MEEA
MIDWEST ENERGY EFFICIENCY ALLIANCE

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September 13, 2024

Omaha Public Power District
444 S. 16th Street Mall
Omaha, NE 68102

To the Omaha Public Power District (OPPD) Board of Directors,

The Midwest Energy Efficiency Alliance (MEEA) welcomes this opportunity to submit comments on OPPD's ongoing review of Strategic Directive 7. Our comments focus on the opportunity for energy efficiency to enhance OPPD's progress towards both sustainability and environmental justice priorities. MEEA recommends OPPD discuss these topics collectively, as the Board of Directors weighs strategies to address and measure decarbonization and environmental justice interventions across the Omaha metropolitan region.

MEEA, a nonpartisan nonprofit member-based organization, serves as a collaborative network promoting energy efficiency to optimize energy generation, reduce consumption, create jobs and decrease carbon emissions in all Midwest communities. MEEA's members include manufacturers, energy service companies, state and local governments, utility companies, research institutions and advocacy groups across the Midwest. MEEA engages in energy efficiency work across 13 Midwest states, including Nebraska and the Great Plains states. Over the last decade, MEEA has provided educational materials and comments on the benefits of energy efficiency in regulatory, legislative and utility proceedings in Nebraska.

Energy efficiency is the least cost energy resource, reducing demand for utilities and making each kilowatt of energy generated more productive. To reach their full savings potential, utilities must engage historically "hard to reach" customer segments – industrial, commercial and underserved residential customers. Underserved residential customers include low and moderate income households, residents of multifamily buildings and rural customers. Across the Midwest region, many utilities are prioritizing these populations for appliance rebate programs, whole home retrofits and health and safety solutions. Energy efficiency is a key component in building a flexible and resilient energy system, reducing grid strain and minimizing unnecessary excess generation.

Low Bills, Not Just Low Rates

Nebraska is a unique case not only in the Midwest, but across the country, as it is the only state in the nation whose residents get their electricity entirely from publicly owned utilities. In the case of OPPD, this means a heightened responsibility, and thus, an opportunity, to enhance service quality for over 400,000 customers and part-owners. While OPPD's electric rates are some of the lowest in the country, an accomplishment

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that MEEA applauds, it is imperative to examine the true affordability of energy services across OPPD's 13-county territory, and the burden felt by certain households. MEEA implores OPPD to measure success based on low bills for all households served by public power rather than low rates exclusively. Energy efficiency is an effective intervention for reducing customer energy bills.

Based on recent analysis conducted by MEEA, OPPD's annual energy efficiency spend is significantly lower than comparable Midwest electric utilities (nearly ten times lower than Indianapolis Power & Light Co., for example) and OPPD is underperforming in residential energy savings. Ideally, energy efficiency portfolios should be designed to seek savings proportionally to the energy use of those customer sectors. OPPD's budgeted retail residential electricity sales for 2024 are 29.3% - yet only 17% of OPPD's energy savings come from residential programs. While non-residential programs, especially those targeted at low-income customers, may not be as attractive to utilities from a cost-effectiveness standpoint, residential energy efficiency has the most direct impact in the day-to-day lives of utility customers. Although OPPD does not have access to the cost recovery tool of investor-owned utilities, as a public power district the affordability and reliability of a customer's electric service should be OPPD's number one priority. For further information, please see MEEA's recent comments to the OPPD Board of Directors.

Increasing energy efficiency investment is an effective tool for OPPD to meet both growing demand and decarbonization goals. Throughout recent discussions surrounding the annual review of SD-7, many public comments have urged OPPD to focus on environmental justice within decarbonization goals – ensuring that all public owners benefit from OPPD's transition to net-zero carbon emissions by 2050. MEEA recommends OPPD recognize low-income energy efficiency programs as a critical investment to respond to the needs of public owners. The creation of OPPD's new Environmental Justice Program Coordinator position presents a perfect opportunity to advance this effort of prioritizing low bills for all OPPD customers.

Federal Funding Opportunities

Historic federal investment creates fertile ground for action– with the EPA awarding NDEE $306 million to implement their Priority Climate Action Plan (PCAP) through the Climate Pollution Reduction Grant program. One priority measure of NDEE's PCAP is to fund Nebraska utilities' home energy efficiency incentive programs for low- and middle-income homeowners. NDEE is also preparing their application for the DOE Home Energy Rebates Program – Nebraska is eligible for $91,268,349 to support Home Efficiency Rebates and Home Electrification and Appliance Rebates. Both investments could serve as catalysts for building a more effective low- and middle-income energy efficiency program at OPPD.

