



REPORT TO THE JOINT STANDING COMMITTEES OF THE GENERAL ASSEMBLY

on Appropriations, Energy & Technology, and Human Services

Public Act No. 24-145

Report on the Low Income Home Energy Assistance Program

January 2025

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SECTION I. EXECUTIVE SUMMARY AND ACKNOWLEDGEMENTS

In accordance with [Public Act 24-145](#), the Commissioner of Social Services convened a working group to study best practices used in other states to fairly compensate deliverable fuel vendors participating in energy assistance programs, while maintaining the maximum amount of funding to benefit recipients of such programs. This study is required to include, but need not be limited to, the benefits and drawbacks of bulk state purchases of deliverable fuel for the state energy assistance program.

In August 2024, the Department of Social Services (DSS) convened a six-member working group to meet and discuss the Connecticut Energy Assistance Program (CEAP). As required by the Public Act, the working group consisted of (1) a member of an organization representing deliverable fuel vendors in the state, (2) a representative of a community action agency that contracts with DSS to administer CEAP, (3) a representative from the Department of Administrative Services (DAS), (4) an individual who represents the interests and financial concerns of recipients of energy assistance provided under CEAP, and (5) a representative from the Office of the Consumer Counsel (OCC).

The Department thanks the following working group participants: Chris Herb from the Connecticut Energy Marketers Association, Inc. (CEMA), Michelle James from the Community Action Agency of Western Connecticut, Inc. (CAAWC), Kristin Allen from DAS, Matthew Dillon from Connecticut Legal Services, Inc. (CLS), and Kimberly White from OCC, as well as members of the Connecticut legislature and individuals from the fuel industry who joined the working group meetings. The Department would like to offer a special thank you to Kate Childs of Tuxis-Ohr's Fuel for taking time to share information specific to bulk purchasing and identifying pertinent questions to be answered prior to implementing a bulk purchasing model in Connecticut.

Per [Public Act 24-145](#), DSS submits this report to the Appropriations, Energy & Technology, and Human Services Committees, summarizing the results of the working group's study. This report outlines the working group's meetings, presentations, and identification of best practices. The Department looks forward to incorporating the learnings of the working group as it identifies new pricing options for the 2025-2026 program year.

SECTION II. BACKGROUND

The federal Low Income Home Energy Assistance Program (LIHEAP) is designed to assist low-income households in offsetting their home energy costs. LIHEAP is funded as a block grant and administered federally by the Office of Community Services within the U.S. Department of Health and Human Services. The LIHEAP block grant is administered in Connecticut by DSS.

Each federal fiscal year (FFY), DSS submits an allocation plan to the state legislative committees of cognizance for review and approval. The approved FFY 2025 LIHEAP allocation plan projected federal funding in the amount of \$88.5 million.

The large majority of LIHEAP funding in Connecticut is delivered to state residents through the Connecticut Energy Assistance Program, which helps Connecticut residents who meet program eligibility requirements to heat their homes. CEAP directly impacts energy affordability by helping eligible households pay for their home energy costs regardless of energy type (i.e., electric, gas, oil, etc.). CEAP is administered by DSS in partnership with local Community Action Agencies (CAAs) throughout the state.

To assist with understanding CEAP, below please find information specific to eligibility and benefits for FFY 2025.

A. Eligibility

- Income limit: 60% of state median income (table below)
- Asset limit: none
- Categorically income-eligible if receiving Supplemental Nutrition Assistance Program (SNAP), Temporary Family Assistance (TFA), Refugee Cash Assistance, State Supplement, or Supplemental Security Income (SSI).
 - Income eligibility based on program enrollment can be verified automatically when a household applies online through <https://portal.ct.gov/heatinghelp>

60% State Median Income (SMI):

Household Size	1	2	3	4	5	6	7	8
Annual Income	\$45,505	\$59,507	\$73,509	\$87,751	\$101,513	\$115,514	\$118,139	\$120,765

B. Benefits

- Benefit levels are based on income, household size, vulnerability, fuel type (deliverable vs utility), and whether the household pays a vendor directly or as part of rent
 - Vulnerable households are households with a member who is age 60+, or has a disability, or is under age 6
- Renters with heat included in their rent can get a one-time “Rental Assistance” benefit
- All households that pay for their own heat can get a one-time “Basic” benefit
- If a household uses deliverable fuel and is running out of fuel, they can get a one-time “Crisis Assistance” benefit
- Up to two additional Crisis Assistance benefits are available to households using deliverable fuel who exhaust the first Crisis Assistance benefit
- Vulnerable and lower-income households get more benefits
- A vulnerable level 1 deliverable fuel-heated household could be eligible for up to \$1,760 in fuel deliveries

