EXH. TAH-9
DOCKETS UE-240004/UG-240005
2024 PSE GENERAL RATE CASE
WITNESS: TROY A. HUTSON

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, **Complainant,** **v.** **PUGET SOUND ENERGY,** **Respondent.**	**Docket UE-240004** **Docket UG-240005**

EIGHTH EXHIBIT (NONCONFIDENTIAL) TO THE PREFILED DIRECT TESTIMONY OF

TROY A. HUTSON

ON BEHALF OF PUGET SOUND ENERGY

FEBRUARY 15, 2024

Attached are materials I presented to the Board of Directors and Steering Committee meetings held on these days in 2023 to provide progress on energy equity:

- Jan 2023 Steering Committee
- 2/23/2023 Board of Directors
- 4/19/2023 Steering Committee
- 5/17/2023 Steering Committee
- 6/14/2023 Steering Committee
- 7/26/2023 Steering Committee
- 8/16/2023 Steering Committee
- 10/11/2023 Steering Committee
- 11/16/2023 Steering Committee

Energy Equity

Steering Committee Update

Troy Hutson

Director Energy Equity

January 2023

PUGET SOUND ENERGY

Energy equity overview

Vision

Strategic, industry leading, sustainable function that delivers value built upon authentic community engagement, purposeful communications and strong insights

Objectives

Manage and lead compliance with regulatory commitments

Operationalize equity

Align equity with business and financial objectives

PUGET SOUND ENERGY

Energy Equity

Develop consistent approach to energy equity / DEI / environmental-justice efforts across the organization

Opportunity statement

- Clarify PSE's understanding of energy equity, DEI ambition, obligations, and approach across organization
- Establish a clear and consistent approach to link intended outcomes to planning, execution and operations

Critical interdependencies

Depends on successful implementation of

- Design org structure & clarify mandates
- Refresh management systems
- Drive org-wide leadership & culture effectiveness

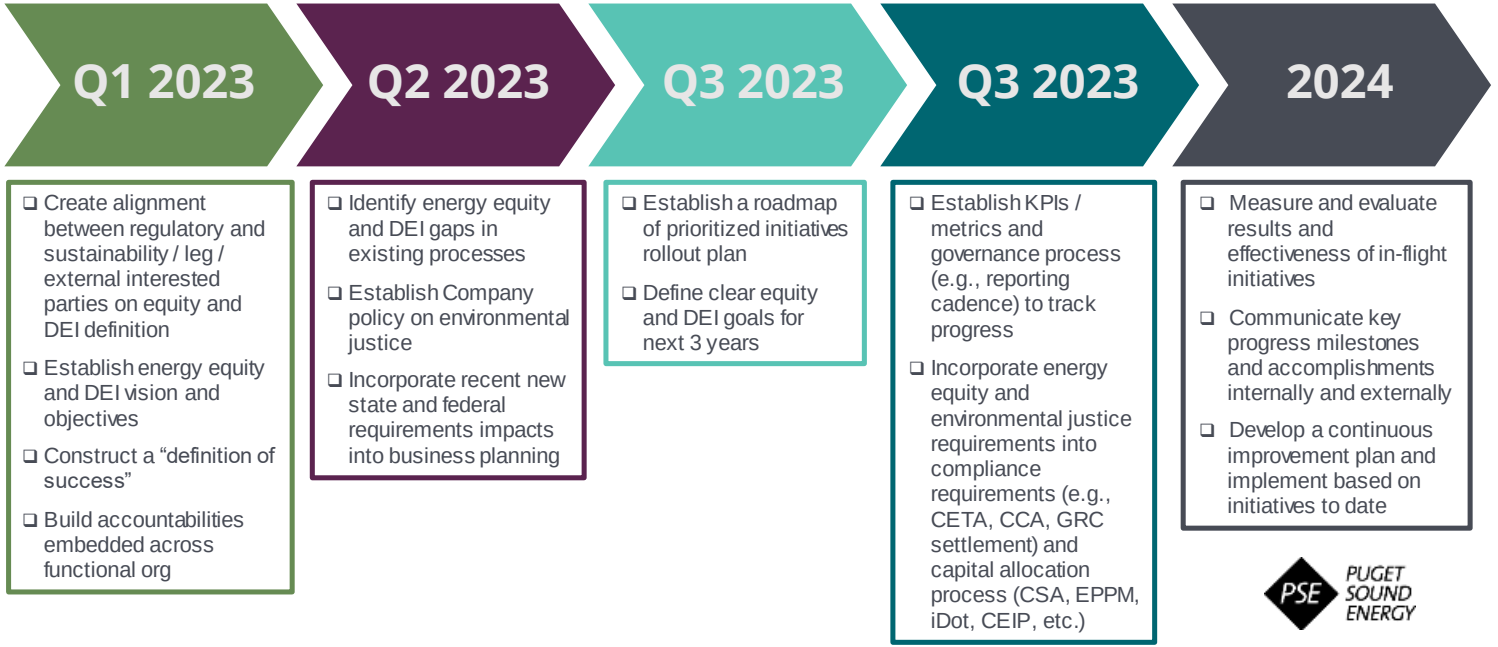
Successful implementation of initiative is critical to

- Develop comprehensive external affairs strategy
- Develop future-proof talent engine

Executive sponsorship and key interested parties

Ken Johnson *(Executive lead)*	Lorna Luebbe *(Executive key enabler)*	Troy Hutson *(Lead)*	VP & Chief Operating Officer *(Interested party)*	Sr. VP & Chief Customer Officer *(Interested party)*	VP & Chief Financial Officer *(Interested party)*	VP Human Resources *(Interested party)*

Target outcomes highlight developing and implementing a best in class strategy



Efforts are in flight resulting in a list of recommendations and reasons to celebrate

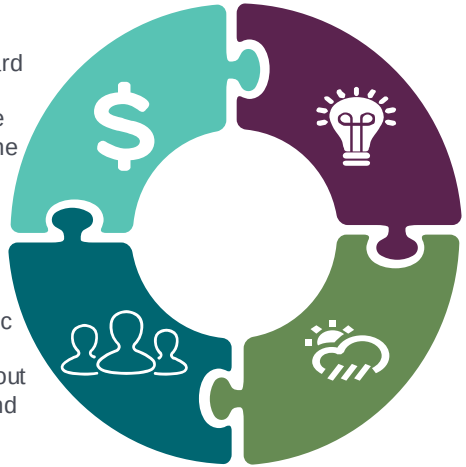
Recommendations

Incentive

Mandate a scorecard metric tied to incentives to create alignment across the organization

Engagement

Commit to authentic engagement and belonging throughout the organization and communities



Influence

Engaged individuals will generate ideas and momentum from the “bottom-up”

Culture

Reframing how the business approaches work and key decisions which may result in friction

Wins

Intentional focus on equity bringing it to the forefront as Equity, Diversity & Inclusion

Leaning in to equity and embracing this as strength as it’s already embedded within Company values and our duty to serve

PSE PUGET SOUND ENERGY

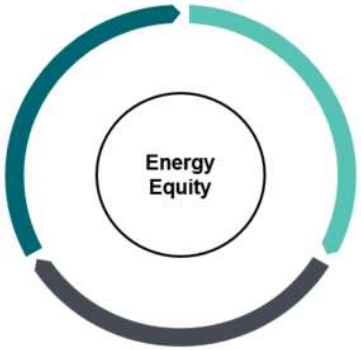
Appendix

- Metric categories summary
- Scorecard – Customer equity
- Scorecard- Stakeholder development
- Scorecard- Environmental justice
- Settlement and CETA requirements
- Settlement metrics

PSE PUGET SOUND ENERGY

Organizations are still experimenting with how to measure & track equity outcomes; we are seeing three categories emerge

/PRELIMINARY



Customer equity

Affordability *(Reduction in cost, energy benefits)*	**Equitable and high-levels of distribution** of clean energy / energy efficiency programs
	Reduced **energy burden**
Clean energy / energy efficiency program participation *(Reduction in burdens, non-energy benefits)*	**Penetration** rate of programs across groups
	Maximized **visibility** of energy equity programs
	Alleviated historical **barriers** to participation

Stakeholder development

Authentic engagement	**Equitably collected public input** in program design and operation – reaching historically disenfranchised communities
	Strong partnerships and community **acceptance / advocacy**
(Non-energy benefits, reduction in burdens)	**Thought leadership** to drive regulatory framework
Socio-economic development	Equitable **allocation of energy investments** and **positive impacts of innovation**
	Workforce development
(Non-energy benefits)	**Diverse** supplier network

Environmental justice

Mitigation of negative environmental impacts and risks	Health and safety **issues abated**
	Reduced impact of **emissions**
	Improved **service reliability** despite impacts of **severe weather conditions**
(Public health, environment, resilience, reduction in risk, energy security)	**Equitable** distribution of **energy projects** and their **impacts**

Note: CETA categories addressed by the energy equity sub-category are indicated in parenthesis (i.e., affordability, clean energy/energy efficiency program participation), CETA categories explained in appendix

Scorecard – Customer equity (2)

Metrics Legend
- PSE's existing Customer Benefit Indicators (CETA)
- Settlement agreement equity metrics
- Other potential metrics

PRELIMINARY

Energy equity category	Sub-category	Desired outcome	Current state metrics	Future state metrics
Customer equity	Program participation and accessibility	**High penetration** rate of DER programs	• **Percentage change of participation** in energy efficiency, demand response and distributed resource programs or services **by PSE customers within highly impacted communities and vulnerable populations**	• **Number and percentage of residential customers** in known named communities **taking part in each of PSE's DER programs** • **Count of customers** in highly impacted communities and vulnerable populations **taking part in each of PSE's DER programs** • To the extent readily available, the **number of customers** in highly impacted communities and vulnerable populations **taking service through PSE's EV tariffs.**
		Maximized **visibility** of DER programs *(leading indicator)*	—	• **Frequency of engagement on** and level of **awareness of DER programs**
		Eliminated historical **barriers** to participation	• Percentage of outreach **material available in non-English languages**	• Percentage of outreach **material available in non-English languages** • **Number** and quality of **inclusive accommodations** for disadvantaged communities and differently abled people

Note: Current state metrics are PSE's customer benefit indicators (CETA);The term named communities refers to low-income households, highly impacted communities, and vulnerable populations; The term "DER programs" is defined to include energy efficiency.

Scorecard – Stakeholder development (2)

Metrics Legend
- PSE's existing Customer Benefit Indicators (CETA)
- Settlement agreement equity metrics
- Other potential metrics

/PRELIMINARY

Energy equity category	Sub-category	Desired outcome	Current state metrics	Future state metrics
Stakeholder development	Socio-economic development	Equitable **allocation of energy investments** and positive **impacts of innovation**	• Change in total dollar **in NPV in non-energy impact benefits** for energy efficiency programs	• Percentage of total investment **funding** supporting energy projects and programs in known **named communities** • Percentage of utility **transportation electrification spending that is intended to benefit highly impacted communities** and vulnerable populations through PSE's programs. • Percentage of **utility owned and supported Electric Vehicle Supply Equipment (EVSE)** by use case located within or **intended to provide direct benefits** and services to highly impacted communities and vulnerable populations • Change in total dollar **in NPV in non-energy impact benefits** for energy efficiency programs
		Workforce development	• Percentage change of **quantity of jobs** based on: – Number of jobs created by PSE programs for residents of highly impacted and vulnerable populations – Number of local workers in jobs for programs – Number of part-time and full-time jobs by project • Change of **quality of jobs** based on: – Range of wages paid to workers – Additional benefits offered – Demographics of workers	• Percentage change of **quantity of jobs** based on: – Number of jobs created by PSE programs for residents of highly impacted and vulnerable populations – Number of local workers in jobs for programs – Number of part-time and full-time jobs by project • Change of **quality of jobs** based on: – Range of wages paid to workers – Additional benefits offered – Demographics of workers
		Diverse supplier network	—	• Estimated percentage of PSE **suppliers that are minority-owned, women-owned, or veteran-owned**

Note: Current state metrics are PSE's customer benefit indicators (CETA);The term named communities refers to low-income households, highly impacted communities, and vulnerable populations;
Source: Literature research, PSE Customer Benefit Indicators (p. 65) , GRC settlement agreement

Scorecard – Environmental justice (2)

Metrics Legend
- PSE's existing Customer Benefit Indicators (CETA)
- Settlement agreement equity metrics
- Other potential metrics

/PRELIMINARY

Energy equity category	Sub-category	Desired outcome	Current state metrics	Future state metrics
Environmental justice	Mitigation of negative environmental impacts and risks	Improved **service reliability** despite impacts of **severe weather conditions**	• Change in **number of outages, total hours of outages** and total backup load served during outages using SAIDI and SAIFI	• Change in **number of outages, total hours of outages** and total backup load served during outages using SAIDI and SAIFI
			• Change in **peak demand** through demand response programs	• Change in **peak demand** through demand response programs
			• Number of customers with **access to emergency power**	• Number of customers with **access to emergency power**
				• **Distribution** of outages across named communities - Number of **outages per census block group** in a specific time period
				• **Remote switch success rate** for highly impacted communities and vulnerable populations
		Equitable **distribution** of energy **projects and their impacts**		• **Change** in neighboring **property value** before and after the installation of large-scale energy generation, transmission, and distribution projects

Note: Current state metrics are PSE's customer benefit indicators (CETA);The term named communities refers to low-income households, highly impacted communities, and vulnerable populations;
Source: Literature research, PSE Customer Benefit Indicators (p. 65) , GRC settlement agreement

Energy Equity

Board of Directors Update

Troy Hutson

Director Energy Equity

February 23, 2023

PUGET SOUND ENERGY

Energy Equity Program summary

Overall state of Energy Equity	We have a strong plan and are making timely progress towards success
Implementation plan	• Focused on compliance with regulatory requirements • Community and interested party engagement strategy • Data and analytics
Progress	• Specific actions, impact and outcomes • Identifying challenges and opportunities
Background	• Legislative and regulatory requirements including source material • PSE Energy Equity Framework
Success	• Deliver General Rate Case (“GRC”) equity requirements

PUGET SOUND ENERGY

GRC requirements

- **Distributional Equity Analysis (DEA)**
  - Commission-led process
  - Methods approval
- **Corporate Capital Planning**
- **Delivery System Planning**
- **Performance Metrics**
- **Affordability – bill discount rate, arrearage management plan, increased billing assistance**
- **Clean energy/energy management program participation and distribution**
  - Electrification pilot

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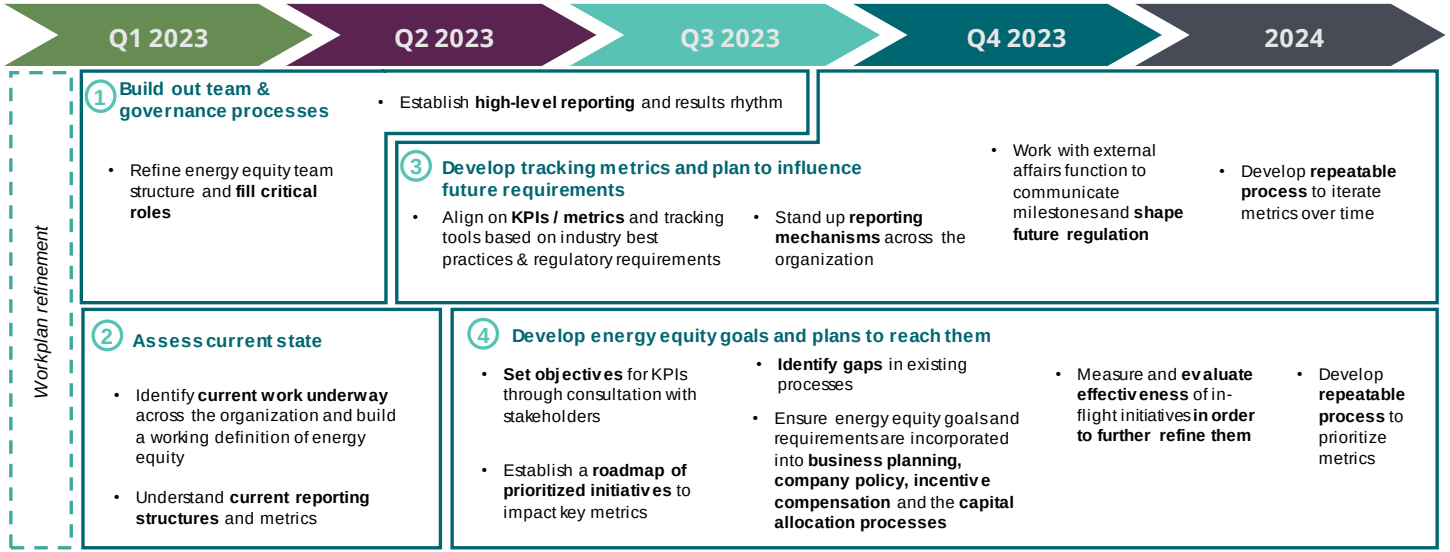
Related use cases

- Infrastructure Investment and Jobs Act (IIJA)
- Inflation Reduction Act (IRA)
- Advanced Distribution Management System (ADMS)
- Storm Response
- Berkeley National Lab Energy Equity Initiative
- Meeting with Commissioners and staff
- Pro-Equity Anti-Racism Workgroup (PEAR)
- Edison Electric Institute (EEI) Environmental Justice Workgroup

PSE PUGET SOUND ENERGY

Target outcomes highlight developing and implementing a compliance strategy



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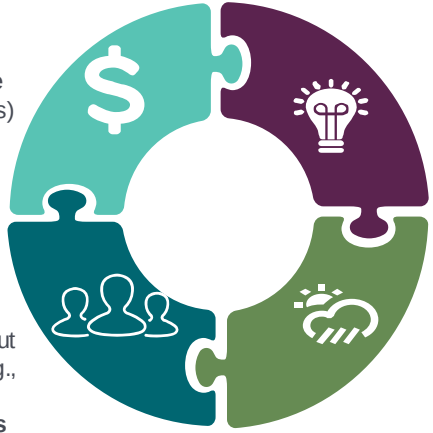
Efforts are in flight resulting in a list of progress and reasons to celebrate

