



Advancing Equity in Utility Regulation

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Webinar logistics

- ▶ The report and slides are posted at <https://emp.lbl.gov/publications/advancing-equity-utility-regulation>
- ▶ We're recording the webinar and will post the recording at the link above.
- ▶ Because of the large number of participants, everyone is in listen mode only.
- ▶ **Please use the Q&A box to send us your questions and comments any time during the webinar.**
- ▶ I will moderate Q&A following the presentations.

Berkeley Lab's Future Electric Utility Regulation series

- ▶ Leading thinkers provide multiple perspectives on complex regulatory issues for the electricity sector to inform ongoing discussion and debate.
- ▶ The U.S. Department of Energy's Grid Modernization Initiative supports the report series with funding from the Office of Energy Efficiency and Renewable Energy and the Office of Electricity.
- ▶ Reports, presentations, and recordings are posted at <https://emp.lbl.gov/projects/feur/>.
- ▶ Our Advisory Group includes utility regulators, utilities, consumer advocates, environmental and social justice organizations, and other experts.



Advisory Group



<i>State utility regulators and state energy offices</i>	
Chair Ted Thomas	Arkansas Public Service Commission
Commissioner Jennifer Potter	Hawaii Public Utilities Commission
Commissioner Abigail Anthony	Rhode Island Public Utilities Commission
Commissioner Tremaine Phillips	Michigan Public Service Commission
Commissioner Letha Tawney	Oregon Public Utility Commission
Commissioner Sarah Freeman	Indiana Utility Regulatory Commission
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<i>Utilities</i>	
Jeff Lyng	Xcel Energy
Kristin Munsch	National Grid
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Lori Lybolt	Consolidated Edison
Delia Patterson	American Public Power Association
Digaunto Chatterjee	Eversource
Dwayne Pickett	ComEd
Sam Whelan	Holy Cross Energy
<i>Utility consumer advocates</i>	
Bob Jenks	Citizens Utility Board of Oregon
Michele Beck	Utah Office of Consumer Services
Steve Kihm	Wisconsin Citizens Utility Board

<i>Energy justice advocates</i>	
Chandra Farley	ReSolve Consulting
Jean Su	Center for Biological Diversity
<i>Regional grid operators and transmission developers</i>	
Asim Haque	PJM Interconnection
Jordan White	GridLiance
<i>Non-governmental organizations, academics and other experts</i>	
Ralph Cavanagh	NRDC
Rich Sedano	Regulatory Assistance Project
Janice Beecher	Institute of Public Utilities, Michigan State University
Kevin Lee	BlueGreen Alliance
Sally Talberg	Consultant
Steve Corneli	Strategies for Clean Energy Innovation

Future Electric Utility Regulation Series feur.lbl.gov



1. *Distributed Energy Resources (DERs), Industry Structure and Regulatory Responses*
2. *Distribution Systems in a High DER Future: Planning, Market Design, Operation and Oversight*
3. *Performance-Based Regulation in a High DER Future*
4. *Distribution System Pricing With DERs*
5. *Recovery of Utility Fixed Costs: Utility, Consumer, Environmental and Economist Perspectives*
6. *The Future of Electricity Resource Planning*
7. *The Future of Centrally-Organized Wholesale Electricity Markets*
8. *Regulatory Incentives and Disincentives for Utility Investments in Grid Modernization*
9. *Value-Added Electricity Services: New Roles for Utilities and Third-Party Providers*
10. *The Future of Transportation Electrification*
11. *Utility Investments in Resilience of Electricity Systems*
12. *Advancing Equity in Utility Regulation*

Other reports funded by this project:

[State Performance-Based Regulation Using Multiyear Rate Plans for U.S. Electric Utilities](#)

[Renewable Energy Options for Large Utility Customers](#)

[All-Source Competitive Solicitations: State and Electric Utility Practices](#)

Next report: *The Role of Innovation in the Electric Utility Sector (see Appendix in this slide deck)*



About the Presenters

Chandra Farley is the CEO of ReSolve, a consulting practice with a mission to increase the impact of climate justice initiatives by creating equity-centered delivery infrastructure. She previously served as the Just Energy Director at Partnership for Southern Equity and worked at the Southface Energy Institute.