Program Year 2024 – 2025 CEAP Benefit Matrix

Basic Benefit:	Income Level		Vulnerable Households	Non-Vulnerable Households	Rental Assistance Benefits
	Level 1	At or below 125% FPL	\$530	\$480	\$125
	Level 2	126% - 200% FPL	\$380	\$330	\$100
	Level 3	201% FPL to 60% SMI	\$230	\$180	\$75
Crisis Assistance Benefit:	Income Level		Benefit (Vulnerable & Non-Vulnerable)		
	Levels 1 – 3		\$410 per delivery (can get 3 deliveries)		

Additional information about CEAP can be found here: <https://portal.ct.gov/heatinghelp>.

SECTION III. LIHEAP WORKING GROUP

A. Overview of the LIHEAP Working Group

Pursuant to [Public Act 24-145](#), the Commissioner of Social Services convened a working group to study best practices used in other states to fairly compensate deliverable fuel vendors participating in energy assistance programs, while maintaining the maximum amount of funding to benefit recipients of such programs. This study is required to include, but need not be limited to, the benefits and drawbacks of bulk state purchases of deliverable fuel for the state energy assistance program.

In August 2024, DSS convened a six-member working group to meet and discuss CEAP. As required by the Public Act, the working group consisted of (1) a member of an organization representing deliverable fuel vendors in the state, (2) a representative of a community action agency that contracts with DSS to administer CEAP, (3) a representative from DAS, (4) an individual who represents the interests and financial concerns of recipients of energy assistance provided under CEAP, and (5) a representative from OCC.

DSS is required to submit a report no later than January 31, 2025, to the joint standing committees of the Connecticut General Assembly having cognizance of matters relating to appropriations, energy and technology, and human services on the results of the working group’s study.

In support of enhancing the visibility and transparency of the working group’s efforts, DSS established and routinely updated a public webpage: <https://portal.ct.gov/dss/health-and-home-care/liheap-working-group>.

B. LIHEAP Working Group Calendar

The LIHEAP working group met virtually five times via Zoom. Monthly meeting dates were as follows:

- August 5, 2024 @ 2 p.m.
- September 3, 2024 @ 3 p.m.
- October 7, 2024 @ 2 p.m.
- November 13, 2024 @ 12 p.m.
- December 2, 2024 @ 2 p.m.

All meetings were recorded and posted on the LIHEAP Working Group webpage.

C. Summary of Meetings, Minutes, and Presentations

This section provides a summary of all working group meetings and a table with hyperlinks to key materials, including the meeting agenda, presentations (as applicable), minutes, and recordings.

August 5, 2024 – Introductory Meeting

During the introductory meeting, attendees introduced themselves as well as the organization or group they represented. DSS discussed the purpose of the working group and the statutory requirement. DSS also stated that subject matter experts would attend meetings to discuss pricing options, including bulk purchasing. DSS informed the group that it will be required to submit a report to the legislature no later than January 31, 2025. DSS discussed next steps for the working group, which included the meeting schedule and the desired expectations for the LIHEAP working group members: attend meetings, be active in the meetings, and bring subject matter expertise to discussions.

The Department distributed meeting information to members and posted information on the webpage. Below are the August 5, 2024, meeting highlights:

MEETING HIGHLIGHTS
PRICING STRUCTURE <ul style="list-style-type: none">• Margin Price• Bulk Purchasing
MEETING DATES: <ul style="list-style-type: none">• Reconvening dates will be sent via e-vites, and posted on the DSS website• DSS will look to change 11/4/24 meeting date due to election scheduling.

The full agenda, presentation, and meeting minutes are reflected in Attachment A, entitled “August 5, 2024 Meeting documents,” and a link is embedded in Table A below.

