



Energy Equity Project



Our Niche

EEP is centered among and inspired by a constellation of intersectional movements:




Crash course on energy affordability




- 1) Scope of the affordability crisis
- 2) Visualizing unaffordability
- 3) Disparate impacts
- 4) Causes & consequences
- 5) Solutions

**HEADIN' OUT TO BUY
A DOZEN EGGS**





**Energy prices are a bigger
worry than egg prices...
and sometimes housing costs**



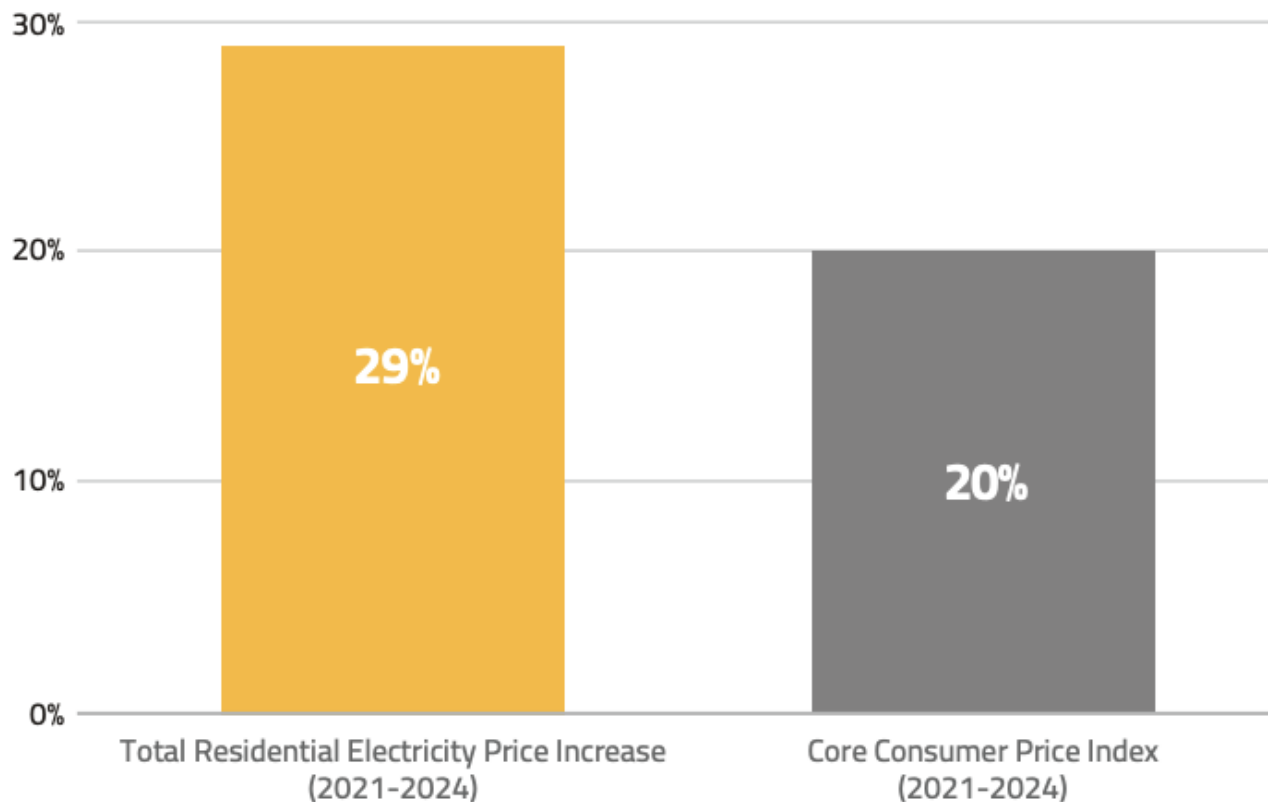


Figure 1. Residential electricity prices vs. inflation
(Source: U.S. Energy Information Administration⁴,
Federal Reserve Economic Data⁵)

U.S. Wholesale and Retail Electricity Prices (2010-2026)