Incentives

Require a scorecard metric tied to incentives to create alignment across the organization (e.g., **tying incentive compensation** to specific equity goals)

Engagement

Commit to using the limited resources available to deliver **authentic engagement** and belonging throughout the organization and communities (e.g., engage employees through an **accountability model for employees** to gain more information on improving energy equity in their function)



Influence

Engaged individuals will **generate ideas** and momentum from the "bottom-up" (e.g., Empowering **frontline employees to raise their ideas** to equity problems they see though a permanent reporting line)

Culture

Reframing how PSE approaches work and key decisions which may result in friction (e.g., **redesigning the complaint process to improve accessibility** within targeted communities and better address under-reported issues)

PSE PUGET SOUND ENERGY

Background into key equity framework insights from the UTC

Expansion of the public interest standard to include equity:

- "The equitable distribution of energy benefits and reduction of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health, economic, and environmental benefits and the reduction of costs and risks; and energy security and resiliency. In achieving these policies, "There should not be an increase in environmental health impacts to highly impacted communities." (PSE GRC Order UE-220066, UG 220067 & UG 210918)

Overarching expectation:

- Recognizing that no action is equity-neutral, regulated companies should inquire whether each proposed modification to their rates, practices, or operations corrects or perpetuates inequities. Companies likewise should be prepared to provide testimony and evidence to support their position. Meeting this expectation will require a comprehensive understanding of the ways in which systemic racism and other inequities are self-perpetuating in the existing regulatory framework absent corrective intervention.(Cascade Natural Gas GRC UG-210755)

PSE PUGET SOUND ENERGY

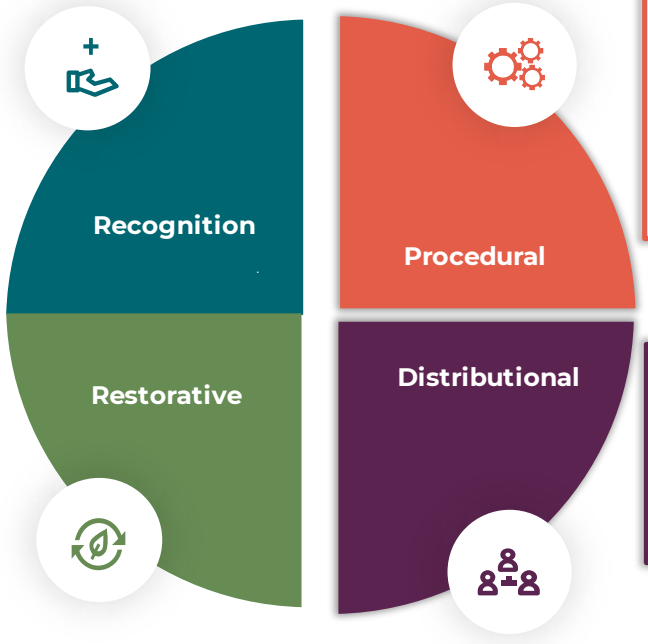
UTC provided guidance that we must take a proactive approach to ensure "systemic harm is reduced rather than perpetuated by our processes, practices and procedures

Recognition

Requires an understanding of historic and ongoing inequalities and prescribes efforts that seek to reconcile these inequalities

Restorative

Utilizes regulatory government organizations or other interventions to discript and address distributional, recognitional or procedural injustices and to correct them through laws, rules, policies, orders and practices.



Procedural

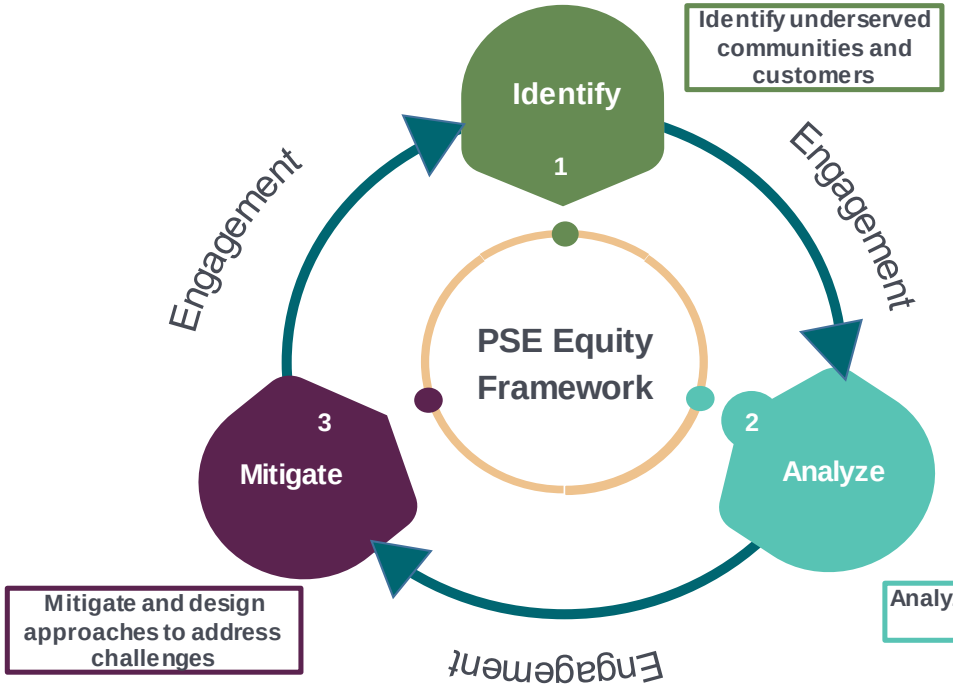
Focuses on inclusive decision-making processes and seeks to ensure that proceedings are fair, equitable, and inclusive for participants, recognizing that marginalized and vulnerable populations have been excluded from decision-making process

Distributional

Distribution of benefits and burdens across populations. Aims to ensure marginalized and vulnerable populations do not receive inordinate share of the burdens or are denied access to beneifts

PSE PUGET SOUND ENERGY

PSE's Equity Framework helps build habits that are reinforcing



Community and Interested Parties Engagement Strategy – a plan for how PSE will engage with groups and individuals to build out energy equity components of our work.

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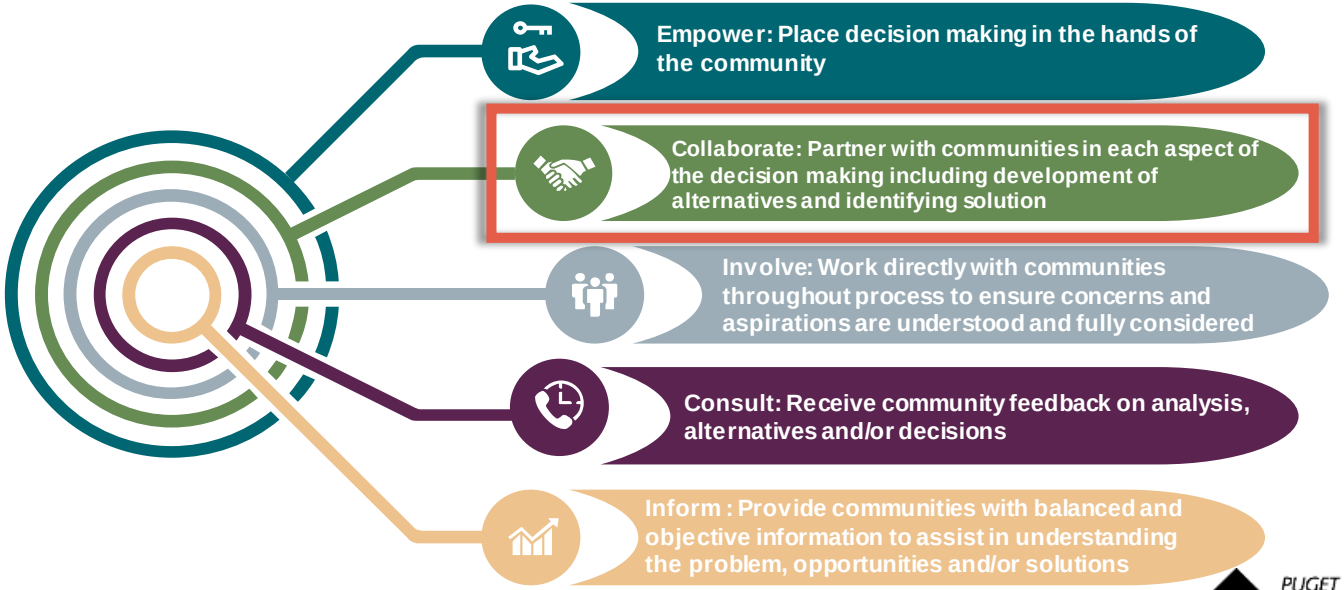
Aligns the Order with both existing internal community participation strategy and with best practice



PSE PUGET SOUND ENERGY

Bainbridge Island case study demonstrates the incorporation of community input into projects

Previous project to meet the Island's energy needs

- **Scope:** Substation, transmission line and DR pilot
- **Project timeframe:** 2008-2010
- **Outcome:** Paused project and monitored capacity/reliability needs

Current project to meet the Island's energy needs

- **Scope:** New and rebuilt transmission lines, battery and DR pilot
- **Project timeframe:** 2019-present
- **Outcome:** Project entering permitting phase

What we heard from the community

- Concerns about reliability and capacity issues, and a perception that our solution didn't align with the problem that needed to be solved
- Community interest in limiting infrastructure and meeting needs from other new technology
- Community concerns related to substation and transmission line impacts

- Concerns about reliability/capacity issues, a general understanding of how the proposed project would solve those problems, and interest in greener power as an output of municiplization conversations
- Solutions package was informed by previously known customer values (desire for new technology, minimizing infrastructure)
- Community interest in minimizing tree impacts, which we're addressing through project planning

PSE PUGET SOUND ENERGY

Key challenges and opportunities to monitor

Challenges

- As UTC matures energy equity framework and technical requirements, there will be more Commission involvement (e.g. distributional equity analysis and current dockets)
- Increasing resistance from communities that are currently not underserved
- Internal and external community members leveraging equity for other agendas

Opportunities

Performance incentives

- Likely to be awarded to utilities that meet or exceed UTC and interested parties plan objectives, typically in the form of Performance Incentive Mechanisms ("PIMs")

Democratic capitalism

- Having more voices at the table should be beneficial

Balanced approach

- Balance improves overall service to everyone

PSE PUGET SOUND ENERGY

Appendix

- CSA Requirements
- Seattle Household Expenditure
- PSE Service Area Energy Expenditure
- Equity Procedural Framework Use Case
- Outreach case study

PSE PUGET SOUND ENERGY

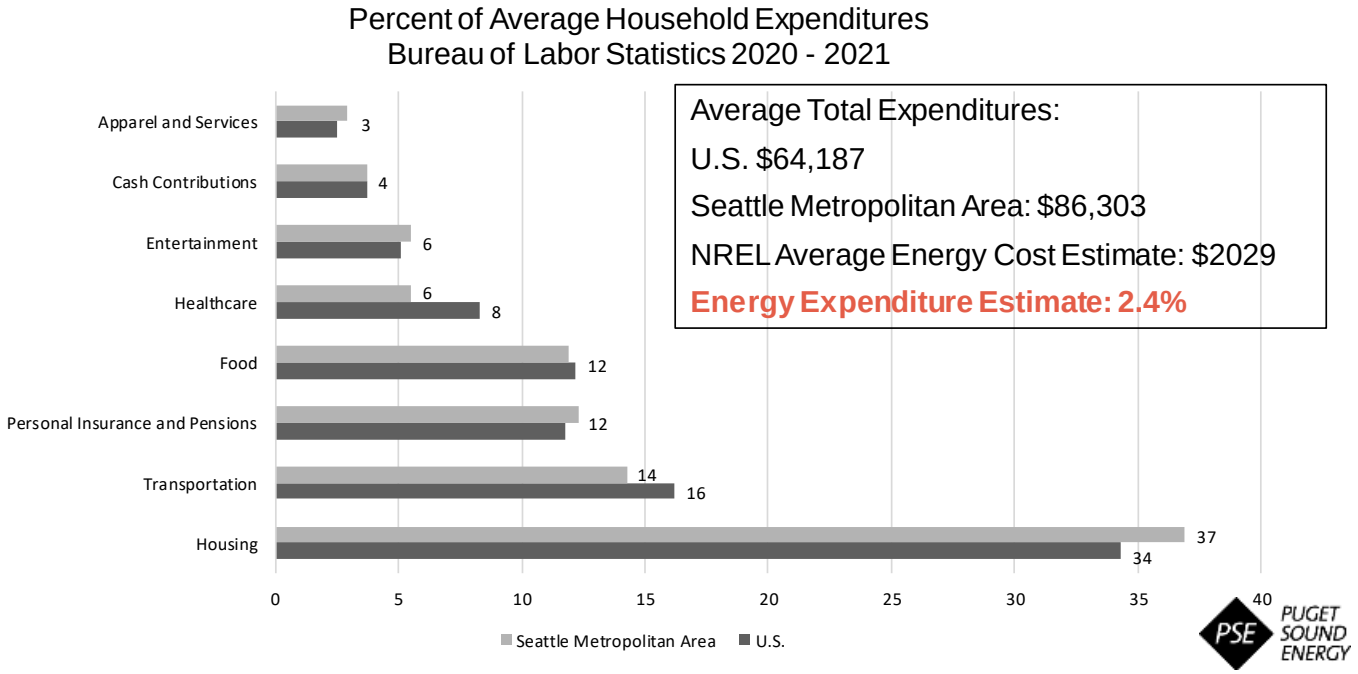
Failure to achieve energy equity commitments by the end of the MYRP could create financial risk for PSE in future rate filings

- The UTC must consider equity in determining the public interest including setting fair, just and reasonable utility rates; therefore, failure to demonstrate that PSE has met its commitments in the GRC settlement may create risk of future rate recovery
- The UTC has the authority to approve, deny, or approve with condition a MYRP when assessing whether a utility has met the public interest standard, meaning if PSE does not meet its equity commitments, the UTC could deny it's next MYRP filing resulting in the imposition of meaningful regulatory lag
- Significant utility investments could be at risk of delayed rate recovery in the next GRC/MYRP filing if this were to occur

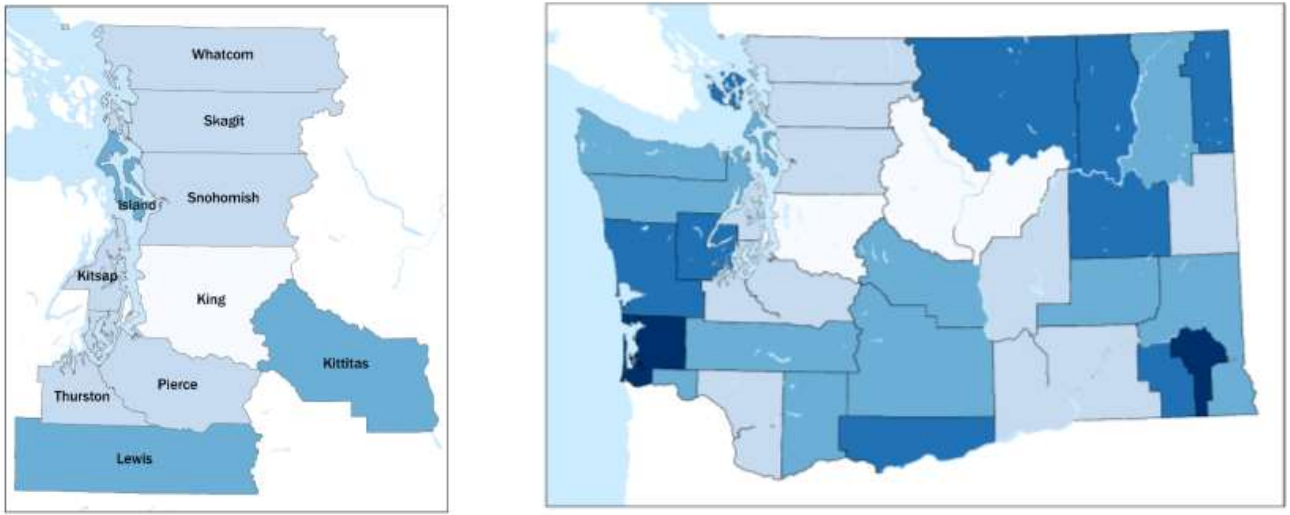
		(A)	(B)	(C)
Line	($ in millions)	2025	2026	2027
1	Total Capex	1,324	1,325	1,711
2	Plant Closings	1,598	1,223	1,679
3	Cumulative Ratebase	1,598	2,821	4,500
4	Avg Depreciation Expense	24	66	110
5	Return on Ratebase	114	202	322
6	**Total New Revenues at Risk**	138	268	432
7	EBITDA at Risk	138	268	432
8	ROE at Risk	-2.0%	-3.7%	-5.6%

Note: Based on 2023 board approved business plan capital investments and projected ratebase balances in the next GRC/MYRP filing.

