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## **CEP's Stance on Electrification**

### **Executive Summary**

CEP supports policies and programs to promote electrification and decrease the use of direct combustion fuels including oil, propane, wood, and natural gas. In this work, CEP is part of a larger movement toward electrification to decrease carbon emissions and improve air quality.

### **Introduction**

CEP has worked in residential weatherization, repairs and energy efficiency since 1979, and we continue to be committed to ensuring safe, healthy, and efficient homes, regardless of income. In 2021, energy efficiency upgrades play a large role in our strategy for improving peoples' homes and reducing their energy burden. Today however, experts agree that we must *also* electrify many of our most energy-intensive activities, including space heating and water heating, if we are to address the dual challenges of climate change and inequality.

New Oregon Legislation has passed in the last five years that mandate independently owned utility companies to have cleaner electricity over the next decade. Over 100% efficiency is possible; It's impossible with combustion fuels.

### **Why Electrification is Particularly Important for Frontline Communities**

Frontline communities are disproportionately impacted by the effects of climate change. These communities typically do not have the capacity or resources to adequately prepare for or recover from extreme weather events, and they often experience more economic hardship in the wake of climate-related disasters.<sup>1</sup>

Over the last three years, 68% of CEP's clients have been people of color, 95% were low-income and 74% were women. All of our clients have disproportionately high safety and energy burdens, which compromise their ability to remain housed. The pandemic and recession have made these problems worse.

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<sup>1</sup> York EA, Braun MJF, Goldfarb GG, Sifuentes JE. December 2020. *Climate and health in Oregon: 2020 report*. Portland, OR: Oregon Health Authority, from <https://www.oregon.gov/gov/Documents/Climate-Health-Oregon-2020%20-Full-Report.pdf>

Investments in electrification can help unlock cost savings and improve health for low-income families. According to data from the U.S. Census Bureau's American Housing Survey, there are an estimated 35 million low-income U.S. households that could save a combined \$15 billion per year on their energy bills if they were using new, efficient electric space and water heaters.<sup>2</sup> These home upgrades would help provide long-term energy affordability for families and reduce their need for energy assistance, which could in turn stretch program dollars to further assist more low-income households in need.

In addition to its economic benefits, reducing energy burden also has important physical and mental health benefits for low-income households--especially in current times. Many states, including Oregon, have already lifted moratoriums that prevent utility shut offs, all while record-breaking heat has gripped parts of the nation and colder seasons approach. Countless households are at risk of having their electricity and gas shut off during this public health crisis. Increasing climate resilience for vulnerable communities by reducing emissions and helping people afford their energy bills cannot wait. Reducing energy costs will make bills more affordable and reduce the risks of shut-offs.

### **Barriers to Electrification for Low-income Households, and Their Consequences**

Unfortunately, low-income households have been left behind by advances in electrification. More and more affluent households are seizing the benefits of electric space and water heating and rapidly electrifying their homes. Lower income households, unable to afford the high costs of electric space and water heating, are not. When increasing numbers of households electrify, the fixed connection costs of natural gas service will rise as utilities are forced to increase costs to prevent financial losses due to their eroding customer base. Lower income homeowners and renters, unable to afford to leave the natural gas system, will be left to bear the burden of these higher system costs..

At present, community organizations like CEP, that are tasked with making energy efficiency upgrades for low-income customers, struggle to do what is in the best interest for both our clients and the environment because of outdated restrictions that prevent us from using energy efficiency dollars to support electrification and cost-effectiveness calculations that limit the amount of financial support we can provide. For example, funding for one of CEP's programs will only allow us to install high-efficiency electric heat pump water heaters in homes where the old water heater is also electric. CEP is

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<sup>2</sup> Trevor Higgins, A. M., Matusiak, A., Calisch, S., & Lai, D. (2021, June 3). *To decarbonize households, America needs incentives for electric appliances*. Center for American Progress, from <https://www.americanprogress.org/issues/green/reports/2021/06/03/500084/decarbonize-households-america-needs-incentives-electric-appliances/>.

thus unable to serve the 60% of clients we serve in Portland who currently have gas water heaters - leaving energy savings and substantial carbon emissions reductions on the table. Like CEP, CAP agencies are required to replace their clients' old oil and gas furnaces with new oil and gas furnaces instead of efficient electric heat pumps.

### **Action Item: Policies and Funding to Support Electrification**

Without critical policy and funding mechanisms to ensure equitable electrification, frontline communities will shoulder the worst impacts of the climate crisis. CEP supports electrification and recommends the following policy changes to that end:

- 1) To support these communities' need to electrify their space and water heating, we must change the Oregon PUC's policies that prevent utilities and programs like those at Energy Trust of Oregon from spending rate-payer dollars on electrification.
- 2) In addition, utility cost-effectiveness calculations must be adjusted to account for more than just "face-value" costs and benefits to consider other important factors including the social cost of carbon and the benefits of improved health and quality of life, which disproportionately impact lower-income communities.
- 3) Alternately, utility cost-effectiveness calculations should not be used for low-income programs as deferred maintenance in houses in need of electrification result in costs that make such calculations impractical.
- 4) Funding for megaprojects to support electrification needs to be increased at the local, state and federal levels.

CEP has boots on the ground now and is ready to help transition hundreds of low-income households to energy efficient, electric space and water heaters, but we need funding and support from the Oregon PUC, utilities, local, state and federal governments to make this work happen.