Advancing Equity in Utility Regulation

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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
- Advisory Group includes utility regulators, utilities, consumer advocates, energy justice advocates, and other non-governmental organizations and experts
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
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 it 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 zip code-level to determine 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.
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.
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 (GARE Racial Equity Tool)

► 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
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, & 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

*Essay author: Jean Su, Energy Justice Director and Senior Attorney
**Two Pathways to Systematically Address Energy Injustice**

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 & 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 & community-owned solar, storage, microgrids & 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 after climate disasters with DERs
1. Distributed Energy Resources (DERs), Industry Structure and Regulatory Responses
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
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

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