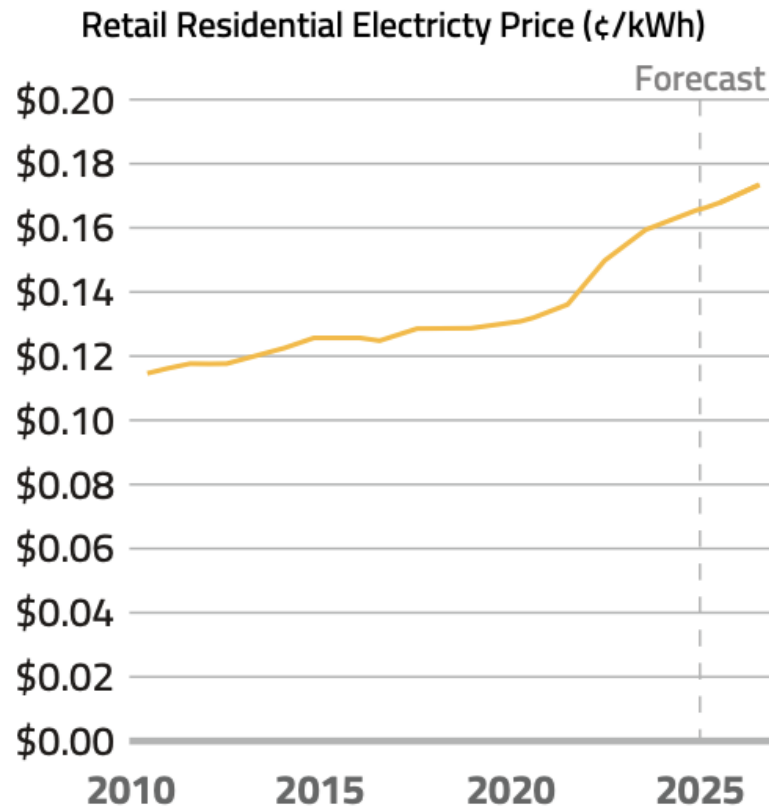
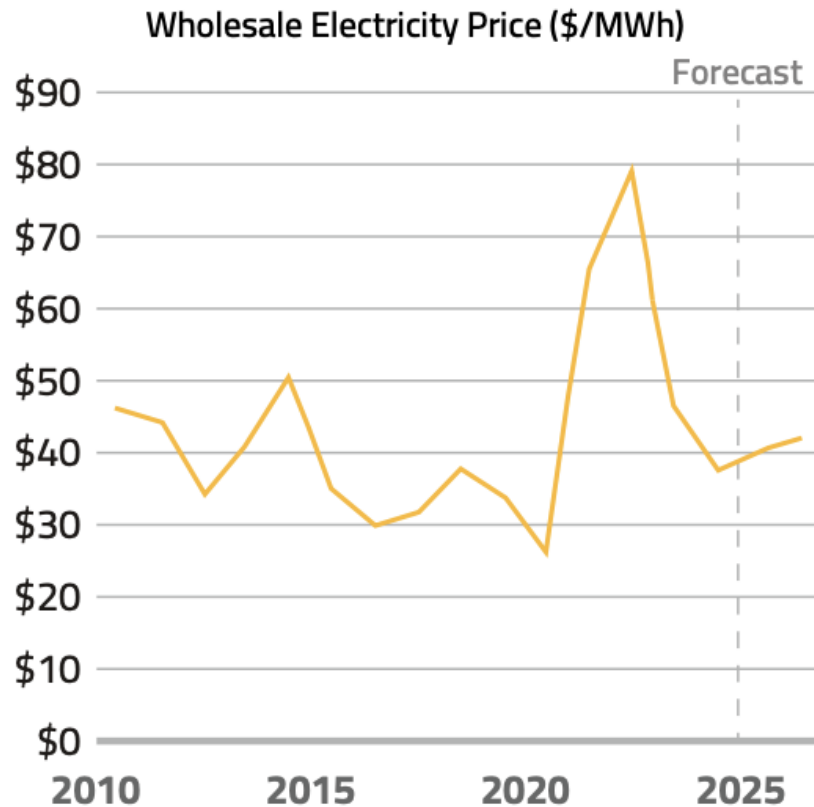


Figure 8. Trends in U.S. wholesale and retail electricity costs: 2010-2026
(Source: U.S. Energy Information Administration¹³)

RESIDENTIAL ELECTRIC RATES SKYYROCKETING

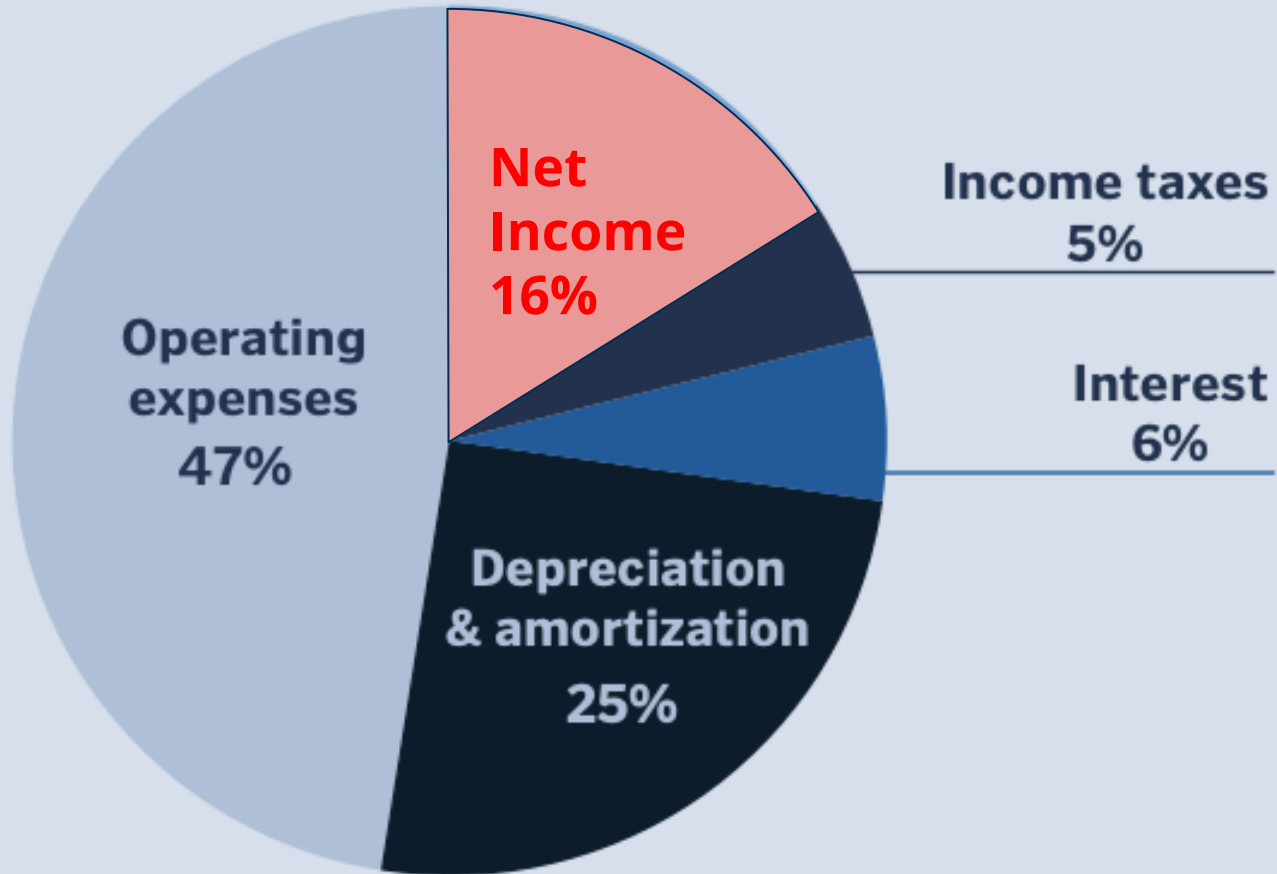


RESIDENTIAL RATES SOAR! ● INDUSTRIAL RATES STEADY.