John Howat is a Senior Energy Analyst at the National Consumer Law Center. He manages projects to support access to affordable utility services by low-income consumers. He works with clients in 30 states on design and implementation of low-income energy affordability and efficiency programs, utility consumer protections, rate design, and metering technology.

Nidhi Thakar is the Director of Resource and Regulatory Strategy and Engagement for Portland General Electric, Oregon's largest utility. She leads the company's efforts on rapid decarbonization and electrification, resiliency and reliability, business model innovation, and customer products. Among her previous positions, she was Chief of Strategy and External Affairs for President Picker at the California Public Utilities Commission, and served as Senior Advisor to the Loan Programs Office at the U.S. Department of Energy.

Jean Su is the Energy Justice Director and a Senior Attorney at the Center for Biological Diversity, a national conservation organization. Her litigation and advocacy work aims to hasten a renewable and just energy future. She practices before both state and federal courts and commissions.

Introducing *Advancing Equity in Utility Regulation* (1)

- ▶ Four cutting-edge essays on utility regulatory pathways to advance equity:
 - Chandra Farley, ReSolve Consulting, on behalf of Partnership for Southern Equity
 - John Howat and Jenifer Bosco, National Consumer Law Center
 - Nidhi Thakar and Jake Wise, Portland General Electric
 - Jean Su, Center for Biological Diversity
- ▶ *Equity* is just and fair inclusion. *Energy equity* is the fair distribution of the benefits and burdens of energy production and consumption.
- ▶ “*Energy justice* refers to the goal of achieving equity in both the social and economic participation in the energy system, while also remediating social, economic, and health burdens on marginalized communities.”*
- ▶ Increasingly, states are recognizing equity as a goal of utility regulation, going beyond traditionally stated objectives to ensure that electricity systems are reliable, safe, and fairly priced.
 - Several states have enacted legislation to require or explicitly authorize utility regulators to consider equity, for all decision-making or for specific types of decisions.
 - In other states, public utility commissions are taking action to ensure energy equity under existing authorities.



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Introducing *Advancing Equity in Utility Regulation* (2)

- ▶ Utility regulatory decisions impact equity in critical ways — for example:
 - Access to electricity/disconnection
 - Electricity rates and rate design: What costs utilities can include in retail rates, how those costs are allocated to customer classes (who pays), and what costs are recovered as fixed fees (affecting how much money customers can save when they take action to reduce energy bills)
 - Access to energy efficiency programs and clean energy technologies
 - What energy resources and infrastructure are built and where; impacts on people's health, property, community, and environment; and who gets a voice at the table
- ▶ Public utility commissions are just beginning to grapple with equity issues.
- ▶ Nearly all of the legislation and regulatory initiatives featured in the report are from the last year or two. These actions are just a start toward addressing historical inequities and ensuring equitable distribution of benefits and burdens in the transition to a clean energy future.



Chandra Farley, ReSolve: Why Equity Matters



Equity is a proactive, **strategic approach that accounts for differences in opportunities and burdens, as well as needs**, in order to achieve true equality for all.