September 3, 2024 – Presentation of Pricing Structures entitled "CEAP Rate Analysis"

DSS presented information on various pricing structures. The pricing structures involved Fixed Margin (FM) Pricing and Margin Over Rack (MOR) concepts as well as an Alternative Payment model. The presentation provided:

- Background of CEAP eligibility and benefit levels
- Identification of heat types
- MOR Pricing Model
 - MOR model questions – Oil Price Information Services (OPIS) New Haven terminal vs. other terminals
 - The current pricing model uses OPIS pricing for the New Haven terminal only and adds an established price margin + county differential.
 - OPIS offers pricing information for New Haven and Hartford/Rocky Hill terminals.
 - In 2024, DSS expanded its OPIS service to include the Hartford/Rocky Hill terminal.
 - In 2024, DSS leveraged the Department of Energy and Environmental Protections’ wholesale heating oil pricing indicator data sets from DTN (formerly Data Transmission Network). DTN provides pricing information for the following Connecticut terminals: Bridgeport, Hartford, New Haven, and Norwich.
 - Fixed Margin Price & County Differentials
 - Working group attendees discussed the value of the current pricing structure.

- Working group attendees discussed whether the current pricing structure reflects a county differential concept.
 - Working group attendees discussed whether a “county” pricing structure should move to the Regional Councils of Government (RCOG) catchment area (see Attachment B for RCOG map).
 - Regional Pricing: Changing the MOR Methodology
 - Working group attendees discussed possible changes to the MOR methodology.
- Alternative Pricing Model – Discount Off Retail (DOR) Model

The presentation was well received by the working group attendees and action items for the October 2024 meeting were identified as follows:

- Presenting heating pricing/structures in other states – DSS
- Gross vs. Net fuel costs – DSS (Comments: DSS provided information on OPIS & DTN pricing, gross vs. net)
- Bulk Purchasing – All (Comments: possible larger costs, storage fees, transportation fees)

DSS distributed meeting information to the LIHEAP working group and posted information on the webpage. Below are the September 3, 2024, meeting highlights:

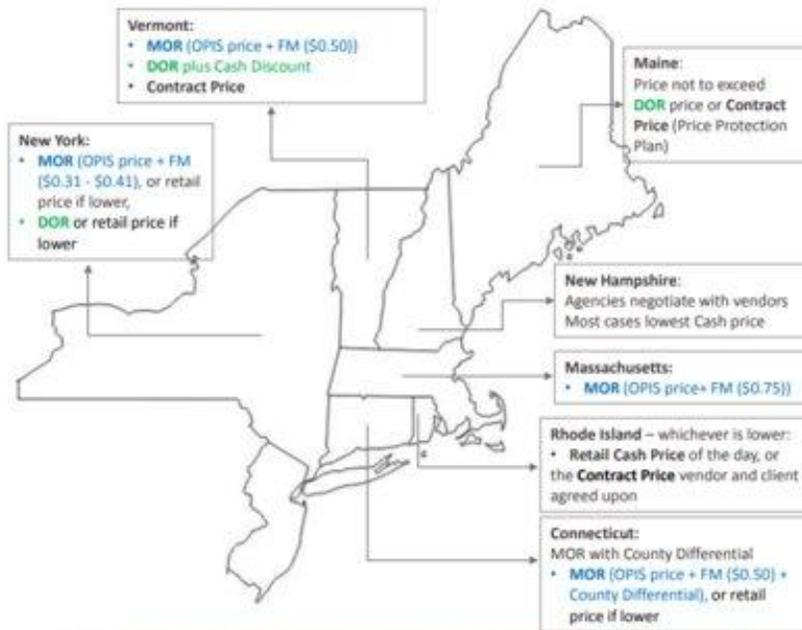
MEETING HIGHLIGHTS
Home Heating:
<ul style="list-style-type: none"> ● How people heat their homes ● Pricing/Pricing Structure ● Plans in other states
What we do, what we can change:
<ul style="list-style-type: none"> ● Vendors (OPIS vs. DTN) ● Recalculating County Differentials (Lowest County price, Middlesex as baseline) ● New Methodology ● RCOGs vs County Differential

The full meeting agenda, presentation, and minutes are reflected in Attachment C, entitled “Attachment C - September 3, 2024, Meeting documents,” and a link is embedded in Table A below.

October 7, 2024 – LIHEAP by State & Bulk Purchasing Discussions

The Department shared a document titled “Oil Pricing Comparison in Northeast.” Below is a snip of the document that highlights pricing models across the Northeast.