Michigan Electric Rates

Michigan	Avg Electric Rate (2010)	Avg Electric Rate (2023)	Percent difference in rates (%)
Residential	12.5	18.8	51.2
Commercial	9.8	13.4	36.6
Industrial	7.1	8.2	15.3

Figure 1. SDG&E revenue breakdown



2025: \$29B

Requested Rate Increase by Electric and Gas Utilities (Billion \$)

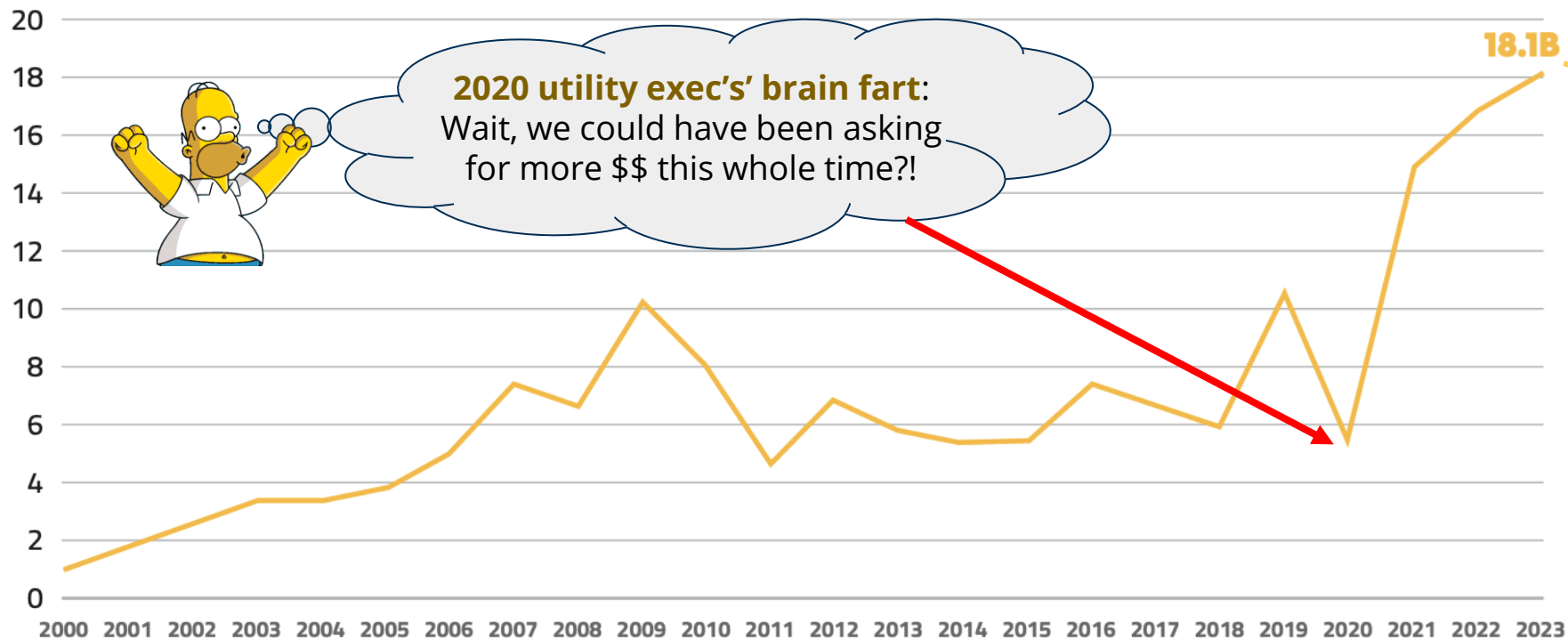


Figure 6. Requested rate increases from electric and gas utilities
(Source: Regulatory Research Associates¹⁰)

Big increases in net profits and stock prices in recent years (DTE Energy)



- DTE Energy net income for the twelve months ending June 30, 2025 was **\$1.443B**, a **4.11% increase** year-over-year.
- DTE Energy annual net income for 2024 was **\$1.404B**, a **0.5% increase** from 2023.
- DTE Energy annual net income for 2023 was **\$1.397B**, a **28.99% increase** from 2022.
- DTE Energy annual net income for 2022 was **\$1.083B**, a **19.4% increase** from 2021.

Energy bills are primed to soar even higher

1) **Climate impacts are escalating.**

→ A/C use increases 400% when temperatures increase from 85F to 95F

2) **\$50 billion in excess Return on Equity (ROE) for monopoly IOUs**

3) **Data center demand is spiking.**

→ GA Power 2035 demand growth from 0 in 2024 to 48% in 2025

4) **With unaffordable bills, more fees** → Ameren, IL, \$32M / yr in late fees

5) **Customers are on the hook for extreme climate events**

→ Oklahomans paying \$2,100+ for 1 week of Winter Storm Uri, spot gas purchases 600x normal (like \$2,000+ / gallon gas) (\$8 / month x 25 years!)

→ CA customers paying \$27 billion for wildfire prevention & insurance

6) **Rollbacks of federal assistance.** Future of LIHEAP?



Energy insecurity snowballs:

- **Risk of entering and remaining in overall poverty increases 50-100%**



What is the top housing challenge you have experienced in Detroit within the last 12 months?