Energy is low on the list of household expenditures



While the average energy burden is 2.4%, it is 5% in other parts of Washington



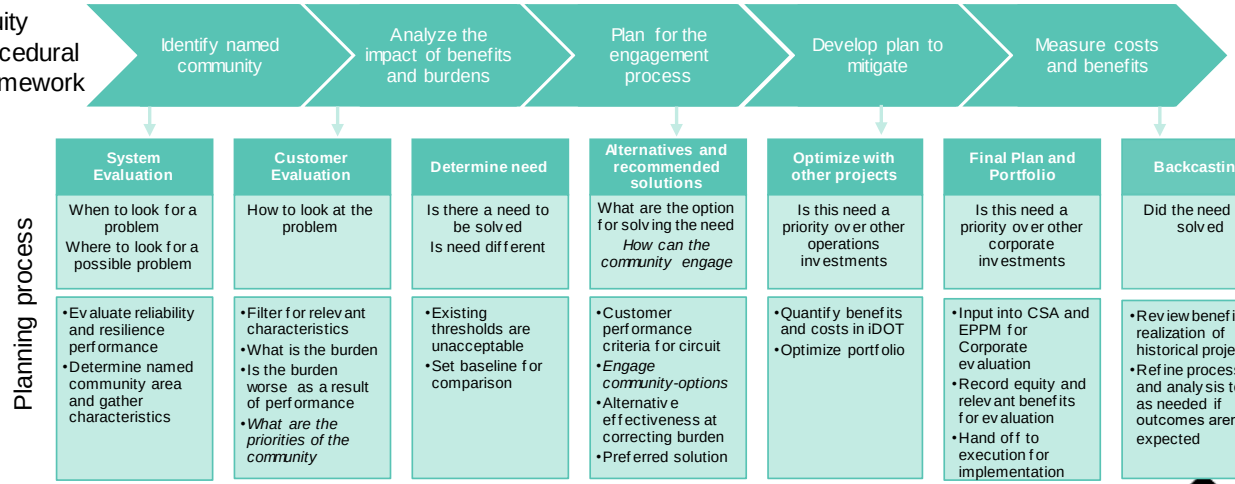
PSE PUGET SOUND ENERGY

Equity Procedural Framework Use Case: Delivery System Reliability Investment

Historical reliability performance is based on system averages which masks the impact to named communities and assumes the same impact or tolerance of poorer reliability is the same for all customers.

Bias
- SAIDI/SAIFI is better in named communities if calculated from a circuit perspective
- Rural customers are used to poor reliability and therefore prepare better for it and tolerate what others complain about
- Customer complaints gain priority in investment optimization, but these are not generally from named communities

Equity Procedural Framework



PSE PUGET SOUND ENERGY

Sharing program information with vulnerable customers

- In-language outreach to 121 small businesses in South King for energy efficiency improvements in Spanish, Vietnamese, Mandarin, Cantonese and Korean
- Work with trusted community groups to provide workshops and awareness around rebates and bill assistance, like the Latino Educational Training Institute Facebook Live event in Spanish
- Partner with Dignity for Divas on the application process for assistance and monthly open hours for questions regarding PSE's programs
- Blanket 50 resource fairs and food banks for recent limited time offer for low cost participation for smart thermostats, 14 are in-language for Spanish customers
- Find localized opportunities with food banks and resource fairs for distribution of income eligible program information
    - APOYO
    - CIELO

Powerful Partnership Program

The Outreach team partners with 11 locally-based organizations throughout the year to share information about our programs and products through trusted community voices, as well as providing a resource for the organization seeking to reduce or green up their own energy consumption.

PUGET SOUND ENERGY

Steering Committee Update

Equity

Troy Hutson

Director Energy Equity

April 19, 2023

PUGET SOUND ENERGY

Provide progress update and discuss future direction

Executive summary

Progress

- Added two team members
- Progress on three key processes: Customer Energy Management (CEM), Corporate Spending Authorization (CSA), Distribution System Planning (DSP)
- Engaged with Commission staff
- GRC outline
- Align with CEIP on biennial update
- Aligned with Climate Commitment (CCA)

Discussion topics

- Feedback on GRC testimony outline
- Operationalizing equity strategy

May SteerCo

- Team priorities and work plan
- Update on GRC outline
- Work back plan

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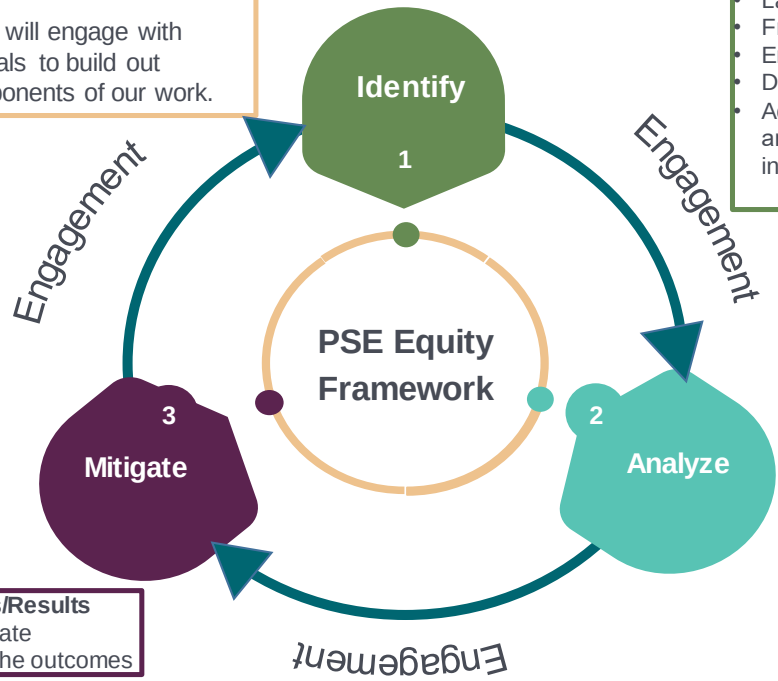
PSE's Equity Framework is consistently applied throughout the workplans

Community and Interested Persons Engagement Strategy
- A plan for how PSE will engage with groups and individuals to build out energy equity components of our work.



Identify
- Lay out equity strategy
- Framework
- Engagement
- Define success
- Acknowledge where named communities are in PSE's service territory and any inequities we identify from the data

Analyze
Identifying equity gaps and developing plans to mitigate

Progress/Results
- Results to date
- Measuring the outcomes

PUGET SOUND ENERGY

Progress

- Operationalizing equity in three key processes: CEM, CSA and DSP
- Performance metrics
- Commission engagement

PUGET SOUND ENERGY

Feedback on GRC testimony approach

Testimony outline

- Discuss equity framework
- Discuss statutory and regulatory background
- Plans going forward

Implementation of equity

- Corporate Spending Authorization
- Distributional System Planning
- Performance Metrics

Equity investment zones

- Centering underserved communities in the transition strategy
- Partnering to leverage other efforts

PUGET SOUND ENERGY

May SteerCo

- Team priorities and work plan
- Update on GRC outline
- Work back plan
- Topical issues

PUGET SOUND ENERGY

Appendix

- Engagement with Commission
- CEIP roadmap
- GRC outline
- Requirements for success
- CSA and DPM
- CEM
- Performance metrics
- Energy equity investment zones

PUGET SOUND ENERGY

Engagement with Commission staff confirmed alignment with current strategies

Introductions and begin trust-building

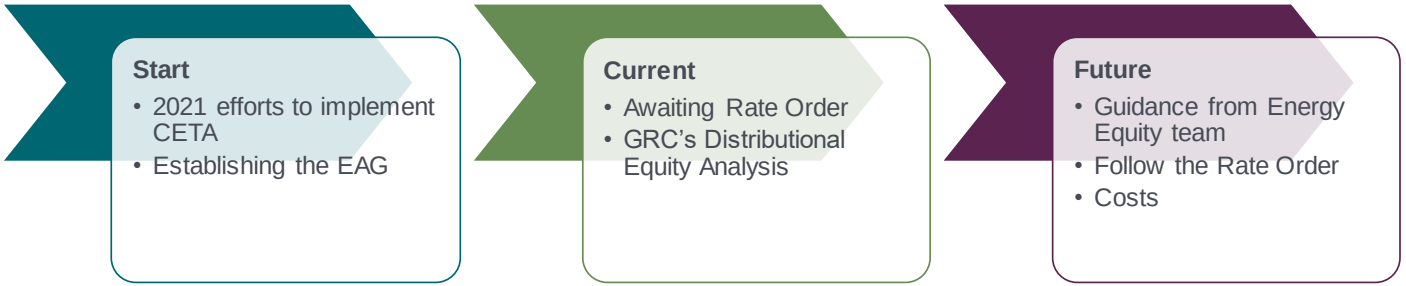
Discussed CEIP

General Rate Order

Alignment with direction and approach
Justice 40, Partnership Berkeley National Labs
University of Michigan Framework
American Council for an Energy – Efficient Economy (ACEEE)

PSE PUGET SOUND ENERGY

PSE's CEIP Equity Road Map



PUGET SOUND ENERGY

Key Equity Elements in the CEIP

CEIP 2021

- Named communities
- P2 Plan (EAG, CRAG etc.)
  - Customer education, and awareness program (CCEAWP)
- Root factors and disparities
- CBIs and metrics
- Specific actions
- Tracking and reporting

CEIP 2023 (Biennial Update)

- Building block for equity assessment
- Data sources for metrics and baseline data related to CBIs
- Identify and develop future CBIs with stakeholders
- Methodology for scoring and weighting CBIs
- Root factors and disparities
- Accessible, affordable programs designed and/or implemented

PSE PUGET SOUND ENERGY

Statutory and Regulatory Background

Relevant statutes – overview

- Clean Energy Transformation Act (CETA)
- Inslee Executive Order 22-02 – Achieving Equity in State Government - state agencies
- HEAL Act – Healthy Environment for All – covers 7 state agencies, but other agencies can opt in – UTC has opted in
- Climate Commitment Act
- SB 5295, Regulatory Reform Bill

Regulatory statements/Regulations - overview

- WAC 480-100-160, 480-100-620, 480-100-640, 480-100-655
- Cascade Natural Gas GRC UG-210755
- PSE GRC Order UE-220066, UG 220067 & UG 210918

PUGET SOUND ENERGY

Framework and external engagement

Other Equity Frameworks

- Brief discussion of other equity frameworks (Justice40, Michigan, ACEEE, etc.)

PSE Approach/Framework

- How is PSE approaching energy equity/framework (connection to PSE 2030)

What will PSE do over the rate plan

GRC Requirements

External engagement

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INITIATIVE 6

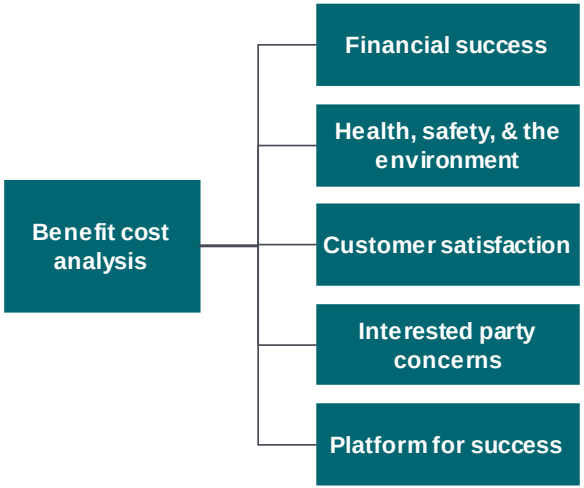
GRC has defined what is required		Many PSE processes will evolve to embed equity
Customer program capacity and participation	⟹	Designing DER and DSM customer programs
Equitable allocation of clean energy technology and investments	⟹	Capital allocation process for major projects
Equitable distribution of grid modernization infrastructure and its benefits	⟹	Grid planning (including upgrading metering systems) Planning for electric vehicle infrastructure installation
Affordability	⟹	Customer billing procedures
Engagement and participation	⟹	PSE external engagement strategy Community and interested persons engagement strategy
Distributional Equity Analysis (DEA)	⟹	Methodology to analyze benefits and burdens across PSE processes
Performance metrics	⟹	Develop metrics for GRC filing

PUGET SOUND ENERGY

Incorporating equity in Capital Planning and Delivery System Planning processes

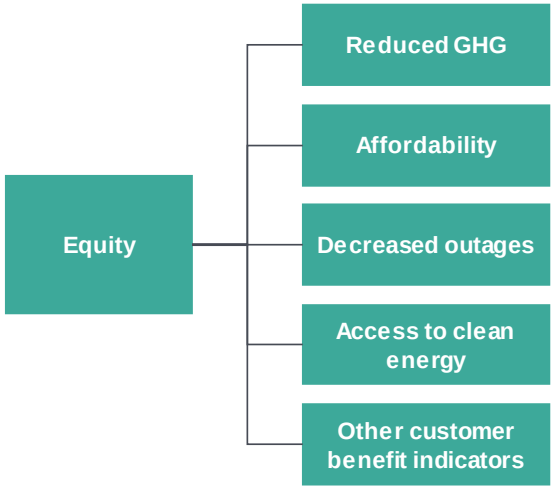
Past process:

Use a prioritization hierarchy in the investment decision optimization tool (iDOT)



Current process evolution:

Incorporate equity as an overlaying benefit category



Integrating impact into the EPPM score sheet

1 Evaluate equity impact

Ask yourself, "Is this project expected to positively impact any Customer Benefit Indicators (CBIs)?"
If yes, specify the area(s) impacted in the comments

2 Detailed considerations that indicate equity impact

Customer benefit indicators	Description	Criteria
Named community	Does this project directly and positively impact a named community?	Yes / No
Environment	Does this project support the reduction of greenhouse gas emissions and/or reduce climate change impact?	Yes / No
Affordability	Does this project enable or increase energy efficiency programs that improve home comfort and/or affordability?	Yes / No
Access to clean energy	Does this project provide better access to reliable, clean energy?	Yes / No
Resilience	Does this project decrease frequency and duration of outages?	Yes / No
Other	Does this project drive any other customer benefit indicators identified in CETA?	Yes / No

3 Indicate whether your project includes a CBI

CSA ID	Title	Approved as of	Target cycle	CSA Type	Validation	Current Cycle status	Completed by	Risk score	Financial score	Equity	Total score
	Project 1									Yes	
	Project 2									No	
	Project 3										

PUGET SOUND ENERGY

Customer Energy Management and Equity

The Customer Energy Management (CEM) department empowers customers to reduce and shift their energy use. Its core projects are the deployment of the Biennial Conservation Plan (BCP), demand response, and targeted electrification programs.

Advancing equity has been integral to achieving this goal via programs tailored for customers such as small businesses, multifamily properties, and customers with low-to-moderate incomes. Some of CEM's key equity efforts are:

- **The co-creation of the Named Communities Equity Dashboard in 2022.** This empowered staff to identify the location, participation rates, and demographics of Named Communities across PSE's service territory.
- **The creation of and hiring for the Equity Product Manager role.** CEM's target is to more equitably distribute benefits and burdens across all customer segments. As of November 2022, Ario Salazar has begun to infuse over two decades of expertise in this domain.

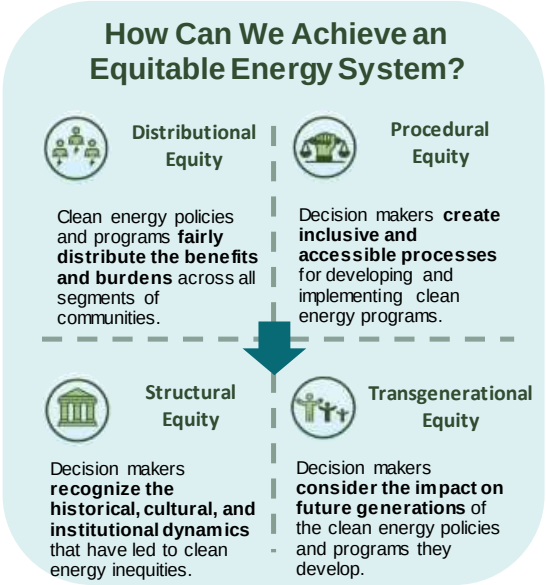
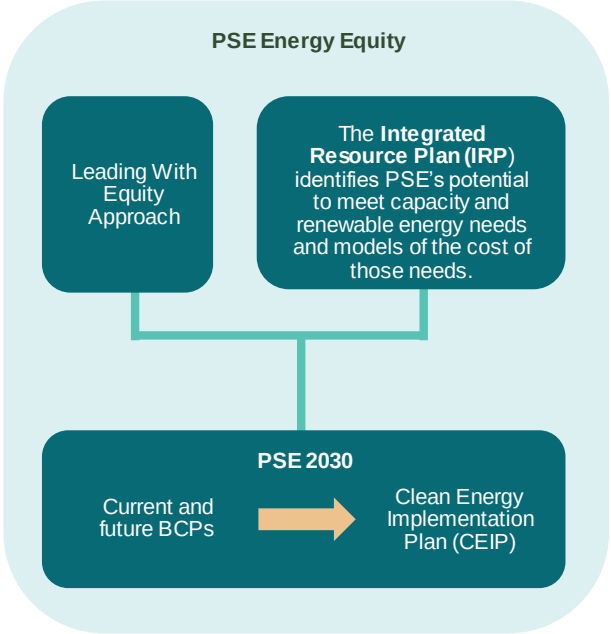


Image adapted from the American Council for an Energy-Efficient Economy (ACEEE) poster, adapted from the Urban Sustainability Directors Network 2014 report written by A. Park, Equity in Sustainability: An Equity Scan of Local Government Sustainability Programs.

PUGET SOUND ENERGY

CEM's Future Equity Plans

- We are blending public participation efforts through a Demand Response Public Participation Report (due May 15, 2023) and by developing a CEM-wide Public Participation Plan (due August, 2023). These tools will infuse customers' voices into our program designs.
- Our Leading with Equity strategy blends the ACEEE's equity framework and Federal Justice40 Initiative principles. This research and evidence based approach will also optimize the Named Communities dashboard.
- The CEM team has been trained on this human-centered equity strategy in order to scale up existing equity-related customer solutions that will increase participation in Named Communities in the current and next biennium (2024-25).
- A "Leading With Equity" Committee has been formed, pooling diverse PSE expertise and thought leadership to develop and steward Procedural & Distributional Equity priorities.



