committee  
95 University Avenue W, Room 1150  
Saint Paul, MN 55155

Re: Senate File 2987 - Amending the definition of low-income household for purposes of receiving energy conservation assistance

Chair Frentz, Senator Rarick, and members of the committee,

Xcel Energy supports passage of Senate File 2987. This legislation would make two small but critical changes to the definition of “low-income household” as it applies to Minnesota utilities’ Conservation Improvement Programs (CIP). Utilities have long had a requirement to offer dedicated programs designed to give their most disadvantaged customers additional support to overcome the unique barriers that many of them face. Whether as “standalone” programming or in combination with other support such as the federal Weatherization Assistance Program, low-income CIP programs help customers increase their homes’ efficiency and gain control over their energy costs that would otherwise be out of their reach.

Currently, the statutory definition of “low-income household” is set at 60 percent of state median income (SMI), equal to about \$70,000 per year for a family of four. However, there is a substantial group of customers whose household income exceeds this level but who still are not able to afford the upfront investment required to make their homes more energy efficient. By increasing the qualifying income level to 80 percent of area median income (AMI), Senate File 2987 will expand access to energy efficiency for these families. Further, adopting a standard of 80 percent of AMI would make CIP’s income requirements consistent with the income thresholds used by affordable housing programs and the Inflation Reduction Act.

In addition, the bill would simplify the process for these already burdened households of demonstrating their eligibility for CIP programs. Rather than having to complete lengthy paperwork to verify their income, households could simply demonstrate they meet the income eligibility standards to receive financial assistance in another federal, state, municipal or utility program that is administered by the Department of Commerce or on an approved list promulgated

by the Department. Importantly, the bill would preserve the ability for CIP to leverage federal programs as it has done successfully for years.

Since fall 2022, Xcel Energy has been meeting monthly with an Equity Stakeholder Advisory Group (ESAG), convened under the auspices of our integrated resource plan docket, to broaden community participation and advise us on integrating energy equity considerations in a broad range of energy programs, including our low-income CIP programs. One consistent theme we have heard from ESAG is the need to broaden eligibility and simplify the process for families to enroll in the energy payment assistance and low-income energy efficiency programs available to them. Nationally, the use of one benefit program to demonstrate eligibility for another with similar requirements (sometimes referred to as “categorical eligibility”) is increasingly regarded as a best practice for programs seeking to remove participation barriers. It can streamline the application process, reducing administrative overhead by avoiding unnecessary income re-verification.

SF2987 is a critical step that will both increase the number of households eligible, and simplify the process of enrollment, at a time when Xcel Energy and other utilities are increasing their low-income CIP spending and working to ensure our customers have access to programs to reduce their energy burden. We urge the committee to support it.

Sincerely,

Nick Mark  
Manager, DSM Strategy & Policy