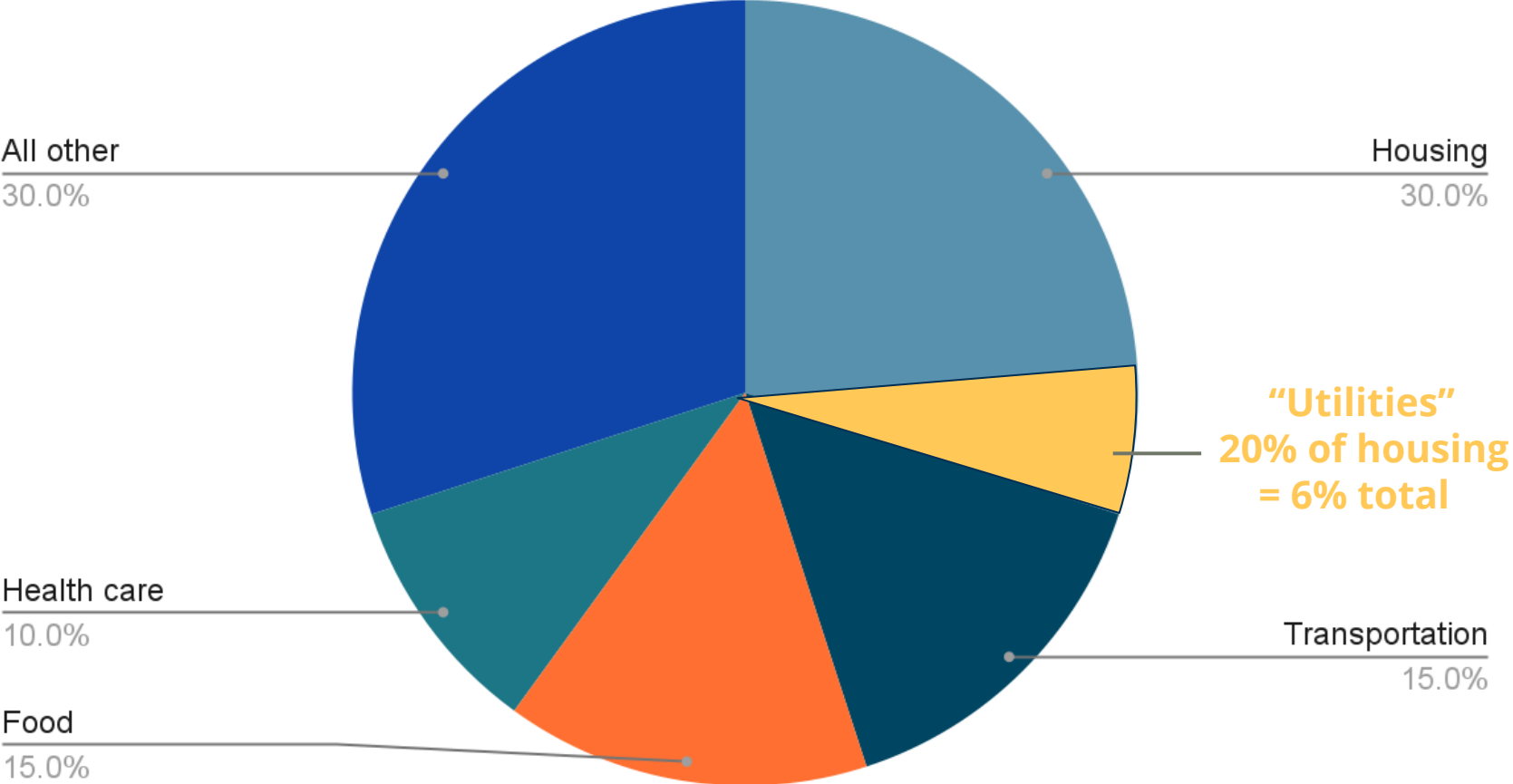
- 33%** Utility Affordability
- 22%** Housing Affordability
- 19%** Housing Quality
- 17%** Other
- 5%** Housing Access
- 4%** None