PUGET SOUND ENERGY

Performance metrics categorical comparisons

As Submitted UE-220066 Appendix A

Service Quality
- SQIs [2, 5, 6, 7, 8, 10, 11]
- SAIDI/SAIFI [SQI 3 & 4]

Resilient/Reliable/Customer Focused Grid
- DSM
- EV
- AMI

Environmental Improvements

Customer Affordability

Advancing Equity in Utility Operations

→

Regrouped by Equity Flags

Resources
- DER/EE/DSM
- CVR Impact
- TEP and EVSE

Fairness
- Energy Burden
- Bill Assistance
- AMI Reads/Switch*
- Arrearage/Past Due
- Disconnection

Environmental/Emissions

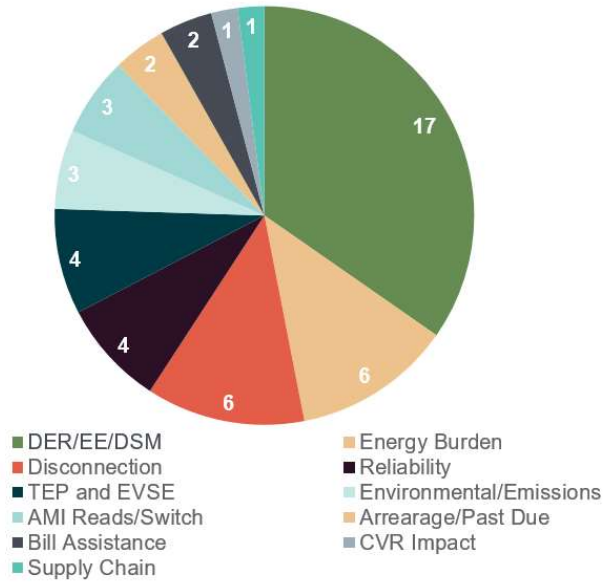
Reliability

Supply Chain

PUGET SOUND ENERGY

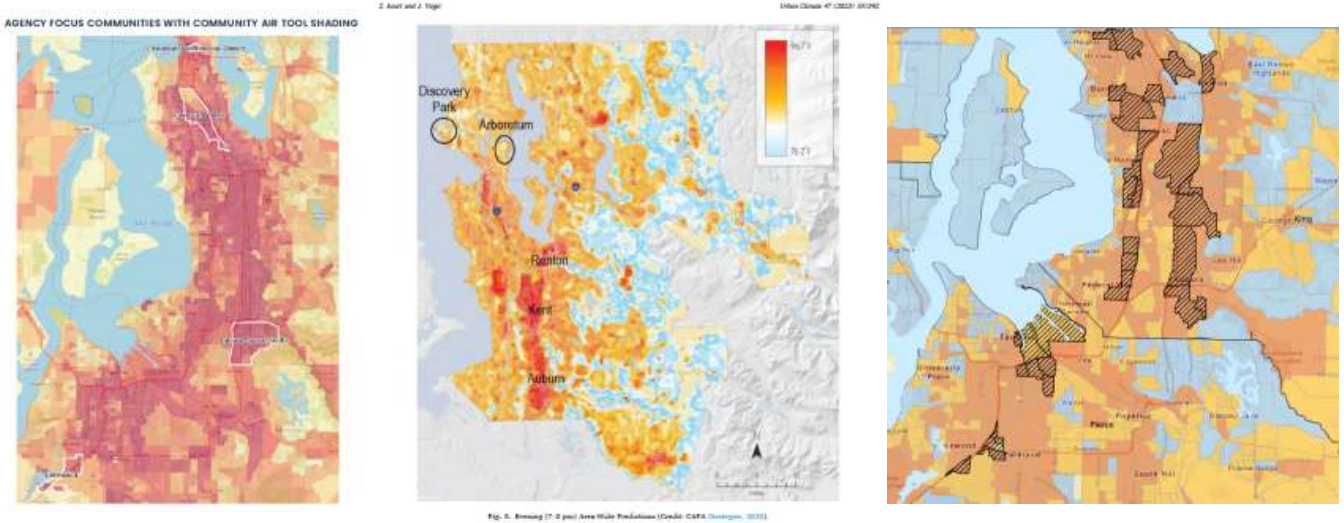
Performance metrics categories

Categories	TOTAL
Resources	22
• DER/EE/DSM	17
• CVR Impact	1
• TEP and EVSE	4
Fairness	19
Energy Burden	6
Bill Assistance	2
AMI Reads/ Switch	3
Arrearage/Past Due	2
Disconnection	6
Environmental/Emissions	3
Reliability	4
Supply chain	1
Total	**49**



PUGET SOUND ENERGY

Equity Investment Zones



Converging issues suggest an “Equity Investment Zone” where PSE programs/products/services meet PSE clean energy and equity goals/requirements, and also address parallel regional issues. Collaboration with regional partners expands the equity data set beyond PSE operational data and garners regional support for PSE.

PSE PUGET SOUND ENERGY

Steering Committee Update

Equity

Troy Hutson

Director Energy Equity

May 17, 2023

PSE PUGET SOUND ENERGY

Executive Summary

Accomplishments

- Alignment with CEIP
- Initial outreach to UW Centers, WA Dept of Ecology
- Team complete
- DEA pilot with LBNL*

Today's Discussion

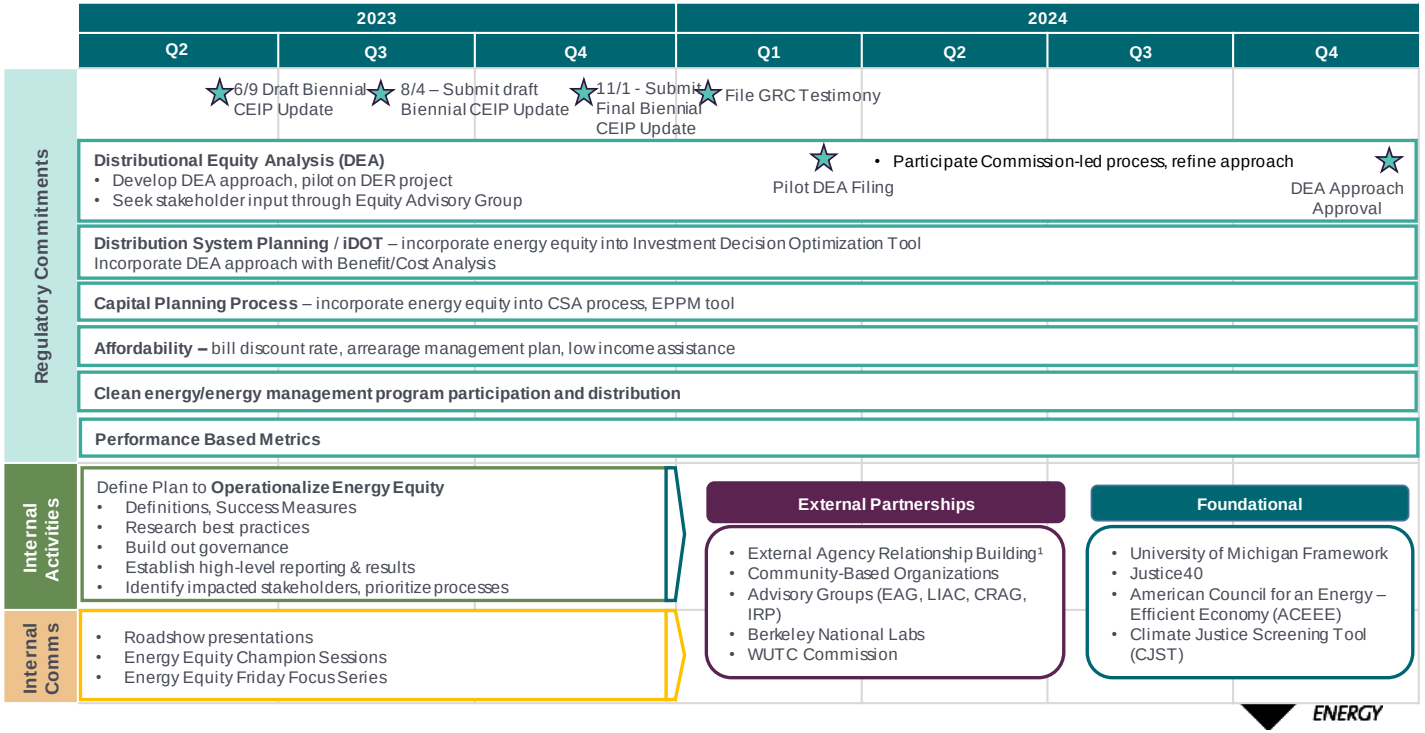
- Team priorities and work plan
- GRC work back plan
- Update on GRC outline
- Success Metrics

Next Steps

- Detailed internal team work plan
- Complete Draft CEIP Biennial Update
- GRC Testimony Preparation, includes developing guidance template

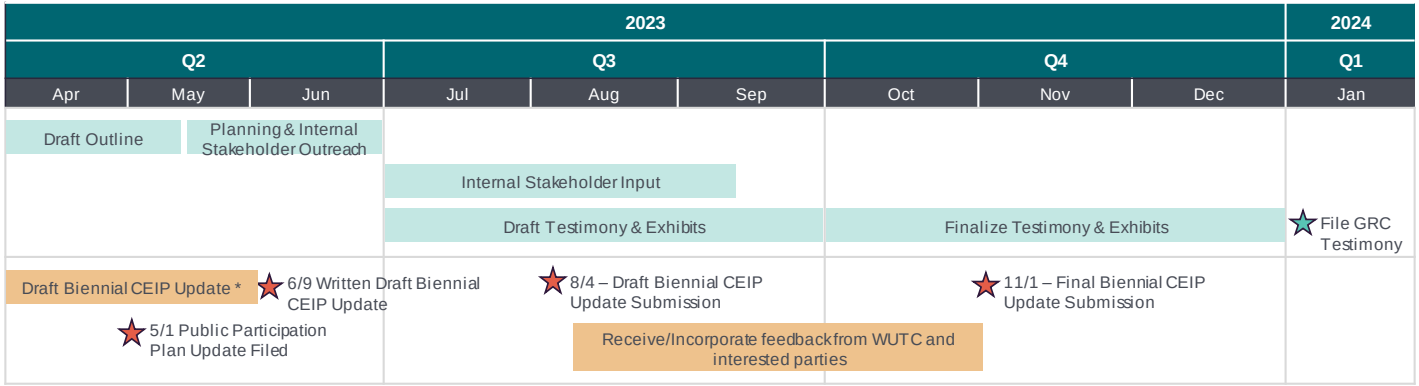
* Lawrence Berkeley National Laboratory

Energy Equity Work Plan



[1] UW Climate Impacts Group, WA State Dept of Ecology, PSCAA, etc

Energy Equity GRC & CEIP Work Back Plan



Area	Lead	GRC	CEIP
Overall Energy Equity Summary, Framework, Approach	Energy Equity (Troy Hutson)		
Distributional Equity Analysis	New Product Development (Will Einstein)		
Distributional Equity Analysis	State Regulatory Affairs (Jon Pilaris)		
Delivery System Planning / iDOT	Planning (David Landers)		
Corporate Capital Planning	Financial Planning & Analysis (Josh Kensock)		
Performance Metrics	Customer Insights (Carol Wallace)		
Electrification pilot	Customer Energy Management (Gilbert Archuleta) Strategic Energy Initiatives (John Mannetti)		
Customer Benefit Indicators, Public Participation	Clean Energy Strategy (Kara Durbin)		
Customer Benefit Indicators	Project Delivery (Roque Bamba)		

GRC CEIP

* Should align with final CEIP order from WUTC

PUGET SOUND ENERGY

GRC Outline

Vision & Strategy

Four Equity Dimensions

PSE's Framework/Approach

- Brief discussion of other equity frameworks (Justice40, Michigan, ACEEE, etc.)
- How is PSE approaching energy equity/framework (connection to PSE 2030, ILLUME)

Equity Elements in CEIP

Statutory Requirements

PSE's Progress on GRC Requirements

Upcoming Plans

Engagement Strategy/Plan

PUGET SOUND ENERGY

Engagement Plan

Discussion with local agencies/organizations –

- UW Climate Impacts Group
- Pacific NW National Laboratory (PNNL)
- WA State Dept of Ecology
- Puget Sound Clean Air Agency (PSCAA)

Partner with communities in decision-making process, including development of alternatives and identifying solution, with:

- Community-Based Organizations
- Advisory Groups (EAG, LIAC, CRAG, IRP)
- Stakeholders in named communities

Coordination with Community Engagement, Community Outreach, Tribal Affairs, Local Government Affairs

PSE PUGET SOUND ENERGY

Proposed Guiding Principles & Success Metrics

Guiding Principles[1]

Everyone has continuous access to energy (no/limited shutoffs)

Everyone lives in a healthy, safe, and comfortable home

No one spends more than 6% of their income on energy bills

Those who are most impacted have the most powerful voice in decision-making and receive a share of benefits needed to remedy historical disparities

Embedded Processes

- # processes completed (regulatory requirements)
- # processes completed (non-regulatory requirements)

Energy Benefits Distribution

- % benefits in clean energy distributed to named communities in Equity Investment Zones

Engagement

- External Engagement
- Internal Engagement – employee culture shift
- Training & Education – external & internal awareness of what PSE is doing

[1] Source: University of Michigan's Energy Equity Project Framework

PSE PUGET SOUND ENERGY

Appendix

- GRC Outline Details
  - Energy Equity dimensions
  - PSE's Equity Framework
  - CEIP Equity Elements
  - Draft GRC Testimony Guidance
- Requirements for success

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UTC provided guidance that we must take a proactive approach to ensure “systemic harm is reduced rather than perpetuated by our processes, practices and procedures

Recognition

Requires an understanding of historic and ongoing inequalities and prescribes efforts that seek to reconcile these inequalities

Procedural

Focuses on inclusive decision-making processes and seeks to ensure that proceedings are fair, equitable, and inclusive for participants, recognizing that marginalized and vulnerable populations have been excluded from decision-making process

Restorative

Utilizes regulatory government organizations or other interventions to disrupt and address distributional, recognitional or procedural injustices and to correct them through laws, rules, policies, orders and practices.

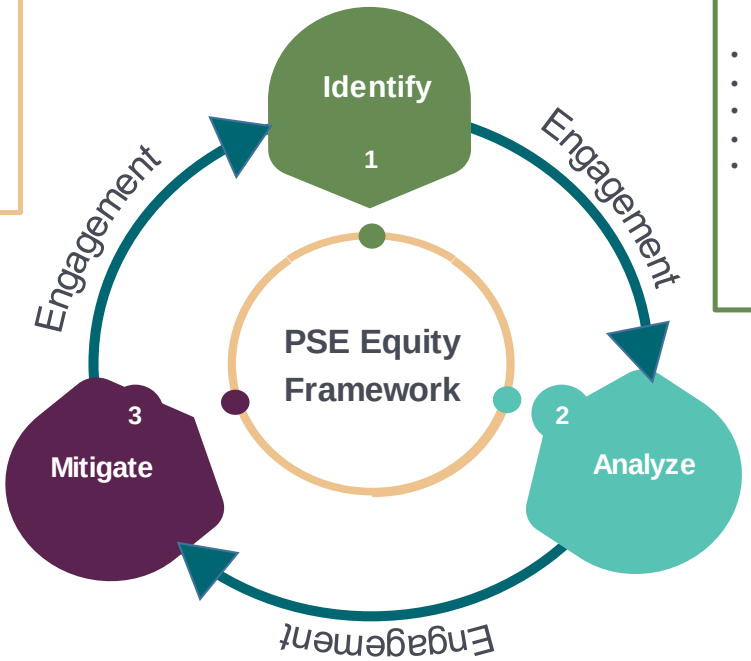
Distributional

Distribution of benefits and burdens across populations. Aims to ensure marginalized and vulnerable populations do not receive inordinate share of the burdens or are denied access to beneifts

PUGET SOUND ENERGY

PSE's Equity Framework is consistently applied throughout the workplans

Community and Interested Persons Engagement Strategy
- A plan for how PSE will engage with groups and individuals to build out energy equity components of our work.



Identify
- Lay out equity strategy
- Framework
- Engagement
- Define success
- Acknowledge where named communities are in PSE's service territory and any inequities we identify from the data

Analyze

Identifying equity gaps and developing plans to mitigate

Progress/Results
- Results to date
- Measuring the outcomes

PUGET SOUND ENERGY

Key Equity Elements in the CEIP

CEIP 2021

- Named communities
- P2 Plan (EAG, CRAG etc.)
  - Customer education, and awareness program (CCEAWP)
- Root factors and disparities
- CBIs and metrics
- Specific actions
- Tracking and reporting

CEIP 2023 (Biennial Update)

- Building block for equity assessment
- Data sources for metrics and baseline data related to CBIs
- Identify and develop future CBIs with stakeholders
- Methodology for scoring and weighting CBIs
- Root factors and disparities
- Accessible, affordable programs designed and/or implemented

PSE PUGET SOUND ENERGY

Testimony Guidance

ILLUSTRATIVE ONLY

	Overview	Questions to Consider	KPIs
Recognition	Understanding of historic and ongoing inequalities and prescribes efforts that seek to reconcile these inequalities	• **Energy Security** - How continuously, safely, and reliably one has access to energy without interruption or compromising other basic needs or comfort? • **Affordability** - Do we have rate structures, payment plans, financial assistance, household financial benefits from clean energy programs, and disparities in energy costs among different demographic groups?	• Demographics • Pollution burden • Power outage frequency and disparities • Shutoffs/shutoff policies • Bill Arrearages
Procedural	Focuses on inclusive decision-making processes and seeks to ensure that proceedings are fair, equitable, and inclusive for participants, recognizing that marginalized and vulnerable populations have been excluded from decision-making process	• **Access** - How easy is it for people to learn about, qualify for, and enroll in programs? • **Procedural** -To what extent are named communities able to engage in decarbonization planning, and have a meaningful voice in how plan and policies are created and designed?	• Multi-lingual ads, program materials, enrollment, and participation • Access for renters • Disparities in participation rates
Distributional	Distribution of benefits and burdens across populations. Aims to ensure marginalized and vulnerable populations do not receive inordinate share of the burdens or are denied access to beneifts	• **Household benefits** - What are the immediate financial and health benefits that participating households receive? • **Community benefits** - What are the medium- and long-term community level or indirect benefits including health, wealth-building, jobs, and environment?	• Reduction in heat islands • Improved outdoor air quality • Energy burden disparities
Restorative	Utilizes regulatory government organizations or other interventions to disrupt and address distributional, recognitional or procedural injustices and to correct them through laws, rules, policies, orders and practices.	• **Power to People** - Who are the ultimate decision-makers? • **Power to People** - Are we supporting community ownership? • **Restoring Our Relations** - Are we thinking holistically about equity?	• Primary approach is qualitative best practices; does not lend itself to quantitative measurement.

