Distributional Equity Analysis Guidance Advisory Committee Meeting

February 7, 2023
Housekeeping

- Add your affiliations and pronouns to your Zoom name – let’s get to know each other!
- Please mute yourself when you are not speaking.
- If you have a comment or question, please raise your hand or use the chat.
- We will be recording the session to share with advisory committee members that could not attend this call.
Agenda

- Introductions and Advisory Committee role
- High-level outline update
- Overview of Advisory Committee comments received
- Project schedule and next steps
Project Team

Berkeley Lab
- Project manager
- Contributor to guidance document

E4TheFuture
- Lead for Advisory Committee
- Contributor to guidance document

Synapse
- Lead developer of guidance document

Natalie Mims Frick
Program Manager

Lisa Schwartz
Program Manager/Strategic Advisor

Julie Michals
Director

Natalie Fortman
Project Manager

Tim Woolf
Senior VP

Alice Napoleon
Principal
Advisory Committee – Thank you for participating!

<table>
<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
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<tbody>
<tr>
<td>Adam Zoet</td>
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<td>Amanda Best</td>
<td>Maryland Public Service Commission</td>
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<td>Amanda Dewey</td>
<td>American Council for an Energy-Efficient Economy</td>
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<td>Ankit Jain</td>
<td>California Public Utilities Commission</td>
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<td>Brad Banks</td>
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<td>Briana Parker</td>
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<td>Chandra Farley</td>
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<td>Chris Coll</td>
<td>NY State Energy Research and Development Authority</td>
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<td>Danielle Sass-Byrnett</td>
<td>National Association of Regulatory Utility Commissioners</td>
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<td>Danilo Morales</td>
<td>Massachusetts Department of Energy Resources</td>
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<td>Debra Gore-Mann</td>
<td>Greenlining Institute</td>
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<td>Divesh Gupta</td>
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<td>Dylan Voorhees</td>
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<td>Elaine Prause</td>
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<td>Erin Cosgrove</td>
<td>Northeast Energy Efficiency Partnership</td>
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<td>Ezell Watson</td>
<td>Oregon Public Utility Commission</td>
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<td>Gregory Ehrendreich</td>
<td>Midwest Energy Efficiency Alliance</td>
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<td>Jean Su</td>
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<td>Jennifer Yoshimora</td>
<td>Pacific Northwest National Laboratory</td>
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<td>Jennifer Snyder</td>
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<td>Jeremy Peterson</td>
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<td>John Howat</td>
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<td>Justin Schott</td>
<td>Energy Equity Project</td>
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<td>Kate Strickland</td>
<td>Smart Electric Power Alliance</td>
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<td>Kelly Crandall</td>
<td>Colorado Public Utilities Commission</td>
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<td>Kelsey Jones</td>
<td>National Association of State Energy Officials</td>
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<td>Logan Atkinson Burke</td>
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<td>Liz Doris</td>
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<td>Marguerite Behringer</td>
<td>Landis &amp; Gyr</td>
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<td>Mary Sprayregen</td>
<td>Oracle</td>
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<td>Mohit Chhabra</td>
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<td>Natalia Cardona Sanchez</td>
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<td>Nancy Seidman</td>
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<td>Patrick Cicero</td>
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<td>Sarah Moskovitz</td>
<td>Illinois Citizen’s Utility Board</td>
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<td>Initiative for Energy Justice</td>
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<td>Consumers Energy</td>
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<td>Wally Nixon</td>
<td>Arkansas Public Service Commission</td>
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<tr>
<td>Will Bryan</td>
<td>Southeast Energy Efficiency Alliance</td>
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Advisory Committee Role

- Provide input on the DEA guidance outline and review draft guidance materials
- Meet 2-3 times over the course of the year to review draft and final materials
  - Subgroups will be formed to focus on review of selected chapters/sections
- Help spread word/disseminate final guidance document (Fall 2023)
- Materials from Advisory Committee meetings are available [here](https://emp.lbl.gov/publications/distributional-equity-analysis)
DEA Guidance – Overview

- A practical how-to guide on conducting DEAs in combination with BCAs to inform decision making for utility DER investments.