OpenSource Leadership Strategies

Partnership for Southern Equity: Top Recommendations

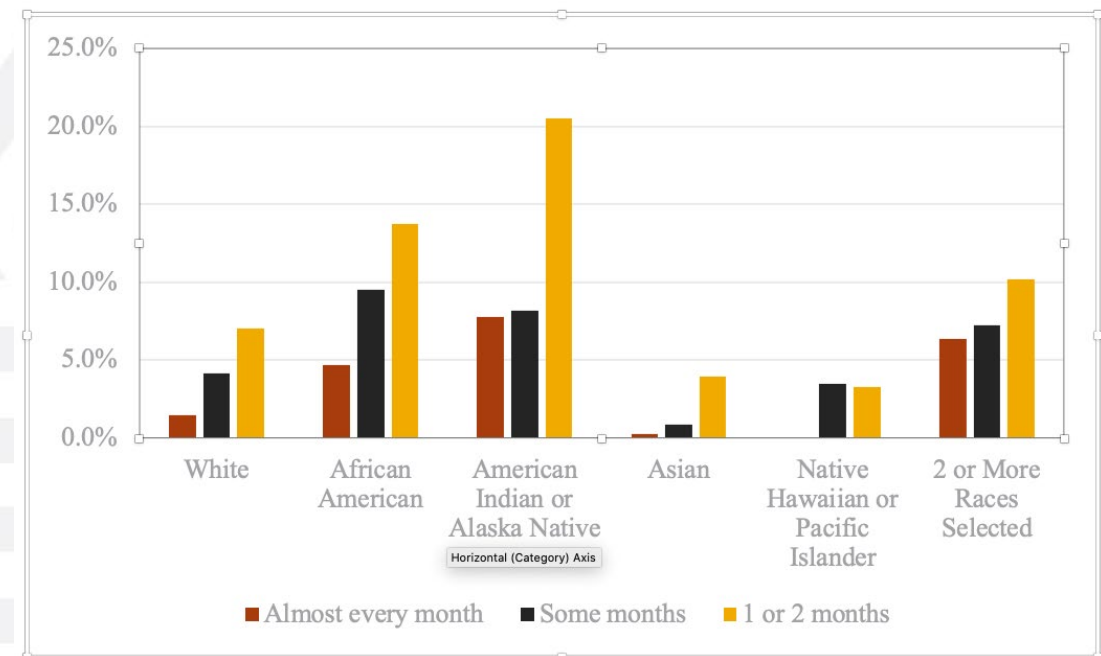
- ▶ **Extend public engagement** in utility regulatory decision-making to **include environmental justice organizations** and enable their effective participation through **intervenor funding**
- ▶ Prioritize **knowledge- and capacity-building on energy equity issues**, both for people who may bear the brunt of inequitable outcomes and in statehouses and utility commissions
- ▶ Mobilize “uncommon allies” — clean energy, civil rights, and equity and environmental justice groups — to inform and educate “first-person advocates” on energy issues and utility decision-making
- ▶ **Expand meaning of safe, reliable, and reasonable electricity service to include equity impacts**
- ▶ **Enact legislation** that protects against service disconnections, eliminates predatory disconnection fees, and funds energy bill assistance programs
- ▶ Support utility programs and retail rate design that **increase deployment of clean distributed resources for energy-burdened households**
- ▶ Involve impacted individuals, communities, and environmental justice organizations in **program design & evaluation and resource planning**
- ▶ **Publicly post shutoff and arrearages data** and use the data to tailor programmatic solutions



John Howat, National Consumer Law Center: Findings

- ▶ Existing electricity systems produce measurable inequities by race and income in the distribution of system costs and benefits.
- ▶ Policy imperatives to reverse these inequities and transition to cleaner electricity systems to mitigate climate change are not mutually exclusive.
- ▶ The transition to cleaner electricity systems presents opportunities to enhance affordability of electricity services and access to clean electricity generation, storage, and efficiency technologies for those disadvantaged by existing energy systems.
- ▶ The transition to clean, decarbonized energy systems must include purposeful legislative and regulatory actions to reverse the undeniable inequities that are baked into existing systems.