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In tandem with an unprecedented investment in our nation's infrastructure and energy system, the Biden Administration established the Justice40 Initiative – which directs 40% of the overall benefits of certain federal investments to disadvantaged communities (DACs). The federal government defines DACs through the Climate and Economic Justice Screening Tool (CEJST), which compiles census information by tract along eight categories of burden: climate change, energy, health, housing, legacy pollution, water and wastewater, transportation and workforce development. DACs must either meet the threshold for at least one of the tool's categories of burden or be within the boundary of a Federally Recognized Tribe. Within OPPD's 13-county service territory, **57 out of 254 census tracts are defined as disadvantaged**. One key category of burden within the CEJST is energy burden.

The U.S. Department of Energy (DOE) defines energy burden as the percentage of gross household income spent on total energy costs. While energy burden statistics include electric *and* gas costs, utilizing energy efficiency to reduce household electric costs is a critical element to reducing energy burden. DOE considers a household highly energy burdened if they spend more than 6% of their income of energy, and severely energy burdened if they spend more than 10% of their annual income on energy bills. According to data assembled in the DOE's Low-Income Energy Affordability Data (LEAD) Tool, nationwide the average energy burden for a low-income household (0-80% AMI) is 6%, while the average energy burden for non-low-income households is 2%.

Energy Burden in the OPPD Service Territory

MEEA conducted an analysis of OPPD's 13-county service territory (Burt, Cass, Colfax, Dodge, Douglas, Johnson, Nemaha, Otoe, Pawnee, Richardson, Sarpy, Saunders and Washington Counties) using the DOE LEAD tool. Out of the 254 census tracts, we found that energy burden varies widely across income levels, demonstrating multiple areas of opportunity for OPPD to focus energy efficiency upgrade programs and maximize customer benefit.

Within the OPPD service territory, including all income levels (0-100+% AMI) only 9 census tracts experience a high energy burden. However, that trend quickly shifts when focusing on the service territory's lowest income customers. For households federally qualifying as "Low-Income" (0-80% AMI), 81 of 254 census tracts have a high energy burden, while 16 tracts experience a severe energy burden. Statistics become significantly starker as income levels decrease. For households earning 0-60% AMI, 197 census tracts experience a high energy burden and 27 census tracts experience a severe energy burden. Table 1 summarizes these findings.