Source: University of Michigan's Energy Equity Project Framework

PSE PUGET SOUND ENERGY

Statutory and Regulatory Background

Relevant statutes – overview

- Clean Energy Transformation Act (CETA)
- Inslee Executive Order 22-02 – Achieving Equity in State Government - state agencies
- HEAL Act – Healthy Environment for All – covers 7 state agencies, but other agencies can opt in – UTC has opted in
- Climate Commitment Act
- SB 5295, Regulatory Reform Bill

Regulatory statements/Regulations - overview

- WAC 480-100-610, 480-100-620, 480-100-640, 480-100-655
- Cascade Natural Gas GRC UG-210755
- PSE GRC Order UE-220066, UG 220067 & UG 210918

PUGET SOUND ENERGY

INITIATIVE 6

GRC has defined what is required		Many PSE processes will evolve to embed equity
Customer program capacity and participation	⟹	Designing DER and DSM customer programs
Equitable allocation of clean energy technology and investments	⟹	Capital allocation process for major projects
Equitable distribution of grid modernization infrastructure and its benefits	⟹	Grid planning (including upgrading metering systems) Planning for electric vehicle infrastructure installation
Affordability	⟹	Customer billing procedures
Engagement and participation	⟹	PSE external engagement strategy Community and interested persons engagement strategy
Distributional Equity Analysis (DEA)	⟹	Methodology to analyze benefits and burdens across PSE processes
Performance metrics	⟹	Develop metrics for GRC filing

PUGET SOUND ENERGY

Steering Committee Update

Energy Equity

Troy Hutson

Director Energy Equity

June 14, 2023

PSE PUGET SOUND ENERGY

Executive Summary

Accomplishments

- Developed model for operationalizing equity within PSE
- Team fully staffed
- DEA pilot with LBNL*

Today's Discussion

- Energy Equity Progress
- Updated GRC Workback Plan
- Team priorities and work plan
- Model for operationalizing equity within PSE

Next Steps

- Develop 3-year roadmap
- Complete Draft CEIP Biennial Update
- GRC Testimony Preparation

* Lawrence Berkeley National Laboratory

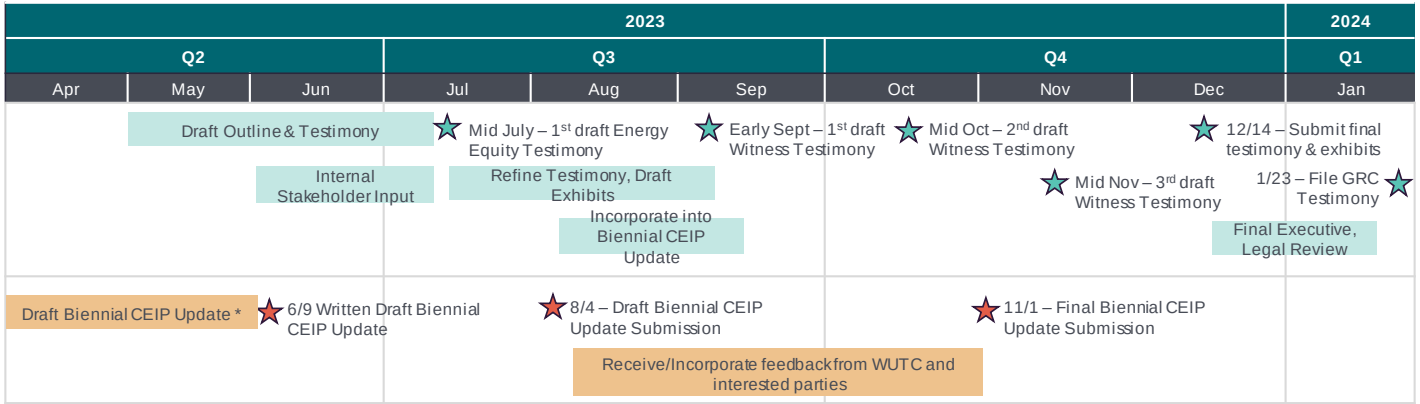
Energy Equity Report

	Area	Current Overall Health	Progress
GRC Requirements	Delivery System Planning / iDOT		New iDOT tool implemented. Benefits included based on CBIs. Optimizing in July.
	Corporate Capital Planning / CSA		Incorporated Customer Benefit Indicator & Equity considerations in EPPM. Starting current state process review.
	Distributional Equity Analysis		Expecting workshop information from WUTC in June. Potential collaboration with LBNL and Dept of Energy.
	Targeted Electrification Pilot		RFP for pilot implementation partner in progress.
	Affordability		Working with LIAC to develop Bill Discount Rate (BDR) and Arrearage Mgmt Plan (AMP); file tariff by 7/1.
Performance Metrics	Performance-Based Ratemaking Metrics		Provided annual update on all 119 metrics to WUTC in March; further work to define frequency of updates.
Operationalization	Operationalize Equity		Draft plan defined; defined model to measure progress

PUGET SOUND ENERGY

Non-GRC Requirements include: CEIP / IRP, Customer Energy Management, Distributed Energy Resources

Energy Equity GRC & CEIP Work Back Plan



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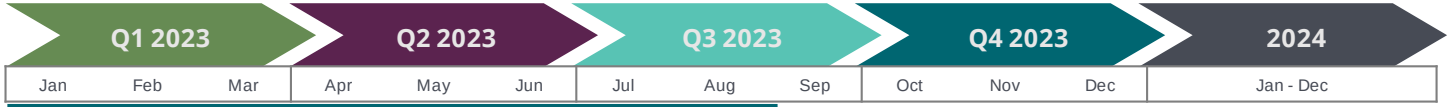
Distributional Equity Analysis	State Regulatory Affairs (Jon Pilaris)		
Delivery System Planning / iDOT	Planning (David Landers)		
Corporate Capital Planning	Financial Planning & Analysis (Josh Kensock)		
Performance Metrics	Various		
Affordability	Customer Solutions (Carol Wallace) Customer Energy Management (Gilbert Archuleta)		
Electrification pilot	Customer Energy Management (Gilbert Archuleta) Strategic Energy Initiatives (John Mannetti)		
Customer Benefit Indicators, Public Participation	Clean Energy Strategy (Kara Durbin)		

GRC CEIP

* Should align with final CEIP order from WUTC

PSE PUGET SOUND ENERGY

Energy Equity Work Plan – Internal Activities



Build out team & Foundational Resources

- Define energy equity team structure and **fill critical roles**
- Develop Energy Equity **Roadshow Presentation**
- Develop **Templates / Guidance**, and **Resources**
- Construct "**success metrics**"
- Set up website

Roadmap & Energy Equity Analysis

- **Identify** processes with energy equity impacts
- **Prioritize** processes to embed energy equity
- Define **3-year roadmap**

Develop Metrics & Evaluate

- **Identify KPIs / metrics** to track progress
- **Measure and evaluate** progress & maturity

Embed Energy Equity into Processes

- Deep dives – Meet with stakeholders
- Perform data analysis (if needed)

Internal Communications

- Define **Internal Communications Plan**
- Roadshow presentations
- Lead with Equity Sessions
- Energy Equity Internal Employee Communications

Customer Engagement & Outreach

- Coordination with Customer Engagement & Outreach to define **External Stakeholder Plan**

Model for Operationalizing Equity at PSE

In each of the four tenets, consider:

- What have you done for highly impacted communities and vulnerable populations?
- What measures are you able to provide in these areas?
  - Process measures (what's been done to incorporate energy equity, what changes have been made)
  - Engagement measures
  - Impact measures
- Additional guidance and questions are provided below.

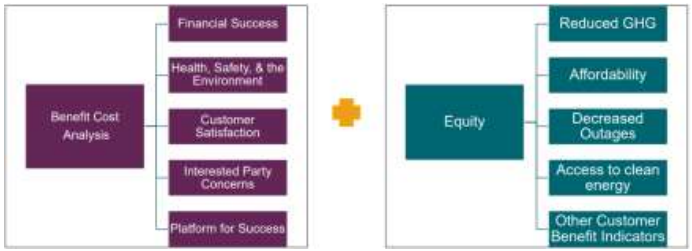
	Overview	Additional Guidance
Recognition	**Understanding of historic and ongoing inequalities** and prescribes efforts that seek to reconcile these inequalities	• Have you identified the communities you're targeting? What are their characteristics (eg housing, energy burden, pollution, health, economic, etc)? • What are the root factors that have led to historic and current inequities?
Procedural	Focuses on **inclusive decision-making processes** and seeks to ensure that proceedings are fair, equitable, and inclusive for participants, recognizing that marginalized and vulnerable populations have been excluded from decision-making process	• How are you being inclusive and accessible in your engagement in named communities? • Have you engaged with the right Community-Based Organizations? • How are you engaging named communities in legal / regulatory proceedings? • How are you using the feedback from named communities? How are you informing your decisions based on their feedback?

Distributional	**Distribution of benefits and burdens** across populations. Aims to ensure marginalized and vulnerable populations do not receive inordinate share of the burdens or are denied access to benefits	• What have you done in your process(es) to incorporate energy equity? What changes have been made?
		• How are you measuring your impact?
		  ○ Have you established baseline measures and able to track progress of impact?
		  ○ What are you doing to measure community engagement?
		  ○ Are benefits distributed equitably and fairly? What % of programs/projects are received by named communities?

Restorative	Utilizes regulatory government organizations or other interventions to disrupt and address distributional, recognitional or procedural injustices and to correct them through **laws, rules, policies, orders and practices**.	• What do you see success looking like? • Are processes eliminating future inequities?

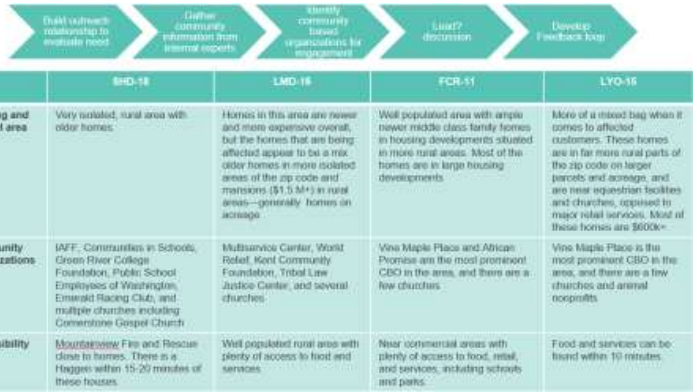
Applying Equity Model to the Distributional System Planning / iDOT process

Distributional Equity



iDOT benefit to cost analysis will consider in parallel equity value captured for each project and program

Procedural Equity



	BHD-18	LMD-18	FCR-11	LYO-16
Housing and general area	Very isolated, rural area with older homes	Homes in this area are newer and more expensive overall, but the homes that are being affected appear to be a mix older homes in more isolated areas of the zip code and mansions ($1.5 M+) in rural areas—generally homes on acreage	Well populated area with ample newer middle class family homes in housing developments situated in more rural areas. Most of the homes are in large housing developments	More of a mixed bag when it comes to affected customers. These homes are in far more rural parts of the zip code on larger parcels and acreage, and are near equestrian facilities and churches, opposed to major retail services. Most of these homes are $600k+
Community Organizations	IAFF, Communities in Schools, Green River College Foundation, Public School Employees of Washington, Emerald Racing Club, and multiple churches including Cornerstone Gospel Church	Multiservice Center, World Relief, Kent Community Foundation, Tribal Law Justice Center, and several churches	Vine Maple Place and African Promise are the most prominent CBO in the area, and there are a few churches	Vine Maple Place is the most prominent CBO in the area, and there are a few churches and animal nonprofits
Accessibility	Mountainview Fire and Rescue close to homes. There is a Haggen within 15-20 minutes of these houses	Well populated rural area with plenty of access to food and services	Near commercial areas with plenty of access to food, retail, and services, including schools and parks	Food and services can be found within 10 minutes

Community Outreach team can help inform on Community Information

Applying Equity Model to the Capital Planning Process (EPPM tool)

Equity

❖ EPPM Score sheet & Equity

1. Qualitative scoring (Yes/No)
2. Guidance anchored in Customer Benefit Indicators (CBIs)
3. Imbed Equity at the Portfolio level

Developing an energy equity framework that aligns equity with key enterprise business and financial objectives

11

Key Takeaway
Understand the approach and help drive awareness.

1

Equity Impact (Click for detailed considerations)	Does this project impact a named community, the environment, affordability, access to clean energy, resilience and/or other customer benefit indicators? Specify the area(s) impacted in the comments.	Yes/No

'Detailed Considerations' link provides the guidance below:

Customer Benefit Indicators	Description	Criteria
2 Named Community	Does this project directly impact a named community (highly impacted community or highly vulnerable population)?	Yes/No
Environment	Does this project support the reduction of greenhouse gas emissions and/or reduce climate change impact?	Yes/No
Affordability	Does this project enable or increase energy efficiency programs that improve home comfort and/or affordability?	Yes/No
Access to Clean Energy	Does this project provide better acces to reliable, clean energy?	Yes/No
Resilience	Does this project decrease frequency and duration of outages?	Yes/No
Other	Does this project drive any other customer benefit indicators identified in CETA (example: public health, air quality, accessibility, clean energy jobs, outreach, etc.)?	Yes/No

CSA ID	Title	Approved As Of	Target Cycle	CSA Type	Validation	Current Cycle Status 28 Days Left	Completed By	Risk Score	Financial Score	3 Equity	Total Score
	Project 1									Yes	
	Project 2									Yes	
	Project 3									No	
	Project 4									Yes	
	Project 5									No	

Identifying Excellence in Energy Equity

Proposed Guiding Principles & Success Metrics

Guiding Principles[1]

Everyone has continuous access to energy (no/limited shutoffs)

Everyone lives in a healthy, safe, and comfortable home

No one spends more than 6% of their income on energy bills (energy burden)

Those who are most impacted have the most powerful voice in decision-making and receive a share of benefits needed to remedy historical disparities

Embedded Processes

- # processes completed (regulatory requirements)
- # processes completed (non-regulatory requirements)

Energy Benefits Distribution

- % benefits in clean energy distributed to named communities in Equity Investment Zones

Engagement

- External Engagement
- Internal Engagement – employee culture shift
- Training & Education – external & internal awareness of what PSE is doing