Frequency of Receiving Disconnection Notice, by Race



National Consumer Law Center: Top Recommendations

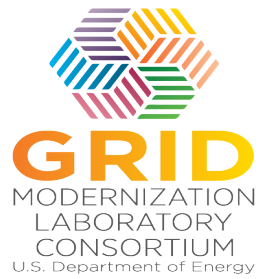
- ▶ Protect vulnerable populations while also working to reduce greenhouse gas emissions by guiding utility investments and services toward **achieving both equity and clean energy imperatives for electricity systems of the future**
- ▶ **Reverse regressivity in distribution of electricity system costs and benefits through comprehensive and proactive actions** that at a minimum address:
 - Proportion of income required to maintain basic electric service
 - Access to on-site energy technologies
 - Uninterrupted and affordable access to a basic level of electricity service
- ▶ **Require utility data reporting at the zip code level** to determine the extent to which residential customers are affordably accessing and retaining essential electricity service
- ▶ Ensure that **utility affordability programs**:
 - Serve customers income-eligible to receive federal energy assistance
 - Lower energy burdens to an affordable level
 - Promote regular, timely payment of utility bills
 - Comprehensively address payment problems — current and past-due bills
 - Provide sufficient resources and are administered effectively and efficiently
- ▶ **Reexamine utility consumer protections** to ensure vulnerable customers who demonstrate good faith efforts to make affordable utility payments are protected from loss or degradation of service
- ▶ Design low-income energy efficiency and distributed energy technology programs to **require no upfront payments, result in positive cash flows, and mitigate any financing risks for participants**

Frequency of Receiving Disconnection Notice, by Household Income



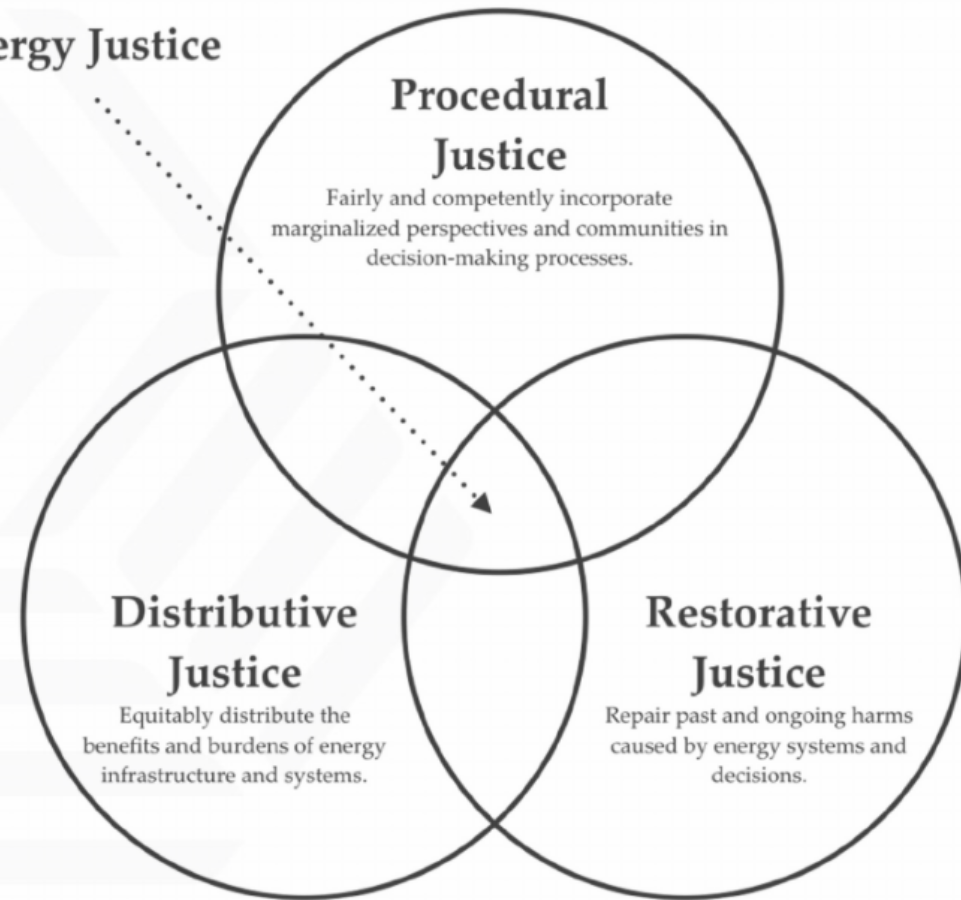


Nidhi Thakar, Portland General Electric: Making More Room at the Table



- ▶ Solving global warming will take a clean energy system where utilities partner with their customers to build a flexible, resilient, and reliable two-way power grid.
- ▶ But this partnership has to be an equitable one — and the existing system hasn't been designed that way.
- ▶ So today, we're striving to adhere to principles of energy justice as we transform the way we work with and serve our communities.