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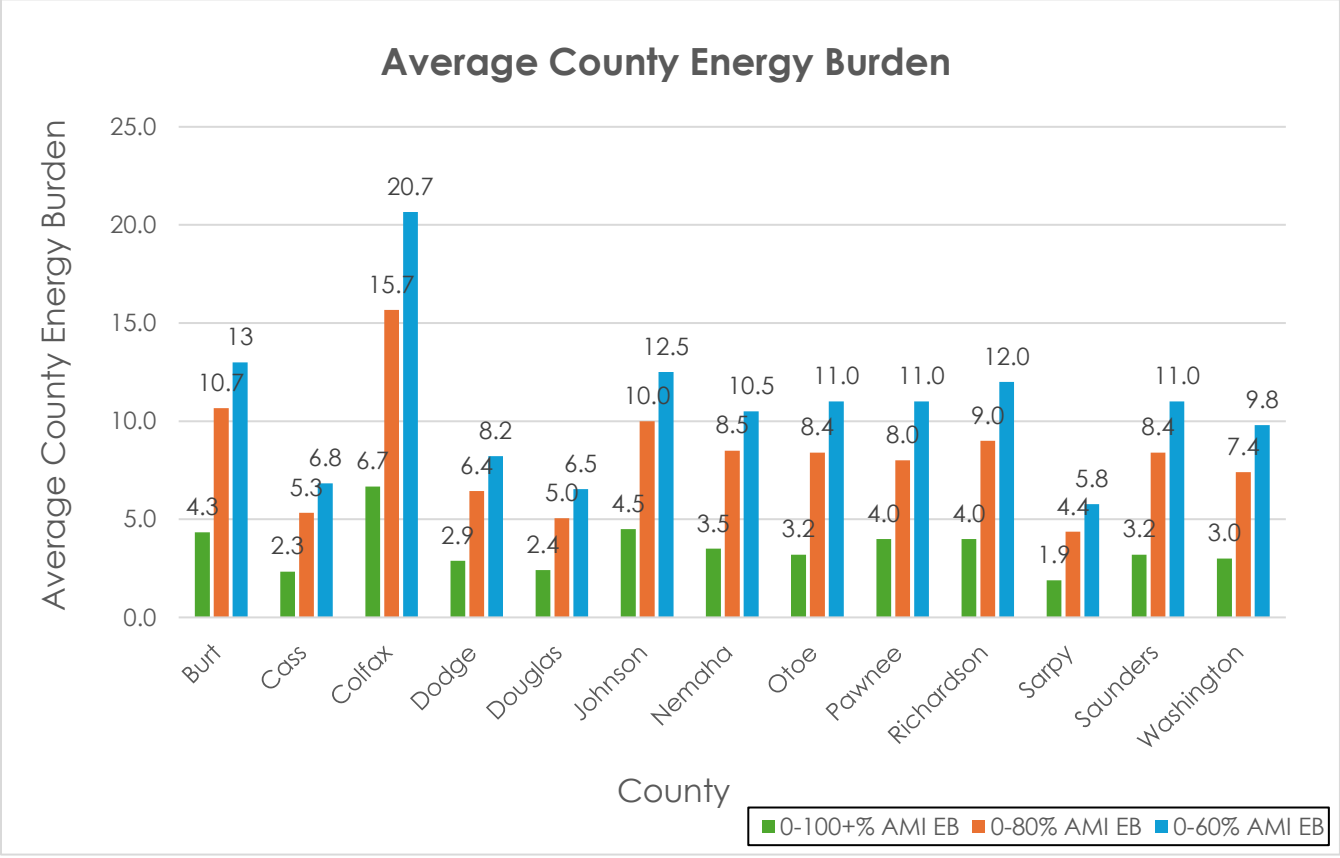
Table 1: OPPD 13-County Service Area Energy Burden by Income Bracket

0-100+%AMI	0-80% AMI	0-60% AMI
High EB Tracts	**High EB Tracts**	**High EB Tracts**
9	81	197
Severe EB Tracts	**Severe EB Tracts**	**Severe EB Tracts**
0	16	27

The same trend is apparent when MEEA analyzed energy burden on a county level. Chart 1 plots the average energy burden for each income level (100+% AMI, 0-80% AMI and 0-60% AMI) by county. One can see that although the scale may shift, the trend remains simple: as income levels decrease, energy burdens dramatically increase.

Chart 1: OPPD Service Area County Energy Burden by Income Bracket



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The concentration of different income brackets varies widely by census tract, as does the degree of energy burden. These two factors are not always correlated, but they both shine a light on key communities for OPPD to engage in low-income energy efficiency programming. Table 2 shows the 20 census tracts within OPPD's 13-county service area with the highest energy burden (listed 1-20) for low-income households (0-80% AMI).

Table 2: The 20 Census Tracts within OPPD's 13-County Service Area with the Highest Energy Burden for Low-Income Households

	County	Census Tract Geography ID	Total Households in Census Tract	Percent of Low-Income Households in Census Tract (0-80% AMI)	Energy Burden: Low-Income Households (0-80% AMI)
1	COLFAX	31037964600	1088	35.2	17
2	COLFAX	31037964700	716	39.2	17
3	BURT	31021963300	1015	41.1	13
4	**COLFAX**	**31037964800**	**1938**	**40.6**	**13**
5	**JOHNSON**	**31097967600**	**1041**	**54.5**	**12**
6	SAUNDERS	31155968200	2154	38.5	12
7	BURT	31021963200	959	43.1	11
8	DODGE	31053963700	1131	27.1	11
9	**RICHARDSON**	**31147968600**	**1984**	**62.2**	**11**
10	SAUNDERS	31155968100	1394	26.7	11
11	WASHINGTON	31177050201	1554	23.3	11
12	WASHINGTON	31177050300	1914	41.0	11
13	DODGE	31053963600	1998	35.2	10
14	NEMAHA	31127968200	1547	50.3	10
15	**OTOE**	**31131966900**	**1786**	**44.3**	**10**
16	**OTOE**	**31131967000**	**1315**	**42.7**	**10**
17	**DOUGLAS**	**31055000700**	**519**	**83.0**	**9**
18	BURT	31021963400	907	49.6	8
19	**DOUGLAS**	**31055005400**	**1228**	**66.1**	**8**
20	**DOUGLAS**	**31055005901**	**913**	**79.0**	**8**

Note: Red indicates Severe Energy Burden, Orange indicates High Energy Burden. Bolded tracts are federally recognized DACs.