[1] Source: University of Michigan's Energy Equity Project Framework

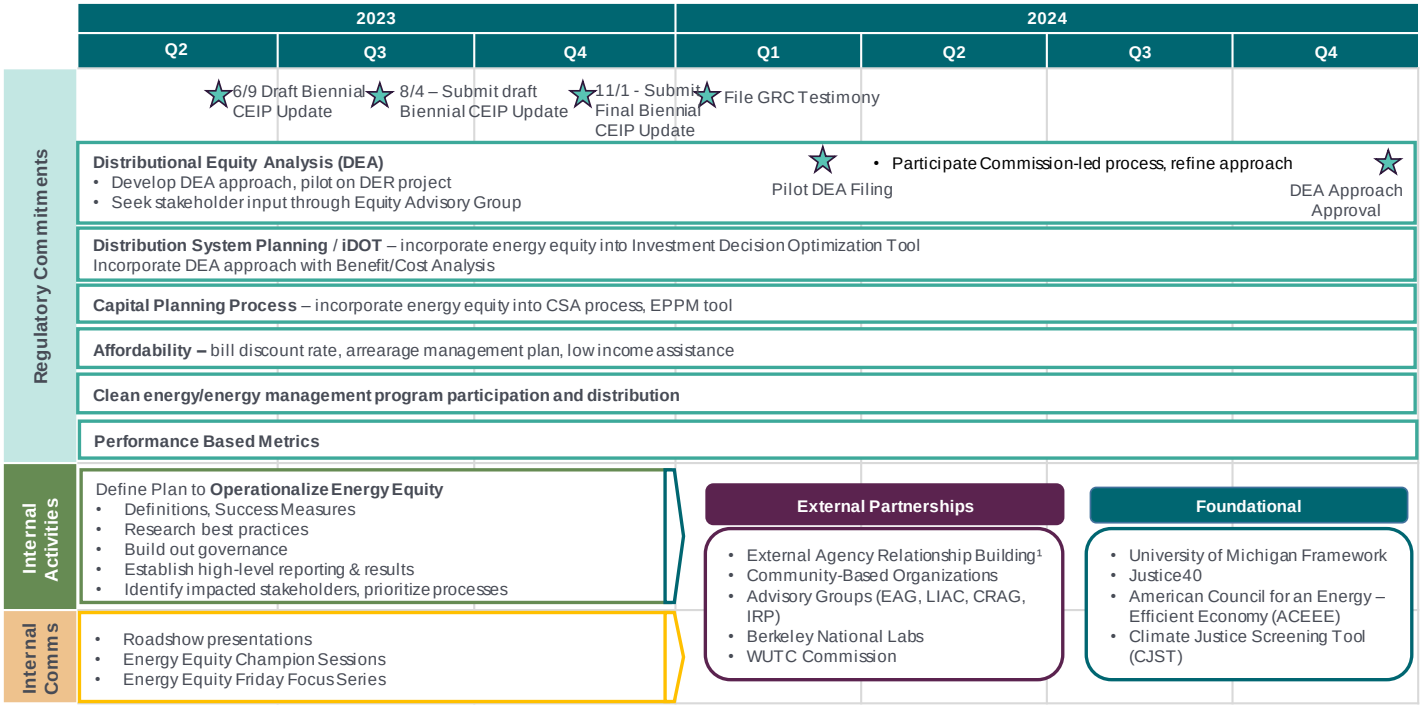
PSE PUGET SOUND ENERGY

Appendix

- High-Level Work Plan
- Energy Impacts on Business Capabilities

PUGET SOUND ENERGY

Energy Equity Work Plan

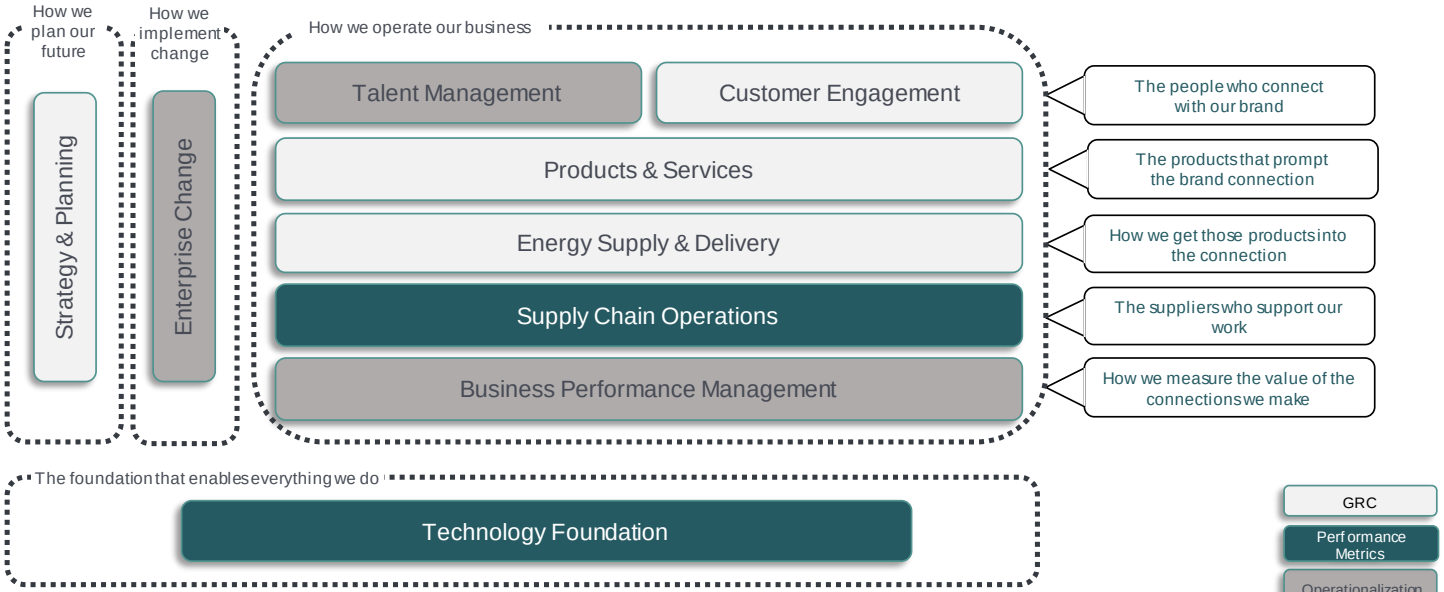


[1] UW Climate Impacts Group, WA State Dept of Ecology, PSCAA, etc

Puget Sound Energy Capability Model – How we operate

The PSE Capability Model represents what we do. There are four components to the model which describe how we Plan, Change, Operate enable our enterprise.

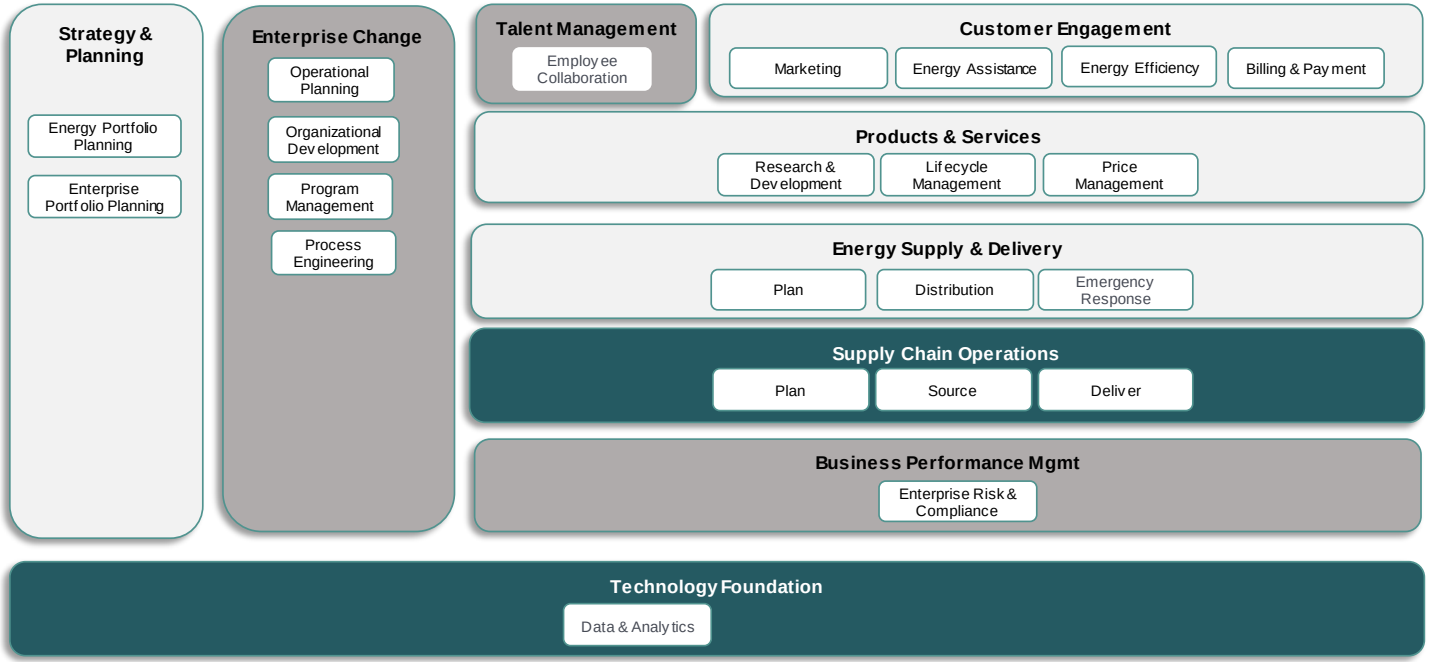
In our operating segments we see people, events, and products that for the brand connection we make in our service area, along with how we make those things happen and measure business value.



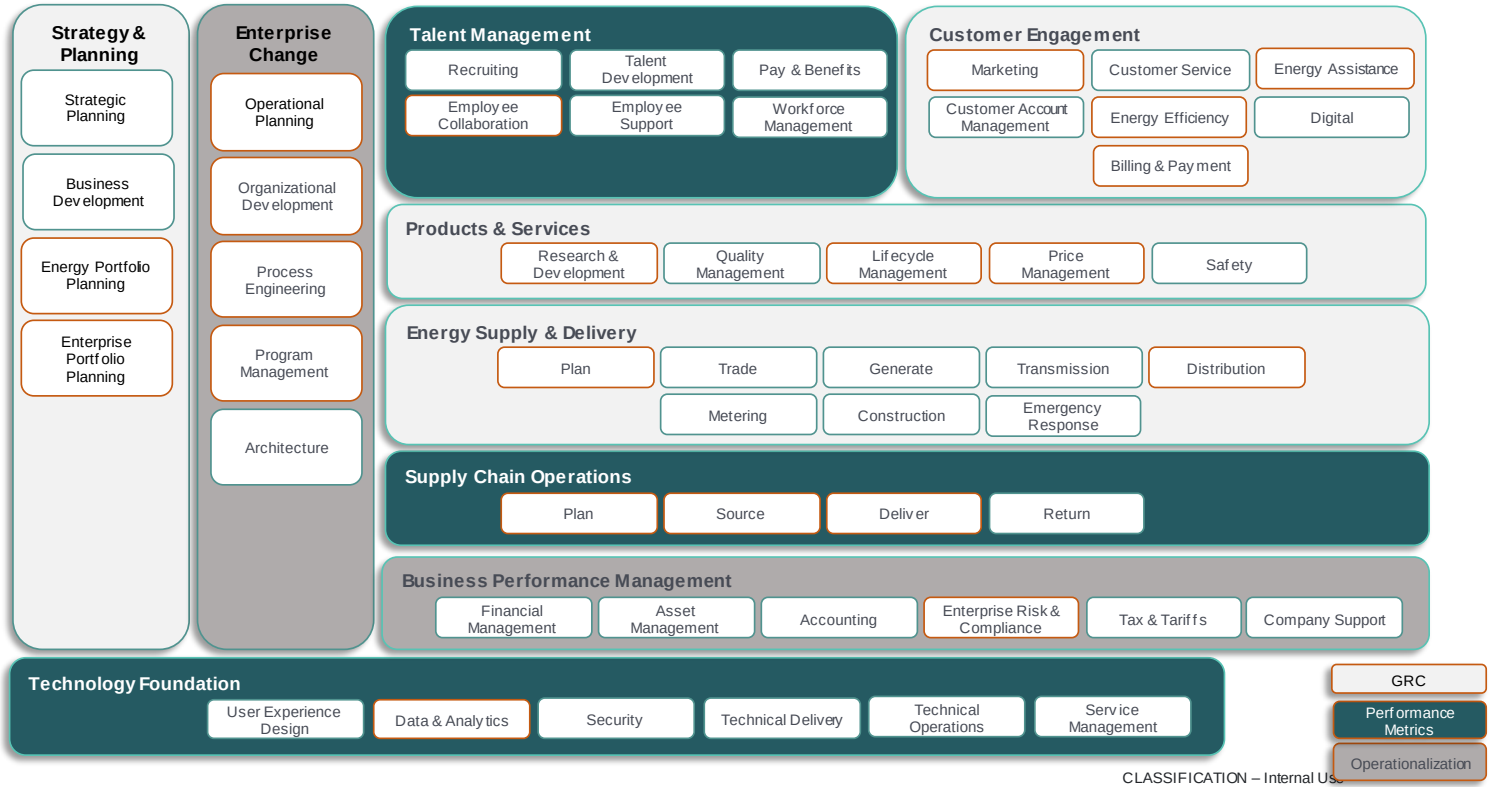
CLASSIFICATION – Internal Use

Energy Equity Business Impacts

GRC
Performance Metrics
Operationalization

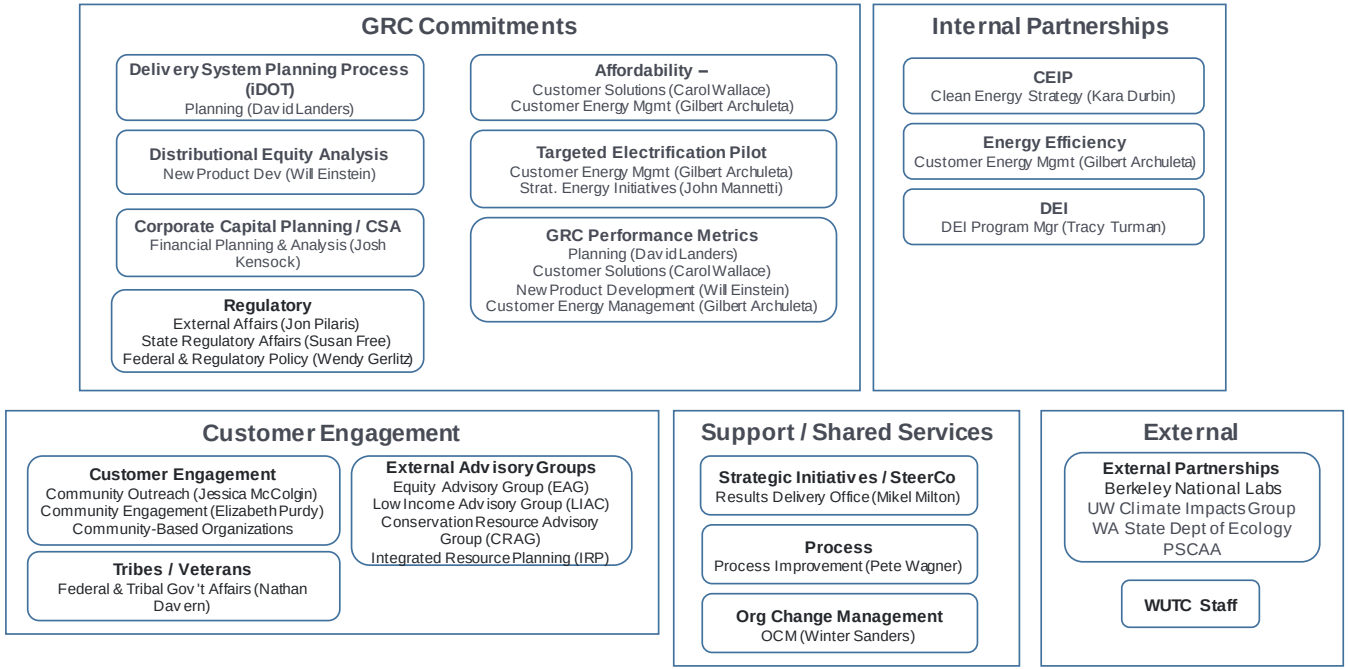


CORE BUSINESS CAPABILITIES



CLASSIFICATION – Internal Use

Organizational Impacts



Steering Committee Update

Energy Equity

Troy Hutson

Director Energy Equity

July 26, 2023

PSE PUGET SOUND ENERGY

Executive Summary

Accomplishments

- Measurable progress meeting regulatory requirements and preparing for CEIP Biennial update and GRC
- Progress on DEA pilot with LBNL*
- Partnership with UW Centers
- Initial equity testimony drafted
- 3-year roadmap drafted

Today's Discussion

- Defining excellence
- Embedding equity in capital planning & distribution planning processes
- Engagement model
- Benefits approach

Next Steps

- GRC Testimony Preparation
- Vulnerable Population methodology
- Complete Draft CEIP Biennial Update
- Develop Benefits approach

* LBNL: Lawrence Berkeley National Laboratory

Energy Equity Report

	Area	Health	Risk*	Progress
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Non-GRC Requirements include: CEIP / IRP, Customer Energy Management, Distributed Energy Resources
* Risk – based on level of complexity and interest from UTC, interested parties

Identifying Excellence in Energy Equity

Model for Operationalizing Equity at PSE

In each of the four tenets, consider:

- What have you done for highly impacted communities and vulnerable populations?
- What measures are you able to provide in these areas?
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  - Engagement measures
  - Impact measures
- What's your progress and what are your future plans?
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	Overview	Additional Guidance
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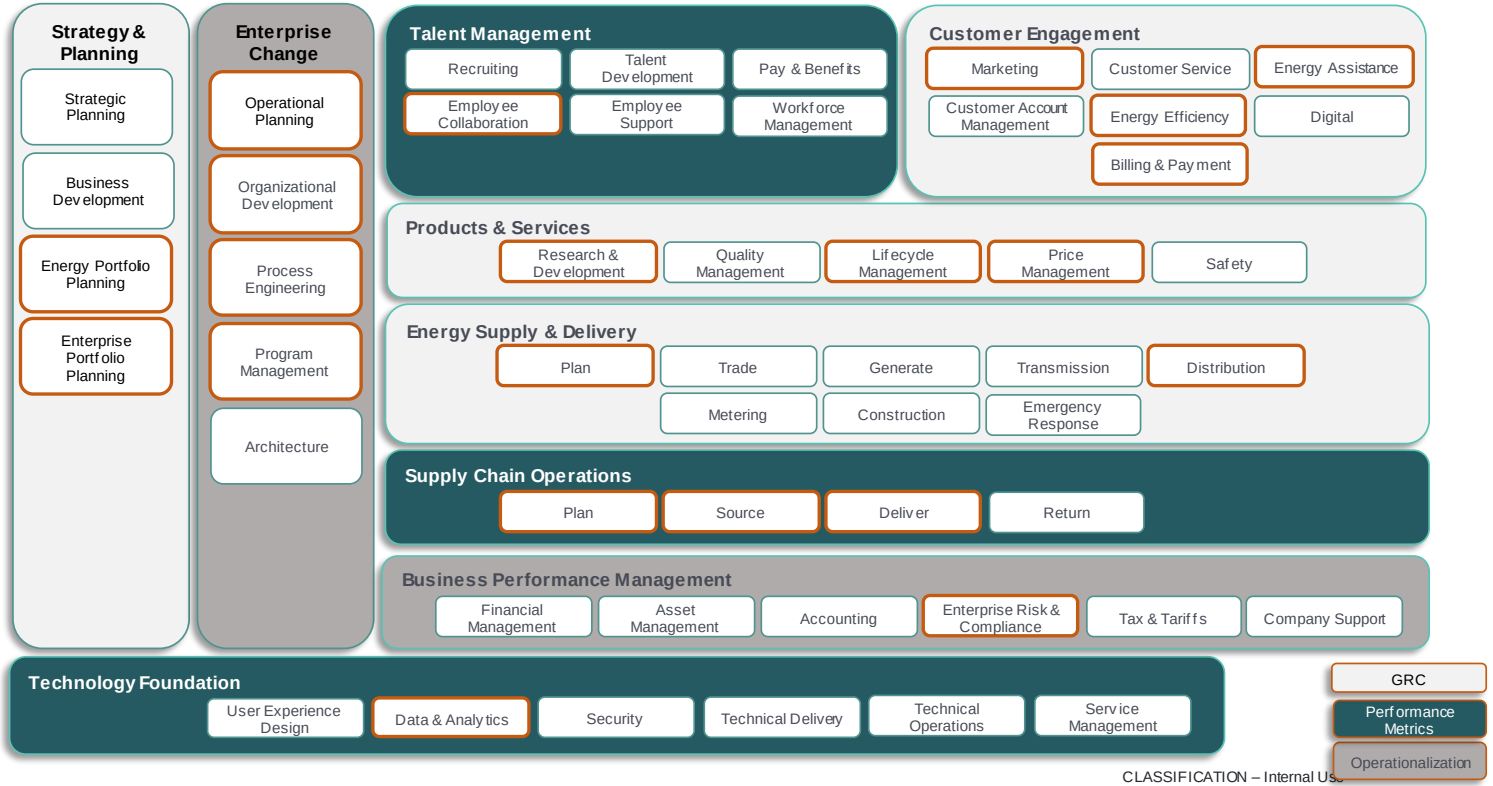
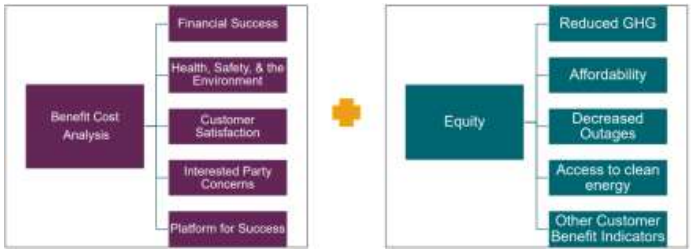
Process-Based Prioritization of Equity



CLASSIFICATION – Internal Use

Applying Equity Model to the Distributional System Planning / iDOT process

Distributional Equity



iDOT benefit to cost analysis will consider in parallel equity value captured for each project and program

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Community Organizations	IAFF, Communities in Schools, Green River College Foundation, Public School Employees of Washington, Emerald Racing Club, and multiple churches including Cornerstone Gospel Church	Multiservice Center, World Relief, Kent Community Foundation, Tribal Law Justice Center, and several churches	Vine Maple Place and African Promise are the most prominent CBO in the area, and there are a few churches	Vine Maple Place is the most prominent CBO in the area, and there are a few churches and animal nonprofits
Accessibility	Mountainview Fire and Rescue close to homes. There is a Haggen within 15-20 minutes of these houses	Well populated rural area with plenty of access to food and services	Near commercial areas with plenty of access to food, retail, and services, including schools and parks	Food and services can be found within 10 minutes

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Applying Equity Model to the Capital Planning Process (EPPM tool)

Equity

❖ EPPM Score sheet & Equity

1. Qualitative scoring (Yes/No)
2. Guidance anchored in Customer Benefit Indicators (CBIs)
3. Imbed Equity at the Portfolio level

Developing an energy equity framework that aligns equity with key enterprise business and financial objectives

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Key Takeaway
Understand the approach and help drive awareness.