Energy Justice



Wallsgrave, R., J. Woo, J.-H. Lee, and L. Akiba. 2021. "The Emerging Potential of Microgrids in the Transition to 100% Renewable Energy Systems." *Energies* 14(6): 1687. Adapted from McCauley, D., and R. Heffron. 2018. "Just transition: Integrating climate, energy and environmental justice." *Energy Policy* 119: 1–7.

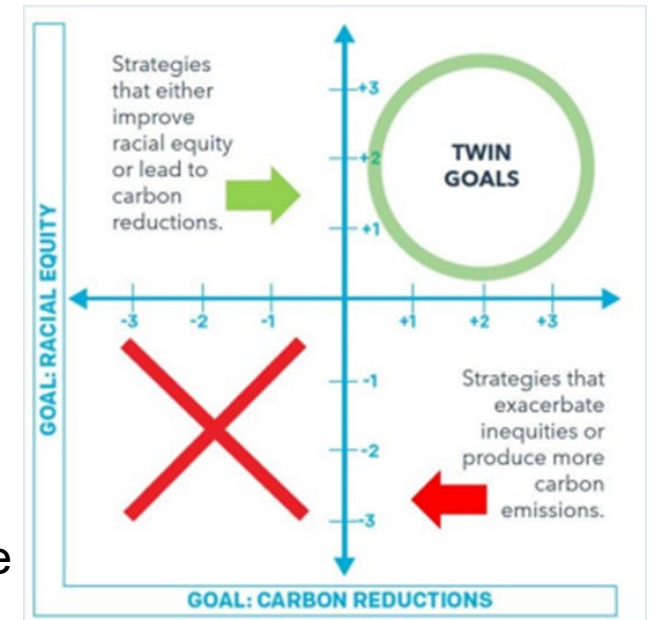


Portland General Electric: Top Recommendations



This takes a long-term commitment. Here are some of our lessons learned (so far):

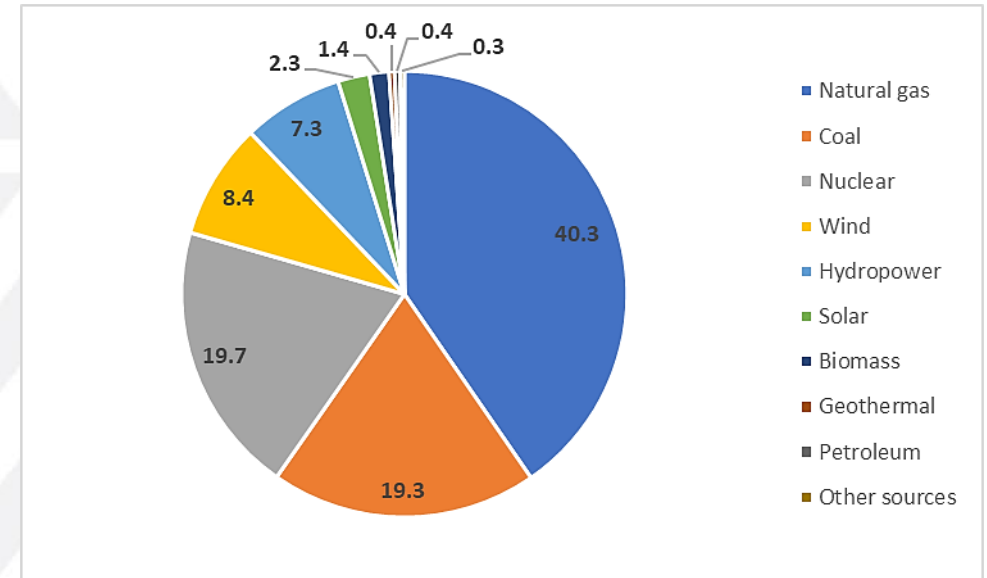
- ▶ **Approach community engagement through the lens of environmental justice:** listen and communicate, use data, ensure budget, ensure relevancy, and ensure time (Racial Equity Toolkit by the Government Alliance on Race and Equity)
- ▶ **Proactive participation of environmental justice communities is necessary** for the successful adoption and implementation of clean energy policy
- ▶ **Provide financial support to community-based organizations** so they can participate in proceedings, and then take their advice as you formulate community engagement plans
- ▶ **Consider distributive justice in utility program design and pricing**
- ▶ **Partner with local cities and counties** to advance their climate and sustainability action plans, with an eye towards restorative and distributive justice
- ▶ This is a **learning process**. We are testing new approaches, seeking feedback, and sometimes getting things wrong and apologizing for missteps, but are willing to try again.