One can see that census tracts with the greatest low-income energy burdens are not necessarily those with the highest concentration of low-income households. However, census tracts with a higher concentration of low-income households will have a higher population experiencing the indicated energy burdens. This short analysis demonstrates

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the nuanced nature of energy burden and income disparities in OPPD's service territory, and metropolitan regions more widely.

MEEA recommends that OPPD's new Environmental Justice Program Coordinator analyze LEAD data and begin contacting community members and community-based organizations in key census tracts. By identifying census tracts, performing community outreach and earmarking energy efficiency program dollars to census tracts with both high concentrations of low-income households and energy burdened households, OPPD can make substantial strides in alleviating everyday household stresses, while reducing demand and lowering greenhouse gas emissions.

Compounding Cost Burdens

While OPPD aims to ensure low rates for all customers, one must recognize the impact that rates make in the larger context of a household's security. Table 3 details county level low-income (0-80% AMI) census tract energy burden, as previously discussed, and the percentage of households experiencing housing cost burden. A household is considered "housing cost burdened" if they contribute more than 30% of their annual income to housing costs (for both owners and renters).

Table 3: County level average households, income brackets, energy burden and housing cost burden

County	Percent of Households **Low-Income**: (0-80% AMI)	Percent of Housing Cost Burdened: **Low-Income** (0-80% AMI)	Energy Burden: **Low-Income Households** (0-80% AMI)
BURT	44.6	26.0	10.7
CASS	38.8	27.2	5.3
COLFAX	38.4	31.3	15.7
DODGE	39.9	33.9	6.4
DOUGLAS	44.4	53.8	5.0
JOHNSON	44.8	27.0	10.0
NEMAHA	47.9	29.5	8.5
OTOE	35.8	31.6	8.4
PAWNEE	51.5	34.0	8.0
RICHARDSON	47.7	19.7	9.0
SARPY	33.4	32.9	4.4
SAUNDERS	37.1	22.0	8.4
WASHINGTON	35.4	24.8	7.4

Note: Red indicates Severe Energy Burden, Orange indicates High Energy Burden

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In addition to disproportionate energy burdens, low-income households face housing cost burdens at a much higher rate than the larger population. For example, in Burt County, nearly one in four low-income households spend over 40% of their annual income on maintaining, quite simply, a home with power and heat. These burdens do not account for additional household costs, such as childcare, transportation, medical bills, food and the other expenses required to live. For low-income households, these mounting fixed costs create stress on families and leave little room for the reality of life, where unexpected costs arise. Under these conditions, in the case of an illness, an accident, or a weather event that requires a household to use more power – families may have to forego a bill payment and risk a power cutoff. These consequences are traumatic for families and can lead to a spiral of long-term economic stress. For low-income households across OPPD's service territory, energy burden may be just one cog in a wider system producing unstable housing conditions – but one that OPPD has the power, resources and responsibility as a public utility to impact.

Conclusion

OPPD is in a window of opportunity, where under the guidance of a new staff expert, OPPD can utilize data and federal funding to create lasting change. MEEA urges OPPD to take advantage of this and develop a new, long-term, low-income energy efficiency program to alleviate energy burden for low-income households. It is in OPPD's best interest, as a business and a publicly supported entity, to reduce bills, concentrating resources on low-income and energy burdened households across the Omaha metropolitan area.

MEEA encourages OPPD to measure the success of their service by analyzing energy bills, not just base rates, and the resulting energy burdens experienced by customers across the region. Through this lens, OPPD can continue striving for true energy affordability, just sustainability and energy security.

If you have any questions about these comments, MEEA or energy efficiency, please contact MEEA's Nebraska state lead, Policy Associate Clara Stein, at cstein@mwalliance.org or (312) 783-7243.

Thank you again for this opportunity to comment.

Regards,

Paige Knutsen, Executive Director
Midwest Energy Efficiency Alliance