

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)  
MODEL PLAN – MARYLAND FY 2020  
SF - 424 - MANDATORY

**Maryland Energy Assistance Program (MEAP) Benefit Matrix**

The Benefit Matrix for MEAP is designed to equitably distribute funding by offering a range of benefit levels that reflect the amount of need based on fuel type, income, household size, and living arrangement. For electric and gas utility customers, usage is also incorporated into benefit determination. For electric customers, benefit determination is integrated with the benefit determination for the Electric Universal Service Program (EUSP), which is funded with State Special Funds and is specifically for electric customers. These criteria support the requirement that benefits are based on need, ensuring that those most at risk with the lowest incomes using the most costly fuel receive the highest benefit.

OHEP will use the same benefit methodology as the previous program year. This method of calculation gives the program flexibility in developing projections of applications, recipients and expenditures, allowing OHEP to stay within appropriated funds. This method results in a customized and equitable distribution of grants based on several key factors:

- Income is used to determine the level of the benefit. Specifically, the percentage of income relative to the federally established poverty level is used to provide the highest benefit amount to those with the lowest incomes. For Fiscal Year 2020, proposed grants will vary according to income levels designated in poverty level groupings consisting of:
  - 0-75%
  - Over 75% -110%
  - Over 110% -150%
  - Over 150% -175%
  - Families living in Subsidized Housing
- Fuel type is a key driver of the benefit determination. OHEP determines the average annual use/cost for each type of bulk fuel.
- OHEP determines the benefit amount based on income level by percent. This method allows varying benefits from year to year taking into account the number of projected recipients and available funding. See further explanation below of the benefit formula.
- Electric and gas benefits are weighted so that customers with higher annual electric usage receive higher benefits.
- OHEP uses an average “bundled” electric and electric cost in the calculation of benefits.
- OHEP addresses the issue of service territory differences in pricing by incorporating an

indexed factor to adjust the benefit amount in relation to the average price statewide. Payments to utilities will be adjusted up or down by this factor. The index is calculated by dividing the company bundled cost by the statewide average bundled cost.

- A portion of the subsidy for rent for those families in subsidized housing is designated for heat; therefore, the calculation of the benefit for those in subsidized housing takes this into account. The net result is that an applicant living in subsidized housing receives a lower benefit grant.

Below is a breakdown of the formulas used to calculate benefits for different types of households, and definitions of the variables used in those formulas. These figures are subject to change based on funding levels provided through LIHEAP and updates in fuel cost data.

**Formulas:**

**Bulk Fuel Customers with a Bulk Fuel Supplier Account**

Average Annual Bulk Fuel Cost x Benefit Level + Local Supplement (if applicable) x Bulk Fuel Discount (0.97)

**Bulk Fuel Users w/ Heat Included in Their Rent**

Average Annual Bulk Fuel Cost x Benefit Level + Local Supplement (if applicable)

**Electric or Gas Users w/ Heat Included in Their Rent**

Average Annual Electric or Gas Cost x Benefit Level + Local Supplement (if applicable)

**Gas Customers with a Utility Account**

Annual Usage (therms) (capped at 1,500 therms) x Average Cost/therm x Benefit Level x Vendor Index + Past Due >\$300/<\$2000 (if applicable) + Local Supplement (if applicable)

**Electric Customers with a Utility Account**

Annual Usage (kWh) (capped at 24,000 kWh) x Average Cost/kWh x Benefit Level x Vendor Index + Local Supplement (if applicable)

**Definitions:**

**Average Annual Bulk Fuel Cost** –OHEP conducts a statewide Heating Consumption Survey to determine the average annual use/cost for each type of bulk fuel. The table used for the FY 2020 benefit calculations (based on the May 2019 Heating Consumption Survey and Energy Information Administration Short-term Energy Outlook) is included below:

| <b>Bulk Fuel Type</b> | <b>Average Annual Cost</b> |
|-----------------------|----------------------------|
| PROPANE               | \$1,950                    |

|          |         |
|----------|---------|
| OIL      | \$1,600 |
| KEROSENE | \$1,550 |
| COAL     | \$800   |
| WOOD     | \$800   |
| CORN     | \$700   |

**Average Annual Electric & Gas Cost** – Since there is no way to measure annual electric or gas usage for renters that have heat included in their rent, Maryland uses historic data from past applications from households that did have utility accounts, to set an average annual cost for electricity and for gas that can be used statewide to calculate benefits for applicants with heat included in their rent.

**Annual Usage** – For electric and gas utility customers, actual data on their annual electric or gas usage from the year preceding their application date is obtained from their utility provider. Usage is capped for electric customers at 24,000 kWh/year and for gas customers at 1,500 therms/year. The cap number is substituted for the actual Annual Usage in the formula for customers with an Annual Usage that exceeds the cap.

**Average Cost** – Average cost per kWh and therm is determined based on information provided by each of the state’s utilities. The Average Cost is the total cost to the customer for each kWh or therm delivered to their residence. It includes the commodity cost, transmission fees, and any other applicable fees charged by the utility. There is one statewide Average Cost number for kWhs and one statewide Average Cost number for therms. These numbers are based on an average of the kWh and therm cost information provided by all of the state’s utilities.