Jean Su, Center for Biological Diversity: Integrating Justice into Electricity System Design and Decision-Making

- ▶ The status quo, majority fossil-fueled energy system has perpetuated chronic energy injustice, disproportionately in BIPOC communities, through:
 - Fossil fuel pollution and disparate health impacts
 - Energy burden, energy insecurity, and energy poverty
 - Climate-induced disasters
 - Ecocide
- ▶ Need to integrate justice into electricity system design through 2 mutually reinforcing pathways
 - Expand definition of “public interest”
 - Adopt policies prioritizing distributed energy resources (DERs) in first and worst hit communities

U.S. Electricity Generation - Percentage by Source, 2020



U.S. Energy Information Administration

Center for Biological Diversity: Top Recommendations

Adopt expansive definition of “public interest” to include environmental and energy justice

- ▶ Path 1: Legislative expansion
- ▶ Path 2: Regulatory rulemaking
- ▶ Simultaneous path: Tie justice to traditional areas of public utility commission work
 - Fossil fuel pollution, climate disaster, and ecocide to be factored into (i) certificate of public convenience and necessity decisions and (ii) undue financial risk analysis
 - Energy burden and insecurity to be factored explicitly into rate design

Adopt policies prioritizing DERs in first and worst hit communities

- ▶ Prioritize energy efficiency measures as regenerative justice in environmental justice (EJ) communities rather than opt for stopgap measures
- ▶ Prioritize rooftop and community-owned solar, storage, microgrids and demand-side management in EJ communities
 - Overcome existing barriers to DERs by adopting expanded “public interest” definition
 - Guard against utility actions that obstruct DER deployment
 - Encourage building back better with DERs after climate disasters

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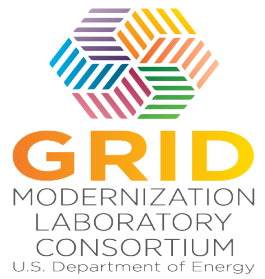
ELECTRICITY MARKETS & POLICY

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publications, webinars and other events.



Appendix

Next report: *The Role of Innovation in the Electric Utility Sector*



► Essays by:

- National Association of State Utility Consumer Advocates (with Tim Woolf and Ben Havumaki, Synapse Energy Economics)
- Adam Cooper, Lisa Wood, and Mike Shuster, Institute for Electric Innovation
- Kevin Lee, BlueGreen Alliance
- Anne Hoskins, SunRun
- Kristin Barbato, Barbara Kates-Garnick, and Max McCafferty, Build Edison

► Among the questions the report addresses:

- How are utility consumer advocate views and roles evolving with respect to innovative regulatory and ratemaking approaches?
- How are electric utilities partnering with technology companies to provide innovative energy management services and sustainable energy solutions for utility customers?
- How can utility decarbonization and grid modernization initiatives provide opportunities for local communities and workers to receive tangible benefits and facilitate community support for siting electricity infrastructure?
- In states with decarbonization goals, what can regulators do to enable innovative solutions from utilities and third parties at the necessary speed and scale?