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	Project 1									Yes	
	Project 2									Yes	
	Project 3									No	
	Project 4									Yes	
	Project 5									No	

Engagement Plan

Leverage CEIP P2 plan and PSE external engagement strategy

Coordination with Community Engagement, Community Outreach, CEIP Customer Education & Awareness Program (CCEAP), Tribal Affairs, Local Government Affairs, Planning

Discussion with local agencies/organizations –

- UW Climate Impacts Group, UW Center for Health and Global Environment (CHanGE), WA State Dept of Ecology, Puget Sound Clean Air Agency (PSCAA)

Partner with communities in decision-making process, including development of alternatives and identifying solution, with:

- Community-Based Organizations
- Advisory Groups (EAG, LIAC, CRAG, IRP)
- EAG community forums
- Interested parties in Equity Investment Zones
- WA ethnic commissions

PSE PUGET SOUND ENERGY

Benefits Approach

PSE's Energy Equity Goal: 40% of clean energy benefits flow to named communities

Justice40

40% benefits of certain Federal investments flow to disadvantaged communities that are marginalized, underserved, and overburdened by pollution

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At least **35% funds** be invested in projects that benefit overburdened communities, and minimum of 10% go to projects with tribal support

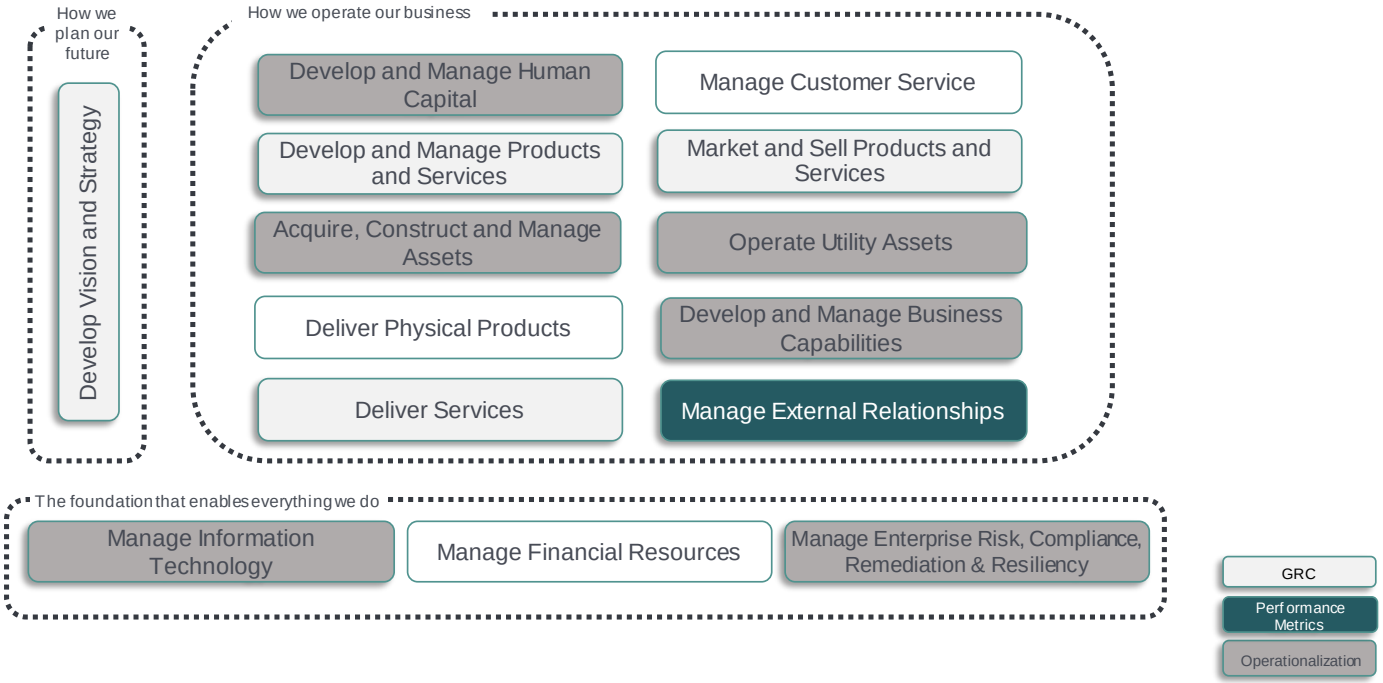
PUGET SOUND ENERGY

Appendix

- 3-Year Roadmap
- Energy Equity Impacts on Business Capabilities & Stakeholders

PUGET SOUND ENERGY

PSE's APQC* Process Model – Energy Equity Impacts



* American Productivity & Quality Center

Energy Equity Roadmap

Key outcomes

1. Meaningful engagement with communities, resulting in faster clean energy project implementations
2. Clean energy benefits are distributed to named communities
3. Energy equity embedded in PSE's operational processes
4. Ability to measure energy equity maturity across enterprise

2023				2024				2025			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

1 2 Community Engagement & Outreach

- Define Engagement Plan
- Coordination with Community Engagement, Outreach, CCEAP, Coalition, Community Based Organizations (CBO)
- Design, publish external website
- Continued coordination with CBOs

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- Incorporate GRC commitments
- Identify, prioritize processes
- Perform equity impact analyses
  - *11/1: CEIP Biennial Update*
  - *1/23: File GRC Testimony*
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- Identify KPIs / metrics to track progress
- Research best practices
- GRC metrics, CEIP CBIs
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- Measure and evaluate progress & maturity
- Develop & implement continuous improvement plan
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- Define Internal Education Plan
- Roadshow presentations
- Internal Employee Communications
- Internal equity website
- Refine Internal Education Plan
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- Staff team
- Establish vision, guiding principles
- Establish framework
- Construct "success metrics"
- Develop Energy Equity Roadshow Presentation
- Develop Templates, Guidance, Resources
- Build foundational shared understanding of Vulnerability
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Foundational
- University of Michigan Framework
- Justice40
- American Council for an Energy – Efficient Economy (ACEEE)
- Climate Justice Screening Tool (CJST)

Energy Equity GRC & CEIP Work Back Plan

Area	Lead	GRC	CEIP
Overall Energy Equity Summary, Framework, Approach	Energy Equity (Troy Hutson)		
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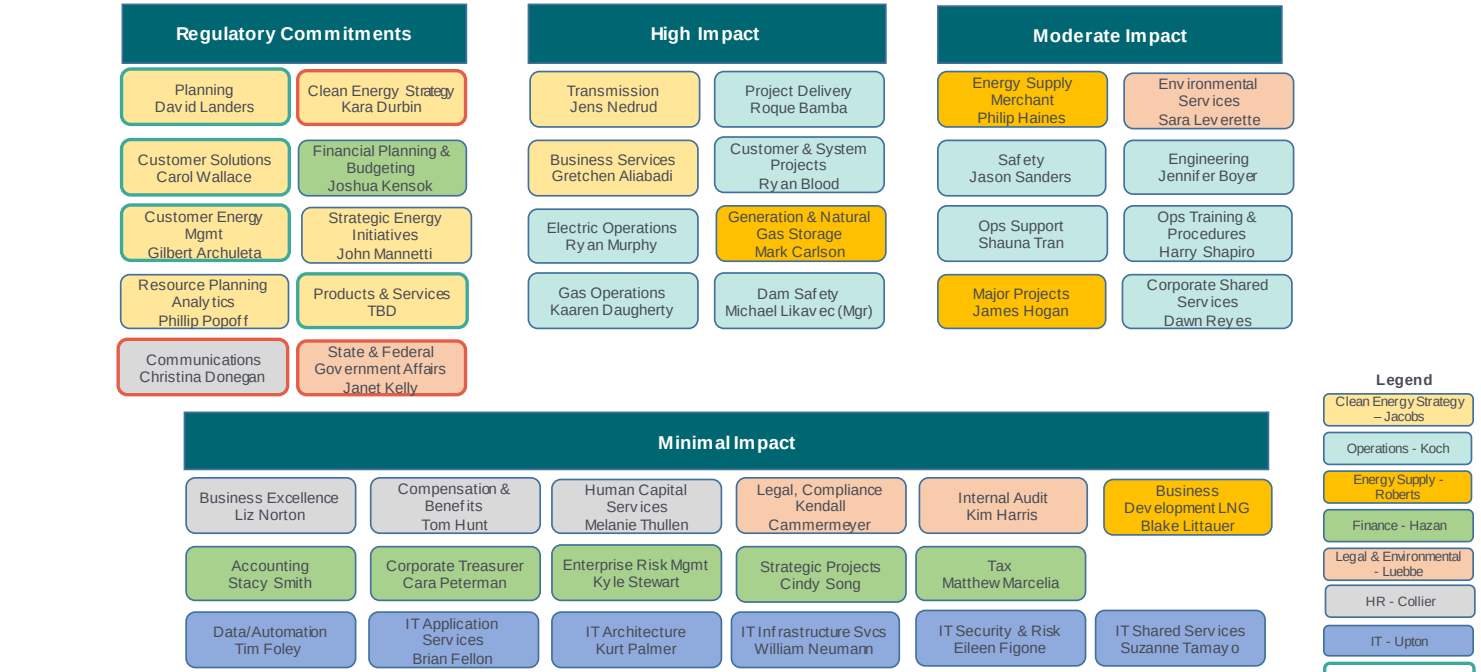
Delivery System Planning / iDOT	Planning (David Landers)		
Affordability	Customer Solutions (Carol Wallace) Customer Energy Management (Gilbert Archuleta)		
Distributional Equity Analysis	Regulatory Affairs (Wendy Gerlitz)		
Electrification Pilot	Customer Energy Management (Gilbert Archuleta) Strategic Energy Initiatives (John Mannetti)		
Performance Metrics	Various		
Customer Benefit Indicators, Public Participation	Clean Energy Strategy (Kara Durbin)		

GRC CEIP

PUGET SOUND ENERGY

Initial Stakeholder Impact Analysis



Impact:
High – high degree process change, customer impact
Moderate – moderate degree process change, customer impact
Low – low degree process change, customer impact

Steering Committee Update

Energy Equity

Troy Hutson

Director Energy Equity

August 16, 2023

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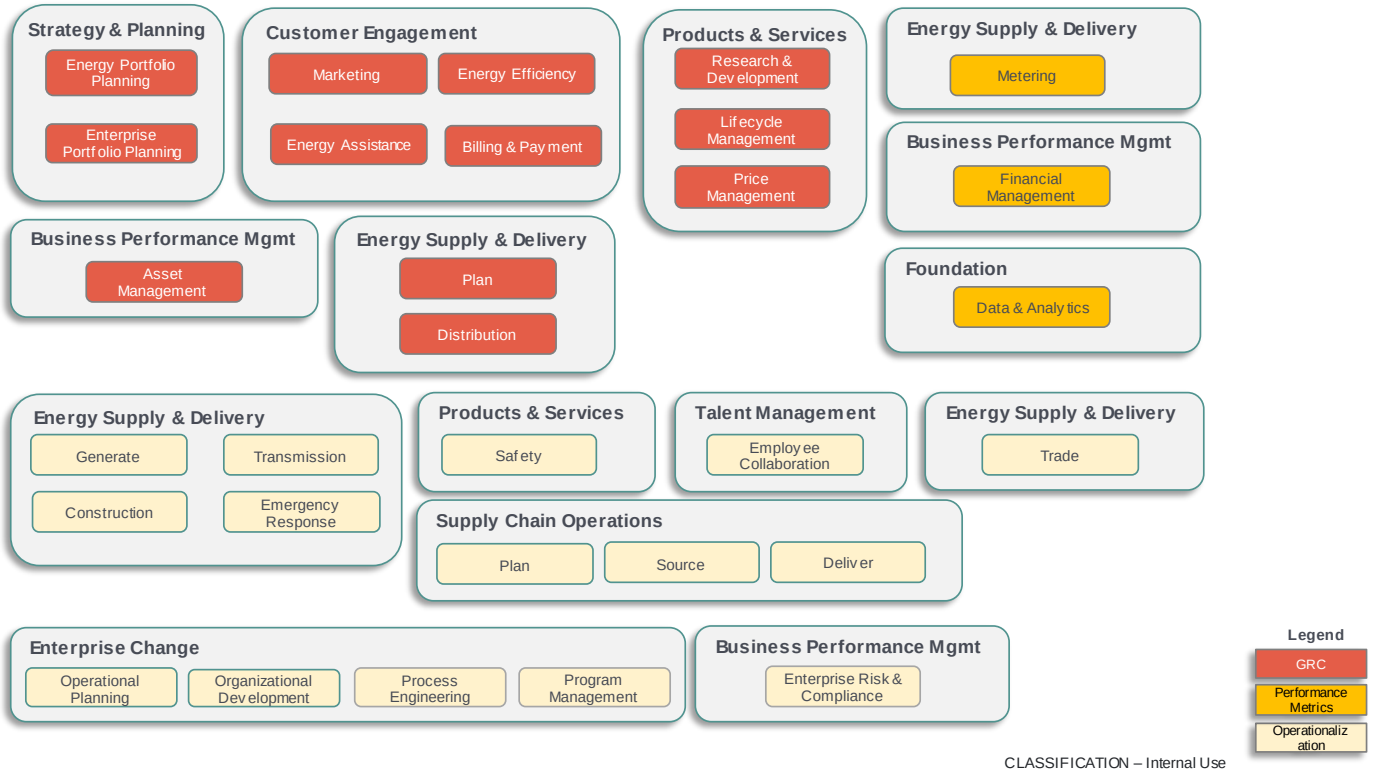

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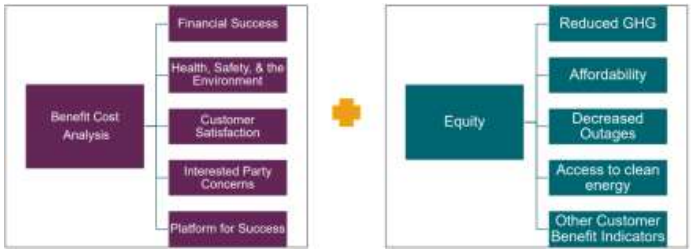
Distributional Equity



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Engagement Plan

Key outcomes	Meaningful engagement with communities, resulting in faster clean energy project implementations Clean energy benefits are distributed to named communities

Engagement Guide

- Community engagement guide development, includes best practices

Alignment on engagement work

- Lead equity engagement working group (eg Community Affairs, Outreach, CEIP Customer Education & Awareness Program (CCEAP), Tribal Affairs, Local Government Affairs, Planning)
- Coordinated engagement activities

Coordination with External Partners/Organizations

- Community-Based Organizations
- Advisory Groups (EAG, LIAC, CRAG, IRP) (8/7 joint meeting EAG/LIAC/CRAG on deepest need & minimum designation)
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PSE PUGET SOUND ENERGY

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PUGET SOUND ENERGY

Appendix

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PUGET SOUND ENERGY

Energy Equity Roadmap

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Affordability	Customer Solutions (Carol Wallace)		
Distributional Equity Analysis	Products & Services (Malcolm McCulloch)		
Electrification Pilot	Strategic Energy Initiatives (John Mannetti)		
Performance Metrics	Various		
Customer Benefit Indicators, Public Participation	Clean Energy Strategy (Kara Durbin)		