- Key users/audience includes a variety of practitioners: utilities, public utility commissions, state energy offices, utility consumer advocates, equity advocates, consultants, and others.

- Will build on existing equity initiatives and research.
DEA Guidance – High-Level Outline Revised

Executive Summary
Glossary

1. Introduction

2. *NEW* Stakeholder Input to DEA Process

3. Role of BCA and DEA

4. Target Populations (or alternative term)

5. Distributional Equity Metrics

6. Conducting a DEA

7. Using DEA and BCA for Decision-Making

8. Case Study

9. Appendices on Selected Metrics
Comments by Advisory Committee
Advisory Committee Comments

- Chapter 1. Introduction
  - Purpose
    - Which jurisdictions will the Guidance cover?
    - Which populations (rate classes, customers vs. non-customers) will the Guidance include?
    - Which types of resources will the Guidance cover?
    - Which types of energy decisions will the Guidance consider?
  - Audience
    - Who is the primary audience for the Guidance?
  - Terminology clarifications and modifications
Advisory Committee Comments (cont.)

*NEW* Chapter 2. Stakeholder Input

- Importance of stakeholder engagement from target/priority community/population
  - Before – Middle – After (ensure transparency and accountability):
    - Input to DEA parameters and metrics
    - Engagement during DEA, data collection
    - Understanding of DEA results

*Existing* Chapter 2. The Role of BCA and DEA

- Overview of traditional BCA, rate, bill, and participation concepts
Advisory Committee Comments (cont.)

- *Existing* Chapter 3. Target Populations
  - Terminology clarifications and modifications
  - Defining the target population
    - Will the Guidance define target populations as geographically distinct groups, individuals with impacts seen at the population level, or both?
    - How will the Guidance cover race?
Advisory Committee Comments (cont.)

- *Existing* Chapter 4. Distributional Equity Metrics
  - Metrics
    - Will the Guidance recommend specific metrics?
    - Will the Guidance address cumulative impacts?
  - Data Collection
    - How can qualitative information be included?
    - Will the Guidance address how to collect sensitive data?
Advisory Committee Comments (cont.)

- *Existing* Chapter 5. Conducting a Distributional Equity Analysis
  - Process
    - Who will conduct the DEA?
    - Under what circumstances should a DEA be conducted?

- *Existing* Chapter 6. Using DEA and BCA for Decision-Making
  - Parameters for decision-making
    - Will the Guidance address the granularity of the analysis and level at which decisions be made?
    - Will the Guidance describe goal-setting?
  - Stakeholder input – now addressed in a new Chapter 2
Advisory Committee Comments (cont.)

- *Existing* Chapter 7. Case Study: Washington State
  - Clean Energy Transformation Act (CETA) requires that all customers are benefiting from the transition to clean energy, through the equitable distribution of
    - energy and nonenergy benefits and reduction of burdens to vulnerable populations and highly impacted communities;
    - long-term and short-term public health and environmental benefits and reduction of costs and risks;
    - and energy security and resiliency
  - Pursuant to CETA, Washington State has already made a lot of progress on equity, including establishing metrics and identifying target populations.
  - The project team will provide the WA UTC with a training on DEAs in a month or so, and then a more detailed training in the summer when we will attempt to implement a DEA using actual data.
## Schedule and Next Steps (Updated 2-13-23)

<table>
<thead>
<tr>
<th>DEA Guidance Project Schedule</th>
<th>Dates (2023)</th>
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<tbody>
<tr>
<td>Develop outline of DEA guidance</td>
<td>Jan to mid-Feb</td>
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<tr>
<td>Advisory Committee call on draft outline</td>
<td>Early Feb</td>
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<tr>
<td>Project team conducts DEA research</td>
<td>Jan to late March</td>
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<tr>
<td>Partial draft DEA guidance (e.g. Ch. 1-5) to Advisory Committee</td>
<td>End of April</td>
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<tr>
<td>Advisory Committee call on partial draft</td>
<td>Mid-May</td>
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<tr>
<td>Full draft DEA guidance to Advisory Committee</td>
<td>Mid-July</td>
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<tr>
<td>Advisory Committee call on full draft</td>
<td>Early to mid-Aug</td>
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<tr>
<td>Issue final DEA Guidance</td>
<td>September 30*</td>
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* Subject to DOE approval of report
Thank you!
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For more information (Berkeley Lab and NESP)