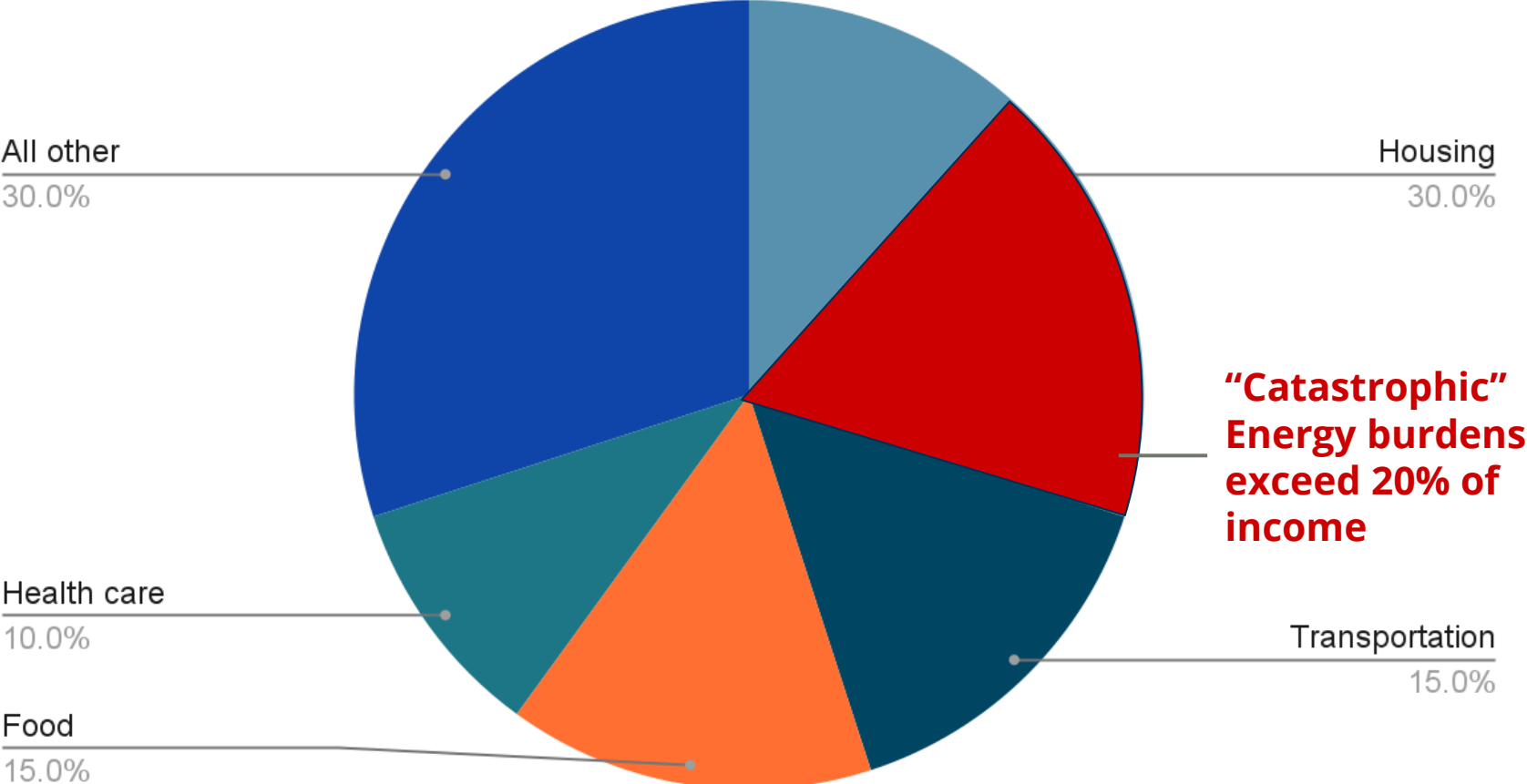
**6% of income
is considered the threshold
for affordability**



Household affordability thresholds by category



Household affordability thresholds by category





Disparate impacts of unaffordability



Energy Insecurity

**Can't pay on
time, in full**

**Cut spending on
basic needs**

**Keep home at
unsafe temps**

Shutoffs

Energy Insecurity

Can't pay on
time, in full

Cut spending on
basic needs

Keep home at
unsafe temps

Shutoffs

~7 million / year (7%)

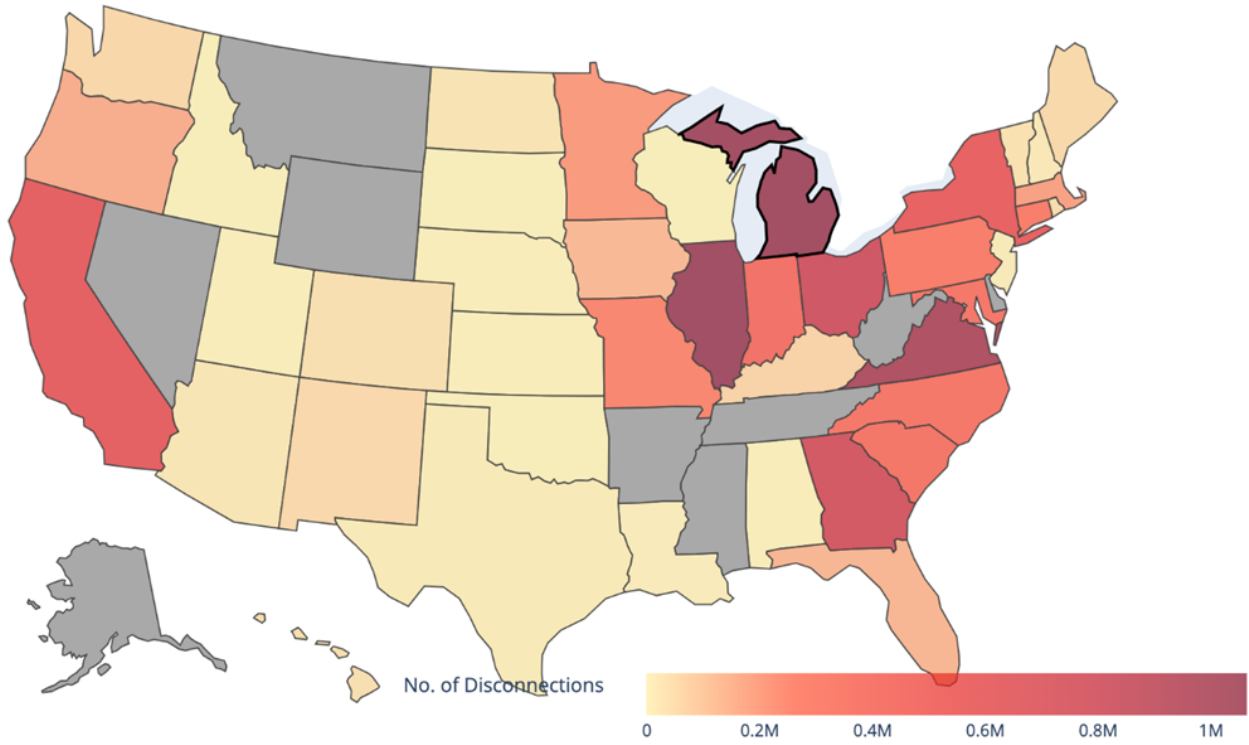
NYC - 23% residents shutoff
over 5 years