**Vendor Index** – The current arrangement of the benefit formulas requires there to be one Average Cost number used for kWhs and therms statewide. The Vendor Index is used in the formulas to account for the differences in price between the utilities. The Vendor Index for FY 2020 is included below:

| Utility                                | Electric Index | Gas Index |
|--|----------------|-----------|
| A & N Electric Cooperative             | 1.31           | 1.00      |
| BGE                                    | 1.05           | 1.00      |
| Chesapeake Utilities Corp.             | 1.00           | 1.00      |
| Choptank Electric Cooperative          | 1.02           | 1.00      |
| City of Hagerstown Lt. Dept.           | 0.69           | 1.00      |
| Columbia Gas                           | 1.00           | 1.10      |
| Delmarva Power & Light                 | 1.00           | 1.00      |
| Easton Utilities Commission            | 1.04           | 1.00      |
| Elkton Gas Service                     | 1.00           | 1.00      |
| Potomac Edison                         | 0.81           | 1.00      |
| Potomac Electric Power                 | 0.98           | 1.00      |
| Southern Maryland Electric Cooperative | 1.13           | 1.00      |
| Somerset Rural Electric                | 1.14           | 1.00      |
| Thurmont Municipal Light               | 0.79           | 1.00      |
| Town of Berlin                         | 1.29           | 1.00      |

|                      |      |      |
|----------------------|------|------|
| Town of Williamsport | 0.74 | 1.00 |
| Washington Gas       | 1.00 | 1.10 |

**Benefit Level** – The Benefit Level specifies the percentage of the heating cost covered by the benefit. It is based predominantly on the income level of the household, but has special categories for residents of subsidized housing that pay directly for their own heating costs, roomers and boarders that have their heating costs included in their rent, and residents of public or subsidized housing that do not have utility or bulk fuel supplier accounts, but are submetered by their landlords. Residents of public or subsidized housing that do not pay the utility or their landlords for their heating costs are not eligible for MEAP benefits. The Household Income Bracket is based on the Federal Poverty Guideline, income, and household size. Furthermore, MEAP benefit determinations for electric customers are integrated with EUSP benefits to account for electric heating and non-heating electric costs.

| Benefit Level | Household Income Bracket | Living Arrangement                      | Electric Cost % (MEAP only) | Electric Cost % (MEAP & EUSP*) | Gas Cost %           | Bulk Fuel Cost % |
|---------------|--------------------------|---|-----------------------------|--------------------------------|----------------------|------------------|
| 1             | 0 – 75%                  | Home Owner/Renter                       | 55%                         | 25%                            | 95%                  | 95%              |
| 2             | 76 – 110%                | Home Owner/Renter                       | 50%                         | 24%                            | 90%                  | 90%              |
| 3             | 111 – 150%               | Home Owner/Renter                       | 45%                         | 23%                            | 85%                  | 85%              |
| 4             | 151 – 175%               | Home Owner/Renter                       | 30%                         | 22%                            | 80%                  | 80%              |
| 5             | 0 – 175%                 | Renter in Public/Subsidized Housing     | 30%                         | 21%                            | 50%                  | 50%              |
| 7             | 0 – 175%                 | Roomer/Boarder                          | 20%                         | N/A                            | 30%                  | 20%              |
| 8             | 0 – 175%                 | Renter in Subsidized Submetered Housing | \$275 (flat benefit)        | N/A                            | \$225 (flat benefit) | N/A              |

*\* EUSP refers to Maryland’s Electric Universal Service Program which provides assistance to electric utility customers with rate-payer funding. EUSP is also administered by Maryland’s Office of Home Energy Programs.*

**Local Supplement** –Prince George’s County has an additional non-LIHEAP funding that they may elect to provide to MEAP-eligible customers. If an applicant lives in Prince George’s County, the \$72 supplement is added to their MEAP benefit amount.

**Bulk Fuel Discount** – Maryland requires that bulk fuel vendors provide their MEAP customers with a 3% discount off of the regular bulk fuel price. Notifications sent to households receiving MEAP benefits for bulk fuel include the full benefit amount and vendors must credit the customer’s account for the full benefit amount, but the benefit funding awarded to the vendor is reduced by 3% to reflect the discount that they are required to provide.

**Benefit Levels Min & Max** – Based off the aforementioned formulas, Maryland has established minimum and maximum LIHEAP benefits by fuel type. The following numbers are based on

FY 2019 funding allocations and are subject to change upon notification of FY 2020 funding award levels:

| <b>Fuel Type</b> | <b>Minimum Benefit</b> | <b>Maximum Benefit</b> |
|------------------|------------------------|------------------------|
| Electric         | \$120                  | \$2,213                |
| Gas              | \$120                  | \$1,436                |
| Propane          | \$225                  | \$1,976                |
| Oil              | \$260                  | \$1,765                |
| Kerosene         | \$250                  | \$1,572                |
| Coal             | \$150                  | \$832                  |
| Wood             | \$150                  | \$810                  |