

# Human Services Committee JOINT FAVORABLE REPORT

**Bill No.:** HB-5426

AN ACT CONCERNING FUEL VENDOR REIMBURSEMENT UNDER THE LOW-

**Title:** INCOME HOME ENERGY ASSISTANCE PROGRAM.

**Vote Date:** 3/19/2024

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/14/2024

**File No.:**

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## **SPONSORS OF BILL:**

Human Services Committee

## **REASONS FOR BILL:**

The Connecticut Energy Assistance Program (CEAP) is the state's energy assistance program for low-income households funded through the federal Low Income Home Energy Assistance Program (LIHEAP) block grant. Through this, low-income households can heat their homes without having to worry about a shutoff. Fuel vendors are a key aspect of this system to ensure the program is effective, but there have been concerns over the pricing standards for deliverable fuel which can lead to fuel vendors being unable to accept new customers. Changes were addressed in the last legislative session to help reach the goal of maximizing vendor participation in the program, however, there have been differences in the interpretation of the law. This bill proposes to make changes to the way deliverable fuel vendors are paid and program benefits are established under CEAP, study the benefits and drawbacks of bulk state purchases of deliverable fuel, convene a working group to study best practices used in other states to fairly compensate deliverable fuel vendors, and develop a common application and benefits portal. Without the success of this program, low-income households are at risk of having no heat in their homes during the winter season.

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

**Department of Social Services (DSS), Commissioner Andrea Barton Reeves;** opposes this bill stating they are already ensuring an adequate vendor supply and by changing the pricing standard, could reduce the benefit levels for program participants. It is stated that a study on bulk was done in the 1990s and a federal study in 1997 concluded that this was not a highly viable program approach. It is also noted that DSS has recently completed the implementation of a mobile-friendly online application for LIHEAP. It is stated that requiring a private entity to work with a state-administered system would require their consent and

ongoing participation and they have concerns with sharing sensitive data. Lastly, it is stated that the proposed date of October 1, 2024, is not reasonable for the implementation of the new application.

#### **NATURE AND SOURCES OF SUPPORT:**

**Connecticut Energy Marketers Association (CEMA) President, Chris Herb;** supports this bill stating that DSS has not been following the law laid out last year in Section 295 of Public Act 23-204 citing a specific example of this violation. It is stated that his concerns with this bill stem from not trusting DSS to interpret the language of it the same way it appears to be read.

#### **NATURE AND SOURCES OF OPPOSITION:**

**Connecticut Association for Community Action, Executive Director, Rhonda Evans;** opposes this bill stating that the fair and equitable compensation for fuel vendors cannot be at the expense of LIHEAP program participants. It is stated that CAFCA services nearly 200,000 people across the state and changing the rate paid for fuel will mean that they will have to decrease either the number of their participants or the amount that they are compensated. It is expressed that the proposed working group will include multiple representatives from the fuel industry, but only one representative from the CT Community Action Agency Network. It is suggested that stakeholders should be fairly represented in the working group. It is also stated that the goal of meeting the needs of the customers must come first, but fuel companies' needs must also be met and that will mean that the program must enhance efficiencies within how roles and responsibilities are delegated.

**Operation Fuel; Policy – Public Affairs Associate, Mike Turaj;** opposes the bill stating that Operation Fuel does not support Section 4 of the bill stating that the deadline to do so is not realistic. It is stated that moving their client list to a state-run database presents risks to data security, privacy, and management and that doing so would cost Operation Fuel time and tens of thousands of dollars that could be used to help clients.

**Taxpayers United, Ann Bailey;** opposes lines 64 and 65 of the bill.

**Reported by: Danielle Landes**

**Date: April 2, 2024**