2x outage duration

MI - 80% of LI customers
shutoff by DTE

2x higher among BIPOC

\$millions to execute



State Level Disconnections

Year

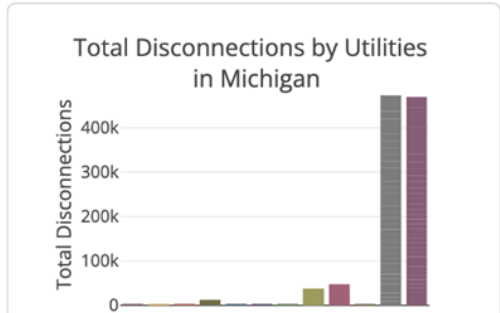
x 2024 x 2023 x 2022 x

Month

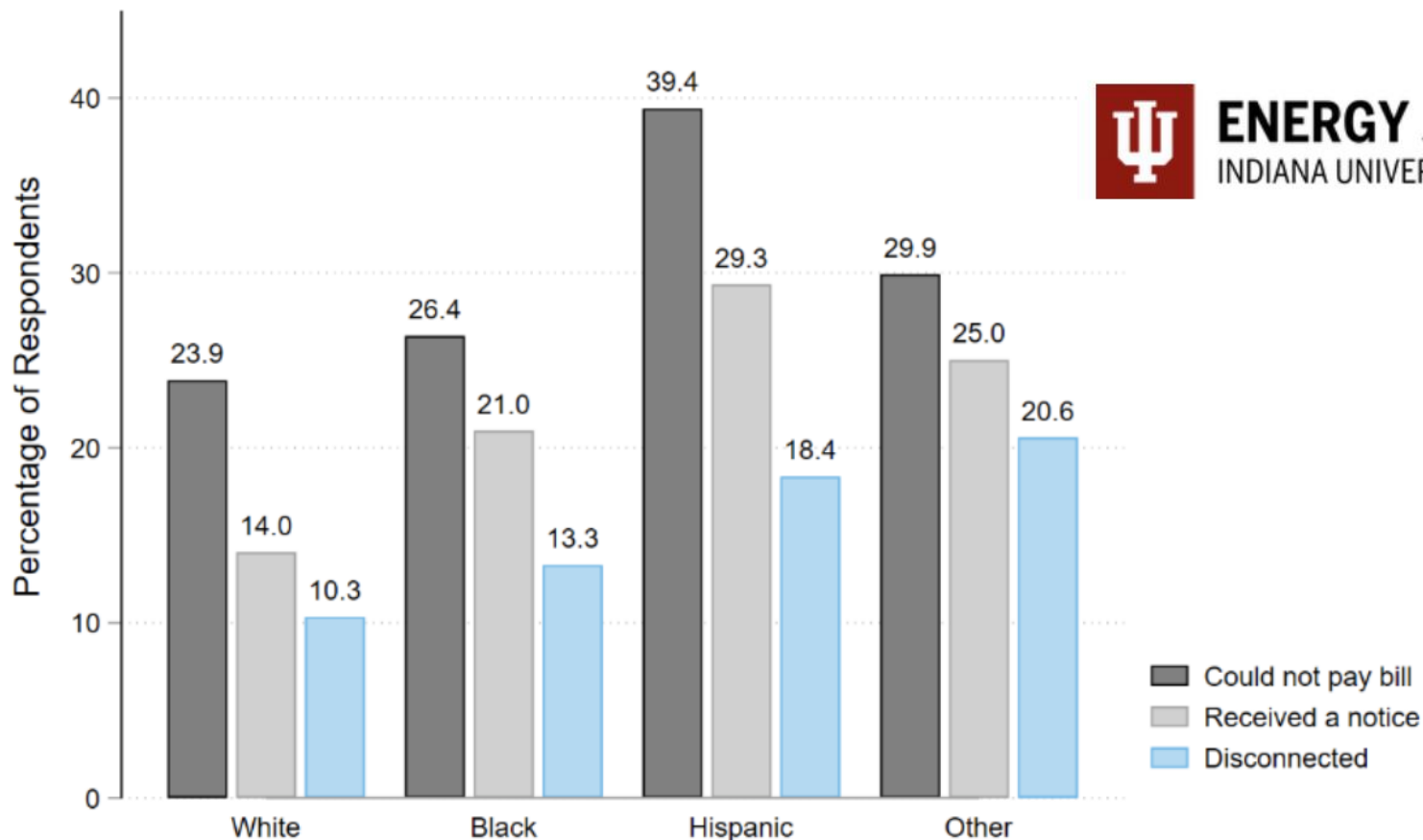
x All x

Indicator

Total Disconnections x

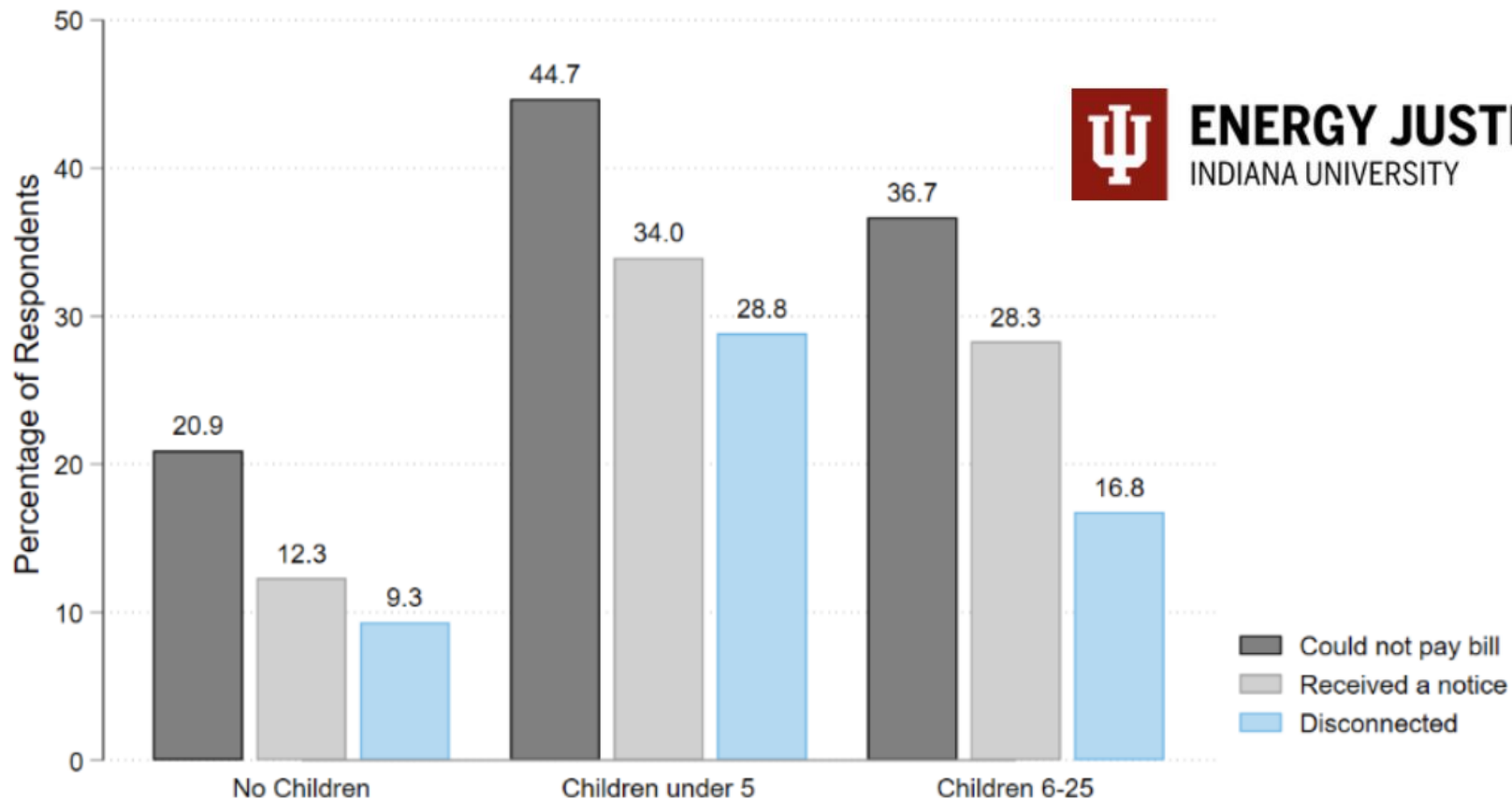


Energy Insecurity by Race Last Three Months (November 2021 - January 2022)



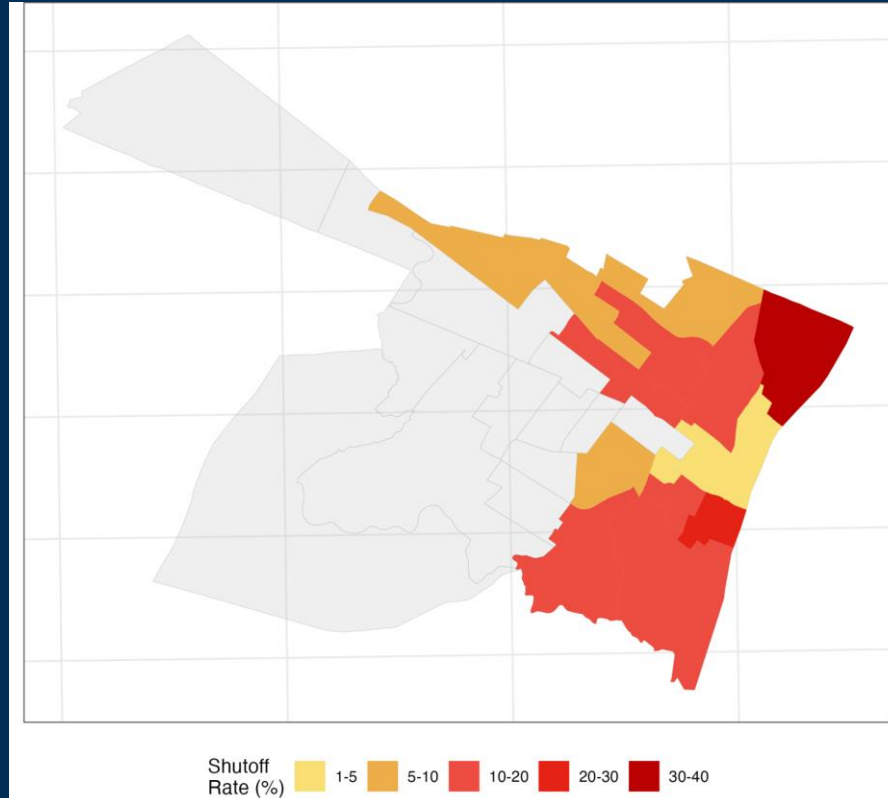
ENERGY JUSTICE LAB
INDIANA UNIVERSITY

Energy Insecurity by Children in the Household (November 2021 - January 2022)



ENERGY JUSTICE LAB
INDIANA UNIVERSITY

Shutoff rates in Albany by census tract



About that safety net.... rules of thumb:

- **20x more energy incentives for highest 10% of incomes**
- **20% of every energy bill is for shareholder profits**
- **Energy security 2x worse among Black, Latinx, Indigenous, disability, no internet, low-income**

- **20% of eligible households receive assistance**
- **2% of eligible households receive deep retrofits**
- **200 years to weatherize all eligible households**

Reinforcers

- Late fees, deposits, reconnection fees
- Cash only payments
- Predatory loans
- Lower credit scores
- Shutoffs
- Climate impacts
- No outlet to engage