What Other States are Doing



Source: [Energy Vendor and Local Administering Agency Agreements | The LIHEAP Clearinghouse \(lhs.gov\)](#)

Different CEAP Pricing Models:

Margin Over Rack (MOR) - The MOR model of reimbursement is basing the wholesale oil price on the "rack," or terminal price, to which a fixed margin is added. The fixed margin is designed to cover expenses from the terminal to the final point of sale.

Discount Off Retail (DOR) - Under the DOR model, vendors agree to be paid the daily retail price at the time of delivery, less a certain amount per gallon discount.

Retail Price: Price charged by the vendor on the day of delivery

Retail Cash Price: Price charged by the vendor when the customer pays cash, usually lower than retail price

Contract Price: Price to be paid during the season, but charged by the vendor and agreed upon at the beginning of the season

Some states have limitations on the amount of fees their vendors can charge

Single Pricing Model	Multiple Pricing Models
<p>Connecticut MOR (OPIS price + FM (\$.50) + County Differential or retail price if lower</p>	<p>Maine DOR price, or Contract Price (Price Protection Plan)</p>
<p>Massachusetts MOR (OPIS price + FM (\$0.75))</p>	<p>New York MOR (OPIS price + FM (\$0.31 - \$0.41), or retail price if lower DOR or retail price if lower</p>
<p>New Hampshire Agencies negotiate with vendors Most cases lowest cash price</p>	<p>Rhode Island, whichever is lower Retail Cash Price of the day, or the Contract Price vendor and client agreed upon</p>
	<p>Vermont MOR (OPIS price + FM (\$0.50) DOR plus Cash Discount Contract Price</p>

Working group member Chris Herb also shared a document compiled by CEMA entitled "LIHEAP by State." The document identified Northeast states (plus New Jersey) and LIHEAP payment terms, which largely aligned with the data shared by DSS. After discussion, a working group attendee stated that the price of oil can fluctuate overnight and suggested that moving to a regional pricing system would make the most sense.

Guest subject matter expert Kate Childs of Tuxis-Ohr Fuels presented on bulk pricing for heating oil based upon her many years of experience in the field. A robust discussion ensued amongst working group attendees. Based on this discussion, the group identified a number of issues to be considered prior to implementing a bulk purchasing model:

1. Margin bulk discount. Does a margin bulk discount exist and, if so, what would be the savings?
2. Terminal for storage. Terminal(s) with storage capacity would need to be identified. What would the cost be to store?
3. Fuel loss. What is amount of fuel that is lost over time associated with storage?
4. Vendor insurance coverage. What would be the impact on vendor insurance coverage?
5. Potential vendor limitations for bulk purchasing and storage. Would this model reduce the number of vendors currently participating in CEAP?
6. New York Mercantile Exchange (NYMEX) supplier cash differential. What is the risk associated with bulk purchasing and who absorbs the loss?
7. Economic advantages. What are the potential savings and hurdles associated with bulk purchasing? How does the location of terminals impact bulk purchasing?
8. Contract provisions. Contract provisions for storage and fixed prices would need to be identified. How will monetary losses be addressed?
9. Storage. Consider buying bulk fuel in warmer months and storing for higher usage months. Vendors could be paid monthly contract allocations for storage.

Prior to ending the meeting, a working group attendee asked if the Department could consider a pricing model that would offer CEAP recipients a client fuel card that could be integrated into the Department’s current benefit issuance system. The Department observed that this concept would likely be highly complex, involving multiple other programs and rules related to electronic benefit transfer (EBT) cards, is not a “best practice” used in other states’ energy programs to the Department’s knowledge, and would add vendor costs for card issuance and modification.

The Department distributed meeting information to the LIHEAP working group and posted information on the webpage. Below are the October 7, 2024, meeting highlights:

MEETING HIGHLIGHTS
<p>Home Heating:</p> <ul style="list-style-type: none"> • Bulk Oil Pricing • Bulk Oil Storage • Vendors vs. Suppliers, capabilities • Buying at the right time • Contract Pricing • Contract terms, paper vs. physical supply fluctuation
<p>What we do, what we can change:</p> <ul style="list-style-type: none"> • What has worked, what is working, what is not working • Deadlines, enrollment

The full meeting agenda, presentation, and meeting minutes are reflected in Attachment D, entitled “Attachment D - October 7, 2024, Meeting documents,” and a link is embedded in Table A below.

November 13, 2024 – DSS Presentation on Pricing Options & Proposed Report Format

The Department shared additional CEAP pricing options that explored Discount Off Retail (DOR) and Margin Over Rack (MOR) pricing methodologies.

