

Tools to Help Consumer-Members Manage Energy Expenses During COVID-19

Key Highlights

- America's unemployment rate skyrocketed from 3.5% to 5.5% in just a matter of days as the pandemic COVID-19 resulted in businesses temporarily closing around the nation.
- Many utilities have announced a moratorium on disconnects during the crisis. However, those accounts will need to be made whole in the near future.
- Electric co-ops pioneered the use of prepaid metering and efficiency financing tools to help consumer-members budget their energy expenses. Programs like these can help consumer-members manage their electricity bills during these extraordinary times.

What has changed?

Record unemployment and economic uncertainty are forcing many Americans to pay closer attention to all of their monthly expenses. Traditionally, the energy bill is one of the toughest to manage. The product is invisible, and billing happens a month after usage. People tend to only think of electricity when the lights are out or the bill is higher than expected. However, it is the fuel that powers most of the critical aspects of our daily lives. This unusual time of economic hardship is bringing electricity expenses more to the forefront. A mix of new and old programs can be used to help consumer-members manage their monthly energy expenses.

Early data suggests an increase in residential energy use and a reduction in system peak as people are asked or ordered to stay home. Those who can work or participate in school from home are doing so. Data from ISO-New England shows an initial peak demand reduction of 3 to 5 percent.¹ EPRI's analysis of the impacts to Italy have shown a peak demand reduction nationwide of 18 to 21 percent. PJM has noted that usage now reflects that typical of a snow day, as people shift to a work and study at home model². This will most likely mean higher than normal residential bills due to increased usage. How much higher remains to be seen and will be driven in large part by weather.

What is the impact on electric cooperatives?

A growing number of Americans may become delinquent in the payment of their bills, given the new economic challenges brought on by the COVID-19 circumstances. Co-ops are helping by temporarily discontinuing disconnect practices. However, people may have a tough time paying their bills even several weeks or

¹ <http://isonewswire.com/updates/2020/3/20/iso-new-england-implements-actions-in-response-to-the-corona.html>

² <https://insidelines.pjm.com/covid-19-lightens-electricity-load-but-reliability-remains-strong/>

months from now. Co-ops have several tools, such as prepaid metering, proactive bill notifications and energy assistance programs, that are proven to work in managing monthly energy expenses and can be applied to assist consumer-members meet today's challenges.

What do cooperatives need to know or do about it?

Over half of electric cooperatives offer prepaid metering programs. Prepaid metering offers consumer-members of all income levels the ability to:

- Make purchases of power when needed, but on their own schedule,
- Manage their power needs in much the same manner as they do the fuel tanks in their vehicles,
- Avoid large deposits for service, and
- Better understand how power is used and which appliances are using it most or at any given time.

From the utility perspective, prepayment allows utilities to:

- Collect past debt in a convenient and customer-acceptable way,
- Avoid incurring new debt,
- Reduce high bill complaint calls to the Call Center, and
- Increase overall consumer-member satisfaction.

However, prepaid metering is not the only tool that co-ops are using to increase energy usage awareness. Old Dominion Electric Cooperative (ODEC) and their members are using a tool from Apogee Interactive. This communication tool proactively engages with consumer-members who are using more electricity than they normally do and sends them a video email with an explanation of probable causes and tips on how to reduce energy consumption. This innovative approach to energy education has reduced high bill complaints and furthers the role of the co-ops of Virginia, Maryland and Delaware as the trusted energy partners of their members.

Programs designed for low- and moderate-income consumers can also help to control energy costs. USDA's Rural Development program offers several grant and loan programs that can help to weatherize the homes of consumers living in rural areas. USDA field reps can guide consumers through their options and present them with solutions that work. More information about the USDA programs is available on their [website](#). The recent COVID-19 relief bill signed by President Trump includes an additional \$900 million for the Low-Income Home Energy Assistance Program (LIHEAP) to help low- and middle- income consumers pay their bills.

Programs, such as the tariff-based energy retrofit programs at cooperatives including [Ouachita Electric Cooperative](#), and community assistance programs, such as the one operated by [Consolidated Cooperative](#), can provide needed lifelines in times of crisis. Information on these and other cutting edge co-op programs are available on NRECA's [Advancing Energy Access for All](#) website.

A mix of legacy programs, such as prepaid metering, and new and innovative outreach programs, like the one at ODEC, can be used successfully to help co-ops' consumer-members manage their energy purchases during both good and difficult times. These programs won't bring back jobs, but they can help provide some peace of mind knowing that the local electric co-op has programs in place to aid when members need it.

Additional Resources

- [Bridging the Gaps on Prepaid Utility Service](#)
- [Conservation Impact of Prepaid Metering](#)
- [Prepaid Metering Analytical Report](#)
- [Advancing Energy Access for All website](#)
- [Straight Talk: COVID-19 Communications Resources](#)

Contact for Questions

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