Energy
Insecurity

Few will escape
the closed loop of
energy insecurity

Excessive
bills

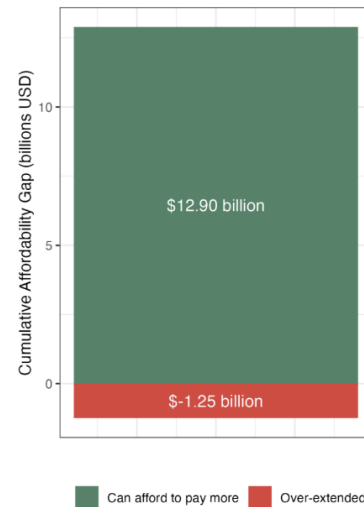
Root causes

- Economic discrimination
- Racist & classist myths
- Inefficient housing
- Renting
- Utility dominance
- High rates
- Excluded from incentives
- Insufficient safety net

Solutions

1. **Redistribute - surplus is 10x the gap**
2. **C&I increase - 2 cents per kWh
(still below residential rates)**
3. **Cost offsets - e.g. collections**
4. **ROE - \$1M *per basis point*;
e.g. 9.9% to 9.8% decrease = \$10M**

Pathways to Universal Affordability



The Affordability Gap: The difference between a household's actual utility bills, and what is considered an affordable utility bill (at 6% energy burden).

3,010,663 of Michigan households with affordable energy burdens (below 6%) could spend an additional \$12.90 billion on energy bills before exceeding the affordability standard.

998,578 of Michigan households with unaffordable energy burdens (above 6%) need energy bill reductions of \$1.25 billion in order to meet the 6% affordability standard.

Pathway 1: Allocate among residents

The *Affordability Gap* could be passed on to households with cheap/affordable bills. These households can afford to pay \$12.90 billion more towards their utility bills. **Just 9.71% of this surplus would pay for all households' excess utility bills.**

Based on Department of Energy Low-income Energy Affordability Tool 2022 data.

Pathway 2: Pursue equitable commercial and industrial rates

The *Affordability Gap* could be passed on to Commercial and Industrial (C&I) customers. C&I customers consumed 65 million mWh in 2023. Solving the *Affordability Gap* issue in Michigan through C&I customers would require a 2 cent per kWh increase in their electric rates. Even with this rate increase on C&I customers exclusively, C&I rates would still be cheaper than residential rates.

Pathway 3: Reduce other costs

Investor-owned utilities are [regulated monopolies](#). They are guaranteed a return on equity (ROE) on capital expenditures, like building more power generation plants or transmission lines. The ROE utilities are guaranteed, is set by the state's Public Utilities Commission. For context "**just a 1 percent reduction in ROE can save customers nearly \$4 billion nationwide each year**" ([RMI](#)). Utilities also spend tens of millions collecting fees, issuing shutoff notices, disconnecting and reconnecting service, and on other non-essentials, like marketing natural gas. Reductions in these non-essential spending could be diverted to affordability programs.

What pathway or combination of pathways would be most likely to succeed in your state?

Offsets

Offsets Combination Selection	Cost
Offset 1 - Shutoff and collections costs	\$9,187,500
Offset 2 - Increase energy savings	\$5,000,000
Offset 3 - Bill assistance funds (HEAP, EAP credits)	??
Offset 4 - Earnings Adjustment Mechanisms (EAMs)	\$4,500,000
Offset 5 - Reduce excess FTE and gas marketing	\$2,500,000
Offset 6 - Company contributions	\$3,750,000
TOTAL OFFSETS	\$24,937,500

**\$3.19 /
month to
eliminate
high energy
burdens**

Combined Selection		
PIPP or Credit	PIPP Scenario 2	\$41,367,178
Shutoff reduction	100% FPL	\$21,110,507
INITIAL COST		\$62,477,685
Offsets		\$24,937,500
SUBTOTAL		\$37,540,185
Admin cost	10.00%	\$3,754,019
NET COST		\$41,294,204
Net residential cost	62.90%	\$25,974,054
Cost / month per HH		\$3.19



Why so little action?



Resistance to affordability

- 1) Priority goes to utility investors.
- 2) Myths of personal irresponsibility, often racially biased.
- 1) Post-Covid relaxation & backlash.
- 2) Meek interpretations of “just and reasonable.”
- 3) Utility obfuscation of technical proceedings.
- 4) Infighting among advocates.
- 5) Studying the problem to death.

DTE makes 5,170-page case for \$619 million rate increase

Five takeaways from DTE Energy's February 2023 rate case

By James David Dickson | March 14, 2023



The real reason for ongoing energy poverty?

“We like it [poverty].

It’s the rudest explanation, I know, which is probably why we cloak it behind all sorts of justifications and quick evasions....

If this is our design, our social contract, then we should at least own up to it. We should at least stand up and profess,

Yes, this is the kind of nation we want.

What we cannot do is look the American poor in the face and say,
We’d love to help you, but we just can’t afford to, because that is a lie.”

pp. 101-102 in Desmond, Matthew, 2023. *Poverty, By America*. Crown, New York.



Resources



Contact: Justin Schott, Director, EEP

Internal (EEP)

[Energy Equity Project](#)

[Energy Affordability Primer](#)

[Shutoffs Primer](#)

[State Factsheets](#)

[Energy Equity 101](#)

[IOU TKO Resource Hub](#)

[_ \(includes testimony\)](#)

External

[DOE LEAD Tool](#) (still works!)

[Powerless in the U.S.](#)

(Center for Biological Diversity)

[Upcharge](#) (John Farrell,

Institute for Local Self Reliance)

[Utility Bills Are Rising](#) (PowerLines)

[Utility Disconnections Dashboard](#)

(Indiana University Energy Justice Lab)

[Rate of Return Equals Cost of Capital](#)

(Mark Ellis, also [podcast](#) & [testimony](#))