- Adopting solely a DOR pricing option
- Offering MOR & DOR pricing option simultaneously, when:
 - MOR is based on OPIS and with current Fixed Margin (\$0.50) and current county differential (CD).
 - MOR is based on regional DTN terminal pricing and with current Fixed Margin (\$0.50).

Unless the margins or pricing were adjusted from current levels, most options identified would lead to fewer CEAP households being served than in FFY 2024. The Department shared the following assessments for implementing different deliverable fuel vendor payment mechanisms that would also allow clients to maintain the maximum amount of benefit funding as required by the Public Act:

- Using FFY 2024 as the baseline, a \$0.215 (or a 6%) DOR with no other pricing option would have maintained the same level of benefits;
- Maintaining the current MOR pricing (\$0.50 FM + CD) and offering a DOR pricing option concurrently, would increase the level of spending at any level of discount, negatively impacting CEAP families;
- Changing the MOR pricing option by basing the price on the regional DTN price with a \$0.50 FM and offering a \$0.333 (or an 8.5%) DOR pricing concurrently would have maintained the same level of benefits; and
- A MOR based on DTN price with a \$0.50 FM combined with the DOR methodology would offer a pricing strategy that better reflects the regional differences in heating oil pricing.

Note: The figures presented above represented current estimates at the time and are subject to change. In addition, the estimated costs provided above do not account for administrative and system upgrade expenses associated with transitioning from the current MOR pricing model. Further revisions to the estimates would be necessary to include these additional costs.

The working group then discussed available resources, enrolling fewer households, and means of determining fair compensation for fuel vendors. A working group attendee stated that the Department should include carryforward funds in its calculations as the additional resources would address the problem of serving fewer CEAP households by increasing payments to vendors. The Department stated that carryforward funds aren't identified as annual funding (annual budgets regularly include the planned expenditure of all carryforward funding) and offers only a one-time impact. The working group attendee asked the Department to identify the amount for the last three years and share with the working group in the December meeting.

DSS advised the working group that it would create a survey to capture feedback specific to collecting views on delivery fuel pricing best practice methods. Further survey discussion would occur during the December 2, 2024, meeting.

The full meeting agenda, presentation and meeting minutes are reflected in Attachment E, entitled "Attachment E – November 13, 2024 - Meeting documents," and a link is embedded in Table A below.

December 2, 2024 – LIHEAP carryforward, Pricing Model Best Practice Survey & Report Outline

The December 2024 meeting represented the last scheduled meeting of the LIHEAP working group. Topics identified for discussion included: (1) carryforward funds, (2) pricing model best practice survey, and (3) report outline.

1. Approved LIHEAP Allocation Plans for FFY 2023, FFY 2024 and FFY 2025

The Department described factors that go into the identification of carryforward amounts during the allocation plan planning process. Factors include, but are not limited to: Basic Benefit amounts and the number of households that received the Basic Benefit by heat type; Crisis Assistance benefit amounts and the number of households that received Crisis Assistance benefits; supplemental payments, as applicable; and the final LIHEAP grant award. The below chart identifies carryforward amounts:

- FFY 2023 - \$1,500,000 (FFY 2022 LIHEAP carry forward)
- FFY 2024 - \$7,000,000 (FFY 2023 LIHEAP carry forward)
- FFY 2025 - \$7,736,385 (FFY 2024 LIHEAP carry forward)

Discussion continued about whether carryforward funds should be used to ensure that delivery fuel vendors are fairly compensated for their services and to offset the lower number of households that would be served by increasing compensation for vendors. DSS informed the working group attendees that it does not plan for carryforward in its development of annual LIHEAP allocation plans submitted to the legislature and thus carryforward should not be used to support any pricing structure methodology. The Department observed that previous budgets included one-time allocations (such as American Rescue Plan Act funds) that are no longer available to support any ongoing pricing structure methodology. The Department advised that carryforward funds should be considered as one-time support as they are not a sustainable funding source.

2. Best Practice Survey

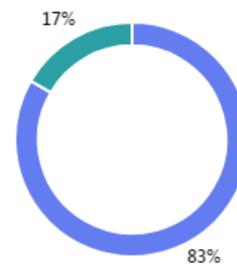
The Department informed meeting attendees that the survey was shared with the working group members and the response submission end date was December 13, 2024. All members subsequently submitted survey responses anonymously. (Note: One respondent submitted their response twice, stating that they rushed through their initial submission and wanted an opportunity to submit another response. The complete survey tool is included as an attachment to this report.)