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Acknowledgements

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Berkeley Lab’s Electricity Markets and Policy Department is managing this project. We inform public and private decision making within the U.S. electricity sector through independent, interdisciplinary analysis of critical electricity policy and market issues. We envision a clean, efficient, reliable, and affordable electricity system that meets the United States’ diverse and growing energy needs. This project builds on a strong analytical foundation on energy efficiency and DERs.

Relevant equity work includes:
- Advancing Equity in Utility Regulation
- Characterizing local rooftop solar adoption inequity in the US
- National Community Solar Partnership
- An Assessment of Evaluation Practices of Low-And Moderate-Income Solar Programs
- Energy Efficiency Financing for Low- and Moderate-Income Households
- Customer outcomes in Pay-As-You-Save programs
- Who is participating in residential energy efficiency programs?
- Deferred Payment Loans for Energy Efficiency
DEA Project Team – E4TheFuture

- E4TheFuture – manages and coordinates the National Energy Screening Project, a stakeholder organization that works to improve cost-effectiveness screening practices for distributed energy resources (DERs).

- Key products to date:
  - National Standard Practice Manual for DERs
  - Methods, Tools and Resources Handbook for Quantifying DER Impacts for Benefit-Cost Analysis
  - Database of Screening Practices

Julie Michals
Director Valuation

Natalie Fortman
Project Manager
DEA Project Team – Synapse Energy Economics

- Synapse Energy Economics
  - Founded in 1996 by CEO Bruce Biewald
  - Leader for public interest and government clients in providing rigorous analysis of the electric power and natural gas sectors
  - Staff of 40+ includes experts in energy, economic, and environmental topics
- Tim Woolf
  - Senior Vice President, Synapse Energy Economics
  - Lead author of National Screening Practice Manual and companion documents
- Alice Napoleon
  - Principal, Synapse Energy Economics
  - In charge of Synapse equity initiatives

- Synapse is committed to providing meaningful data and analysis to support important dialogue and efforts towards an equitable distribution of energy system benefits and burdens.
What is Distributional Equity Analysis?
Energy Equity

An equitable energy system is one where the economic, health, and social benefits of participation extend to all levels of society, regardless of ability, race, or socioeconomic status. *Achieving energy equity requires intentionally designing systems, technology, procedures, and policies that lead to the fair and just distribution of benefits in the energy system.*

PNNL 2021- [https://www.pnnl.gov/projects/energy-equity](https://www.pnnl.gov/projects/energy-equity)
Recognize the historical, cultural, and institutional dynamics and structures that have led to energy inequities

Consumer protections, data access and transparency, community wealth building*

Ensure inclusive, accessible, authentic engagement and representation when developing and implementing programs

Community engagement, language access, compensation for engagement

Ensure the fair distribution of benefits and burdens across all segments of a community and across generations

Energy burden, air quality, economic development, participation

- Many structural/recognition metrics, like building community wealth, don’t necessarily intersect with a regulatory process.

Adapted from ACEEE’s Leading with Equity White Paper
Comprehensive Decision-Making Framework for DER Investments =

**Benefit-Cost Analysis**

Compares costs and benefits to all customers on average

Typical Metrics:
- Costs
- Benefits
- Net benefits
- Benefit-cost ratio

**Distributional Equity Analysis**

Compares impacts on target populations relative to other customers

Typical Metrics:
- Rate impacts
- Bill impacts
- Participation rates
- Energy burden
- Reliability
- Resilience
- Public health
- Other