The survey asked respondents their opinion of the LIHEAP pricing model presentations and discussions. The survey included open-ended questions to provide working group members with the freedom to reflect their opinions. Below are samples of responses the Department received from working group members:

1. Pursuant to **Public Act 24-145**, the Department of Social Services (DSS) is required to convene a working group to study best practices relating to pricing standards for fuel vendors. Section 1.a states, "The Commissioner of Social Services shall convene a working group to study best practices utilized in other states to fairly compensate deliverable fuel vendors participating in energy assistance programs while maintaining the maximum amount of funding to benefit recipients of such programs. The study shall include, but need not be limited to, the benefits and drawbacks of bulk state purchases of deliverable fuel for the state energy assistance program. What is your opinion of the LIHEAP pricing model presentations and discussions?"

[More details](#)

● Very helpful	5
● Very unhelpful	0
● Neither helpful nor unhelpful	1
● Somewhat unhelpful	0
● Not helpful at all	0



Please place the LIHEAP pricing options in order of your preference (1st being preferred).

Fixed Margin Over Rack - New Haven terminal pricing with county differential (current met...

Discount Off Retail

Margin Over Rack - regional racks with no county differential

Fixed Margin Over Rack with rebased county differential

Bulk Purchasing

Retail price

2 of 10

15. Should DSS consider a mixed pricing structure (offering vendors multiple reimbursement options)?

● Yes 3
● No 3



3. Report Format

DSS described the proposed format for its submission of the report, which would include, at a minimum, the following areas: (1) executive summary, (2) background, (3) LIHEAP working group work products, (4) presentation of pricing methodologies, and (5) conclusion. The Department noted that the report would identify results of the working group activities as required by Public Act 24-145.

The full meeting agenda, presentation and meeting minutes are reflected in Attachment F, entitled "Attachment F – December 2, 2024 – Meeting documents," and a link is embedded in Table A below.

TABLE A – MEETINGS

Date	Agenda	Presentation	Minutes	Recorded Meetings
August 5, 2024 at 2:00 pm	08/05/2024	08/05/2024	08/05/2024	08/05/2024
September 3, 2024, at 3:00 pm	09/03/2024	09/03/2024	09/03/2024	09/03/2024
October 7, 2024 at 2:00 pm	10/07/2024 LIHEAP by State (from CEMA)	10/07/2024	10/07/2024	10/07/2024
November 13, 2024 at 12:00 pm	11/13/2024	11/13/2024	11/13/2024	11/13/2024
December 2, 2024 at 2:00 pm	12/02/2024	N/A	12/02/2024	12/02/2024

SECTION IV. PRESENTATION OF PRICING METHODOLOGIES

Key images from the Department’s final presentation on pricing methodologies are provided below. The complete presentation is linked in Table A above on the November 13, 2024, meeting line.

DEPARTMENT OF SOCIAL SERVICES
Current Pricing with County Differentials

Margin Over Rack (MOR) Pricing Methodology

- OPIS Price (average for 2024 season): **\$2.857/gallon (gal)**
- Fixed Margin (FM): **\$0.50/gal**
- County Differential (CD) (see table)

- Estimated MOR Pricing: **\$3.42/gal**
- Average oil use per family: **362 gal**

- Estimated Total Cost: \$34,497,442**

County	Current County Differential
Fairfield	\$0.115
Hartford	\$0.039
Litchfield	\$0.067
Middlesex	\$0.033
New Haven	\$0.045
New London	\$0.042
Tolland	\$0.099
Windham	\$0.100

- Margin Over Rack (MOR)** – Under this model, the reimbursement is based on the wholesale oil price on the "rack," or terminal price, to which a fixed margin (FM) is added. The FM is designed to cover distribution costs from the terminal to the final point of sale. Currently, Connecticut adds a county differential to the rack price and the FM.

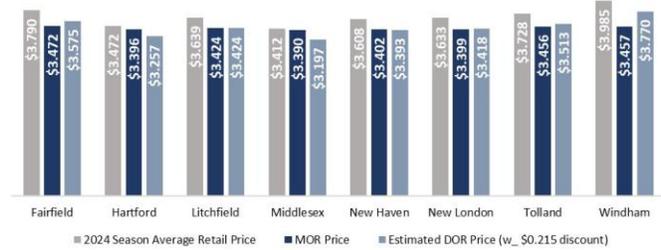
Note: The figures presented represent current estimates and are subject to change

11/13/2024
Department of Social Services
5



Comparing Retail Price with Estimated MOR and DOR Prices

- With a **\$0.215** DOR, vendors in Fairfield, Tolland and Windham (also, possibly New London) counties would have chosen the DOR Pricing
- Using the average prices and volume at county level to estimate spending, would assume that all vendors in a county will choose the same pricing option.
- Additionally, vendors were delivering in more than one county, making the estimation difficult
- For a more precise estimation we should look at how individual vendors would have chosen the pricing model.



Estimated Price for the Two Pricing Methodologies, MOR and DOR

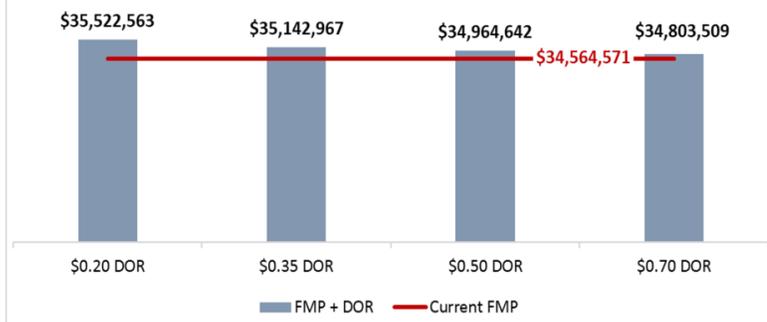


Note: Estimations are based on data from Nov 1st, 2023, to April 4th, 2024;
MOR pricing: OPIS price with \$0.50 FM and the current differential;
DOR Pricing: \$0.215 discount off retail
 Note: The figures presented represent current estimates and are subject to change



- Vendors would have chosen their preferred pricing option at the beginning of the season
- Basing the estimations on discount off the average retail price per vendor instead of county would provide a more accurate estimation
- Maintaining the current FMP and offering a DOR concurrently would have raised the estimated cost at every level of discount.

Estimated Spending when Offering a DOR pricing Option Concurrently with the Current FMP



Note: Estimations are based on data from Nov 1st, 2023, to April 4th, 2024;
MOR pricing: OPIS price with \$0.50 FM and the current differential;

There is no level of DOR that would have allowed the provision of the same level of benefits.

For example, even at a \$0.70 discount, some vendors would have still chosen DOR, spending would have increased by **\$238,938** and have prevented **193** families from getting benefits.

Note: The figures presented represent current estimates and are subject to change



Pricing Option	Number of vendors	Average Retail Price	Average Fixed Margin Price	Average Final Price	Estimated Spending	Change in Spending from Current Option	Impact on Families
A. Current Pricing Option: MOR (based on OPIS price + FM + CD)							
	252		\$3.42		\$34,564,571		
B. Current MOR pricing and adding a DOR pricing with a \$0.20 Discount							
would have chosen DOR	87	\$3.92	\$3.42	\$3.72	\$12,095,550		
would have chosen MOR	165	\$3.43	\$3.42	\$3.42	\$23,427,013		
Total	252				\$35,522,563	↑ \$957,992	774 fewer families
C. Current MOR pricing and adding a DOR pricing with a \$0.35 Discount							
would have chosen DOR	48	\$4.10	\$3.42	\$3.75	\$6,400,450		
would have chosen MOR	204	\$3.48	\$3.42	\$3.42	\$28,742,517		
Total	252				\$35,142,967	↑ \$578,396	467 fewer families
D. Current MOR pricing and adding a DOR pricing with a \$0.50 Discount							
would have chosen DOR	28	\$4.28	\$3.42	\$3.78	\$3,617,646		
would have chosen MOR	224	\$3.51	\$3.42	\$3.42	\$31,346,996		
Total	252				\$34,964,642	↑ \$400,071	323 fewer families
E. Current MOR pricing and adding a DOR pricing with a \$0.70 Discount							
would have chosen DOR	14	\$4.57	\$3.42	\$3.87	\$2,540,595		
would have chosen MOR	238	\$3.54	\$3.42	\$3.42	\$32,262,914		
Total	252				\$34,803,509	↑ \$238,938	193 fewer families

Note: The figures presented represent current estimates and are subject to change



Pricing Option	Number of vendors opting	Average Retail Price	Average Fixed Margin Price	Average Final Price	Estimated Spending	Change in Spending from Current Option	Impact on Families
A. Current Pricing Option: MOR (based on OPIS price + \$0.50 FM + CD)							
	252		\$3.42		\$34,564,571		
B. Replacing OPIS with regional DTN price: MOR (based on DTN price + \$0.50 FM)							
	252		\$3.30		\$33,708,548		
C. MOR based on DTN pricing (+\$0.50 FM) and adding a DOR pricing with a \$0.20 Discount							
would have chosen DOR	115	\$3.84	\$3.33	\$3.64	\$17,700,870		
would have chosen MOR	137	\$3.40	\$3.34	\$3.34	\$17,376,831		
Total	252				\$35,077,701	↑ \$513,130	414 fewer families
D. MOR based on DTN pricing (+\$0.50 FM) and adding a DOR pricing with a \$0.30 Discount							
would have chosen DOR	86	\$3.93	\$3.33	\$3.63	\$12,116,599		
would have chosen MOR	166	\$3.43	\$3.34	\$3.34	\$22,556,090		
Total	252				\$34,672,689	↑ \$108,118	87 fewer families
E. MOR based on DTN pricing (+\$0.50 FM) and adding a DOR pricing with a \$0.33 Discount							
would have chosen DOR	82	\$3.94	\$3.33	\$3.61	\$11,578,196		
would have chosen MOR	170	\$3.43	\$3.34	\$3.34	\$22,996,752		
Total	252	\$3.60			\$34,574,948	↑ \$10,377	
F. MOR based on DTN pricing (+\$0.50 FM) and adding a DOR pricing with a \$0.40 Discount							
would have chosen DOR	58	\$4.04	\$3.32	\$3.64	\$8,638,141		
would have chosen MOR	194	\$3.47	\$3.34	\$3.34	\$25,751,269		
Total	252				\$34,389,410	↓ \$175,161	141 additional families

Note: The figures presented represent current estimates and are subject to change



- A \$0.215 Discount Off Retail with no other pricing option would have maintained the same level of benefits;
- Maintaining the current MOR pricing (\$0.50 FM + CD) and offering a DOR pricing option concurrently, would increase the level of spending at any level of discount, negatively impacting CEAP families;
- Changing the MOR pricing option by basing the price on the regional DTN price with a \$0.50 FM and offering a \$0.333 Discount Off Retail pricing concurrently would have maintained the same level of benefits;
- A MOR based on DTN price with a \$0.50 FM combined with the DOR methodology offering a pricing strategy that better reflects the regional differences in oil pricing.

The estimated costs provided do not account for administrative and system upgrade expenses associated with transitioning from the current MOR pricing model. Further revisions to the estimates would be necessary to include these additional costs.

SECTION V. CONCLUSIONS

The Department shared various pricing methodologies with the working group and members of the public that attended the meetings. In support of enhancing the visibility and transparency of the working group's efforts, DSS established and routinely updated a public webpage dedicated to the group's work. The pricing methodologies examined include the following: various "Margin Over Rack" concepts, a "Discount Off Retail" concept, bulk purchasing of deliverable fuels, and Full Retail price. We believe that our efforts address the requirements of the Public Act, which included the study of best practices used in other states to fairly compensate deliverable fuel vendors participating in energy assistance programs, while maintaining the maximum amount of funding to benefit recipients of such programs. Additionally, the working group reviewed the benefits and drawbacks of bulk state purchases of deliverable fuel for the state energy assistance program.

The Department will incorporate the learnings of the working group as it evaluates updated pricing options for deliverable fuel vendors that also maintain maximum funding for participating households for the 2025-2026 program year. The Department believes that the activities of the working group will result in a more carefully tailored pricing approach for vendors and ensure that funding for households is not diminished as DSS offers new pricing standards for FFY 2026 as required by Public Act 24-145.

SECTION VI. APPENDICES:

Attachment A – August 5, 2024 – Meeting documents

Attachment B – RCOG Map

Attachment C – September 3, 2024 – Meeting documents

Attachment D – October 7, 2024 – Meeting documents

Attachment E – November 13, 2024 – Meeting documents

Attachment F – December 2, 2024 – Meeting documents