GRC CEIP

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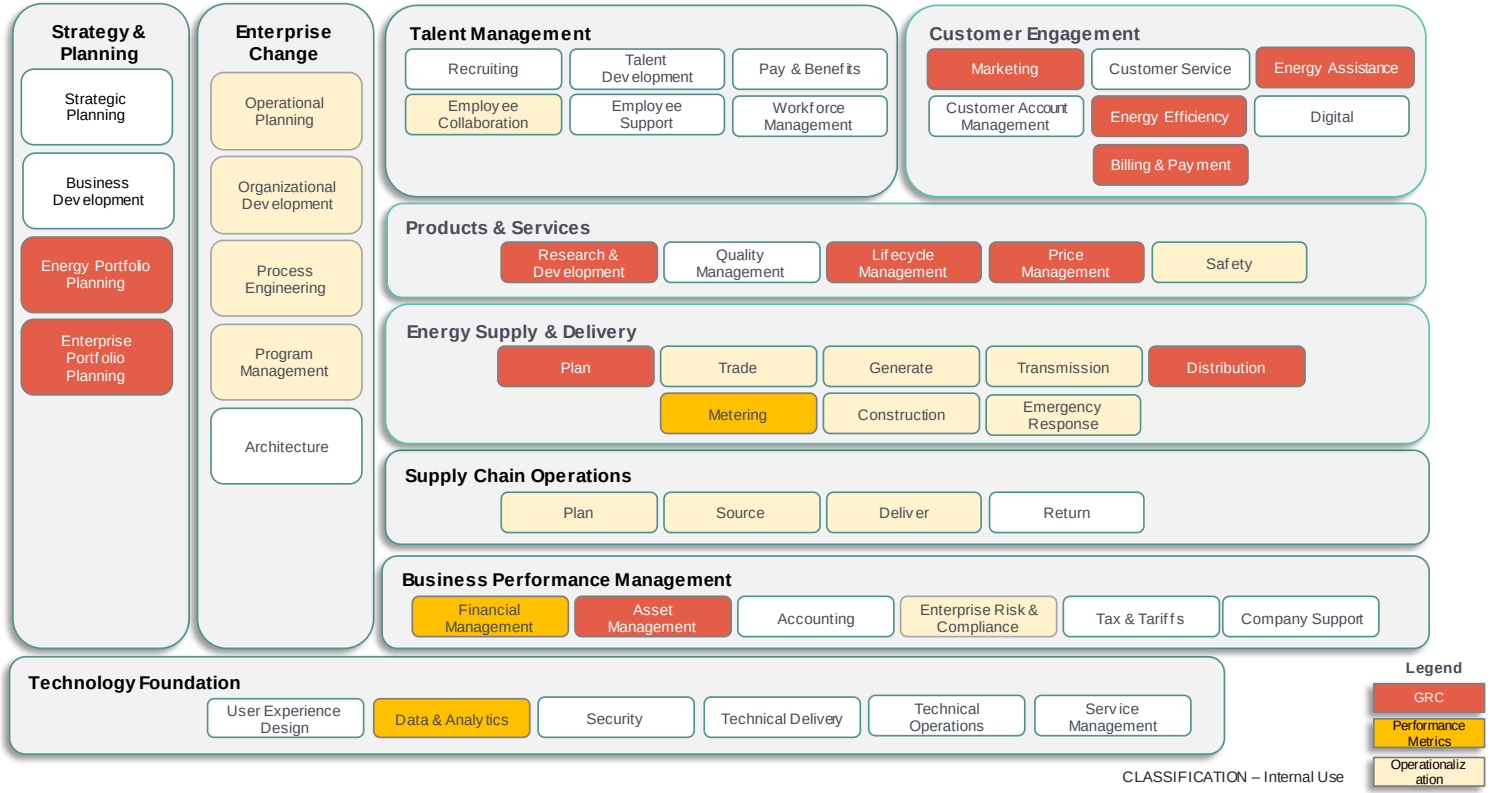
Prioritization of Equity Impacts (shown: entire Business Capability Model)



CLASSIFICATION – Internal Use

Steering Committee Update

Energy Equity

Troy Hutson

Director Energy Equity

October 11, 2023

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Executive Summary

Accomplishments

- CEIP Biennial update and GRC draft testimony completed
- Final draft of LBNL* white paper complete
- Equity expert witness retained

Today's Discussion

- Productive meetings with commissioners, staff, and interested parties
- Successful EAG forums
- Operations use cases

Next Steps

- System-wide equity review
- Success Metrics
- CEIP Biennial update & GRC Testimony refinement
- LBNL DEA tool development

* LBNL: Lawrence Berkeley National Laboratory

Energy Equity Compliance Update

	Area	Health	Risk*	Progress
GRC Requirements	Delivery System Planning / iDOT		High	Formed Integrated System Planning core team. Input from Equity Advisory Group (EAG) informed iDOT optimization of 2025 electric system project portfolio released in Aug 2023; additional engagement with EAG planned for Q4 2023. Community engagement pilot in progress.
	Corporate Capital Planning / CSA		High	Drafted updates to equity considerations for EPPM tool; working with project team in EPPM Ph2 project to incorporate updates in 2023.
	Distributional Equity Analysis		High	LBNL completed draft DEA practical guide for DERs; reviewed & provided feedback on 9/22.
	Targeted Electrification Pilot		High	Home Electrification Assessments launched 9/11. Customers will be able to schedule and receive a free assessment. Fuel Switching Heat Pump Rebates are flowing; expect more as the assessments kick-off and build more awareness of the program offerings.
	Affordability		Med	BDR: Tariff was filed with the UTC on 6/30/23 and was approved on 8/24/23 at the Open Meeting with no action. Launched on 10/1. AMP: Project has launched and is currently in the planning phase. Small working group with PSE's LIAC began in late September.
Metrics	Performance-Based Ratemaking Metrics		Med	No update; Provided annual update on all 119 metrics to WUTC in March (31 of them are equity metrics).
Operationalization	Operationalize Equity		Low	Working with joint advisory Groups and interested party to gain consensus on deepest need. Incorporating UW's heat island data into vulnerable population data. Started engagement working group meetings to identify opportunities for collaboration.

Non-GRC Requirements include: CEIP / IRP, Customer Energy Management, Distributed Energy Resources
* Risk – based on level of complexity and interest from UTC, interested parties

Model for Operationalizing Equity at PSE

In each of the four tenets, consider:

- What have you done for highly impacted communities and vulnerable populations?
- What measures are you able to provide in these areas?
  - Process measures (what's been done to incorporate energy equity, what changes have been made)
  - Engagement measures
  - Impact measures
- What's your progress and what are your future plans?
- Additional guidance and questions are provided below.

	Overview	Additional Guidance
Recognition Justice	**Understanding of historic and ongoing inequalities** and prescribes efforts that seek to reconcile these inequalities	• What are the disparities & root factors that have led to historic and current inequities? What are the deepest inequities that have been identified? • Have you identified the communities you're targeting? What are their characteristics (eg housing, energy burden, pollution, health, economic, etc)? • What collaborative efforts are happening to identifying communities you're targeting?
Procedural Justice	Focuses on **inclusive decision-making processes** and seeks to ensure that proceedings are fair, equitable, and inclusive for participants, recognizing that marginalized and vulnerable populations have been excluded from decision-making process	• How are you being inclusive and accessible in your engagement in named communities? • Have you engaged with the right Community-Based Organizations? • How are you engaging named communities in legal / regulatory proceedings? • How are you using the feedback from named communities? How are you informing your decisions based on their feedback? • Are you co-creating programs, procedures with communities? • Is early engagement occurring with communities? Have you identified their burdens?

Distributional Justice	**Distribution of benefits and burdens** across populations. Aims to ensure marginalized and vulnerable populations do not receive inordinate share of the burdens or are denied access to benefits	• What have you done in your process(es) to incorporate energy equity? What changes have been made?
		• How are you measuring your impact on benefits & reduction of burdens?
		  ○ Have you established baseline measures and able to track progress of impact?
		  ○ What are you doing to measure community engagement?
		  ○ Are benefits distributed equitably and fairly? What % of programs/projects are received by named communities?
		• Are at least 30% of benefits distributed to named communities?

Restorative Justice	Utilizes regulatory government organizations or other interventions to disrupt and address distributional, recognitional or procedural injustices and to correct them through **laws, rules, policies, orders and practices**.	• What do you see success looking like? • Are processes eliminating future inequities? • Do customers feel they are receiving the benefits? • Have we built a just energy system where it is accessible for all?

Operations Use Cases

The following are use cases* where energy equity will be incorporated:

Use Case *	Description
Distributed Energy Resources	In Named Communities, identify an approach to help them with DER costs; socialize cost of DERs across portfolio
Resource Acquisition Analysis	Complete an energy equity analysis for each resource acquisition in preparation to board decision; develop cohesive template to incorporate energy equity & CEIP
Prudency Framework	Incorporate equity into prudency process for construction assets
Delivery System Planning	Delivery system planning process (from project identification, iDOT, engagement, to implementation)
Substation Security	Substation security from 2022
Substation Maintenance	Substation maintenance priority and budgeting
Construction – Project Completion	Visibility of project processing times through project management dashboard
Construction – Equipment Planning	Evaluation of equipment resource planning/distribution

* Some use cases are still in development and exploration phase

Meetings with commissioners, staff, and interested parties

- Supportive of energy justice approach based on Cascade Rate Order (slide 4)
- Liked concept of Equity Investment Zones
- Compliance approach to equity
- Categorical eligibility
- Engagement approach
- PSE leadership
- Streamline performance metrics and potentially align with internal metrics

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Successful EAG Forums

- Mt Vernon
  - Skagit Valley College potential for clean energy living lab
  - Affordable refrigeration and power for nearby farms
  - Partnership with organizations that serve undocumented farm workers with low literacy and using dialects other than Spanish
- Renton
  - Uniform eligibility for programs
  - WA state soldier's home potential for clean energy living lab
  - Additional Forums in Pierce, Kittitas
  - Engagement exceeded expectations for increased participation in PSE programs

PSE PUGET SOUND ENERGY

Appendix

- Scorecard / Success Metrics
- Draft 3-Year Roadmap
- GRC Testimony & CEIP Biennial Update Work Back Plan
- Operationalization & Examples

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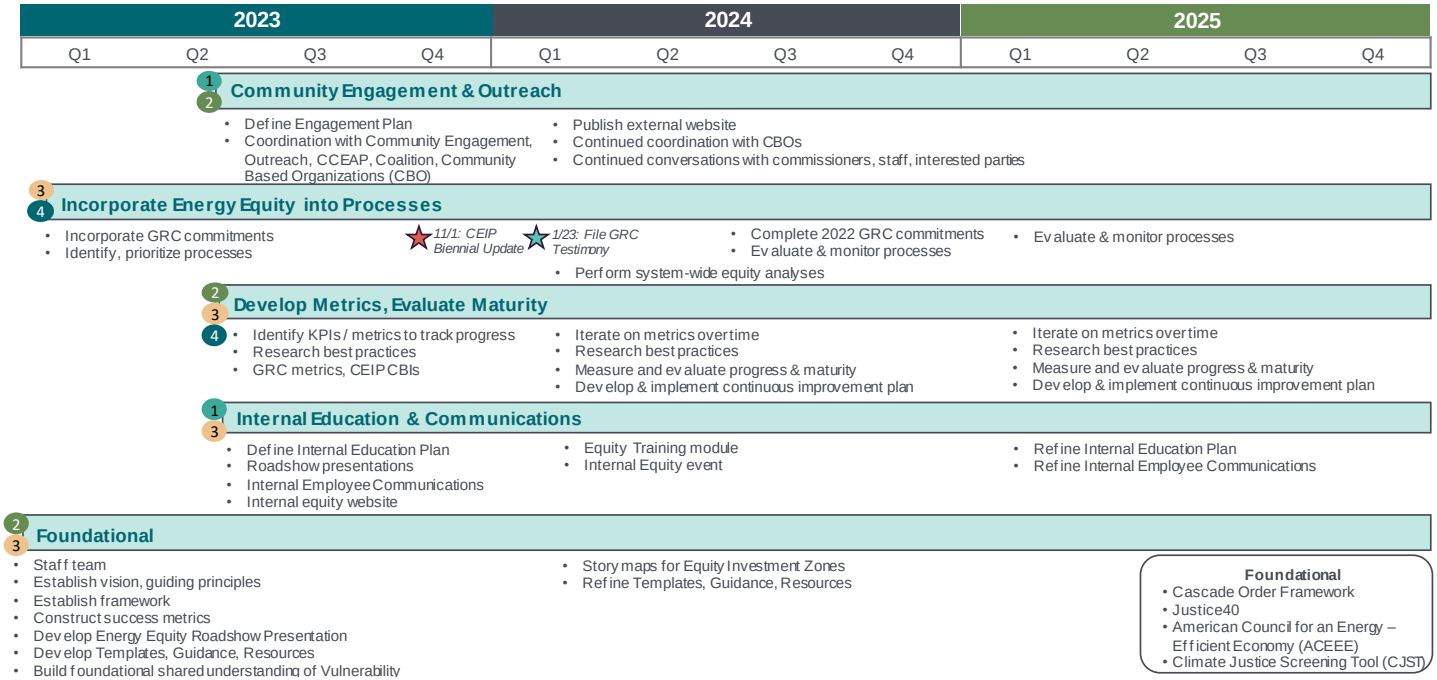
Energy Equity Scorecard

Recognition Justice	Procedural Justice	Distributional Justice	Restorative Justice
• Vulnerable Population methodology • Equity Investment Zones	**Meaningful Community Engagement** • # outreach events • # community organizations reached • % engagement time, budget in named communities • # customers engaged **Internal Equity Practice** • Qualitative measures (eg framework, tools/resources)	**Energy Benefits Distribution to Named Communities (NC)** • % participation • % energy benefits (CEM) • % energy benefits (DERs) • % energy benefits (TEF) • % energy benefits (capital portfolio) • Energy assistance $ distribution, # / % participation • Speed of project implementation in NCs **Energy Equity Incorporated in Processes** • # processes completed (regulatory requirements) • # processes analyzed (non-regulatory requirements) • # processes completed (non-regulatory requirements)	Have all energy justice dimensions been considered? Energy equity maturity level

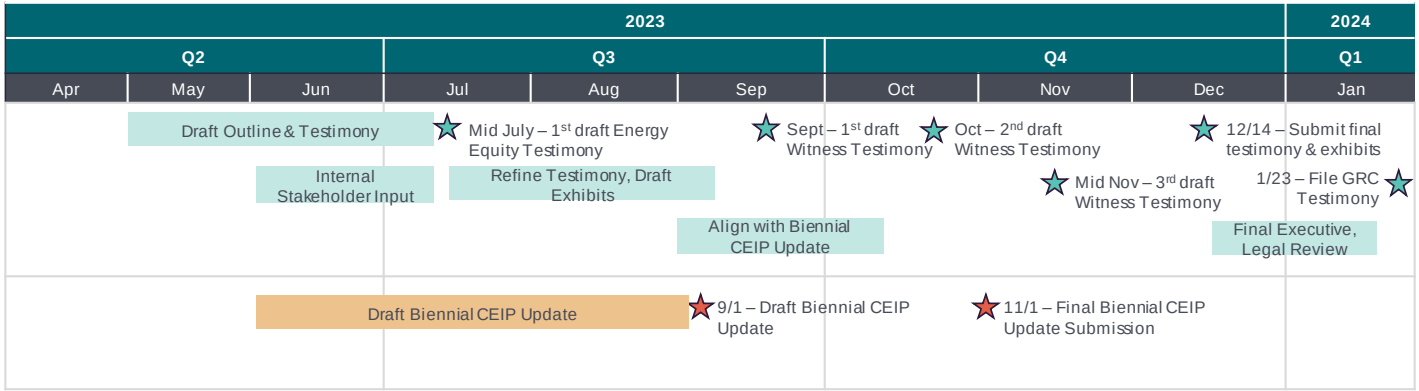
Energy Equity Roadmap

Key outcomes

1. Meaningful engagement with communities, resulting in faster clean energy project implementations
2. Clean energy benefits are distributed to named communities
3. Energy equity incorporated in PSE's operational processes
4. Energy equity maturity measurably improves across enterprise



Energy Equity GRC & CEIP Work Back Plan



Area	Lead	GRC	CEIP
Overall Energy Equity Summary, Framework, Approach	Energy Equity (Troy Hutson)		
Corporate Capital Planning	Financial Planning & Analysis (Josh Kensock)		
Delivery System Planning / iDOT	Planning (David Landers)		
Affordability	Customer Solutions (Carol Wallace)		
Distributional Equity Analysis	Products & Services (Malcolm McCulloch)		
Electrification Pilot	Strategic Energy Initiatives (John Mannetti)		
Performance Metrics	Various		
Customer Benefit Indicators, Public Participation	Clean Energy Strategy (Kara Durbin)		

GRC CEIP

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Operationalizing Equity

Employees can take thoughtful action if they are aware of how their work impacts named communities.

Awareness – Tools for employees to know the area and type of customers they are doing work in whether it is in the field response, construction, engineering, customer requests, or planning.

- Field and engineering have access to GIS maps that identify highly impacted community and vulnerable populations down to the meter level.
- Building access to Platform of Insights and customer information for recognized burden
- Share knowledge about delivery project distribution or identified benefits

Decisions – Identify decision opportunities to address or avoid named community burden

- Solution types, solution locations, project management practices, funding choices, funding changes, construction practices, customer engagement, emergency response practices

Action – Encouraging different action

- Prioritization in field response – who to restore first
- Project scheduling prioritization – avoiding unnecessary reschedule for NC
- Construction impacts – traffic plans that close or delay communities, noise increases in high noise areas or times
- Project tradeoffs when obstacles arise – what project to pull forward
- Planned outage schedule – schedule during a non-traditional time, work differently; one crew or two crews
- Customer engagement approaches – targeted communication, NC engagement; how much, when is the best time, bi-lingual access

Process – Building decision gates and triggers into processes

- iDOT optimization process
- Document templates include Equity section (Needs Assessments, PIPs, PCRs, CSAs)

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Substation Physical Security Investment

Two men in Washington state are facing charges of conspiracy to damage energy facilities after they vandalized four substations dozens of miles apart on December 25, 2022, and knocked out power for 15,000 customers in the Puget Sound area. Prosecutors say the motive was to commit burglary at an area business while power was down.

PSE developed a plan to secure manual operators on electrical equip with locks in all substations.

Equity action:

- PSE prioritized substations that serve named communities ranking all substations based on HIC+High VP.

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Planning Delivery Infrastructure

Develop process that evaluates infrastructure performance or future capabilities from local community perspective versus system wide adequacy

	Action	Outcome
	Gather system and equity data (enabled by scorecard effort)	Trigger studies on circuit/pipe that may be performing equally adequate but inadequate for Named Communities
	Engage specific customers to gather input on community priorities	Define Need differently – value consequence not just number or duration of outages
	Engage specific customers in developing options (alternatives) for solutions	Define preferred solution with valued input – not ignored
	Document equity and engagement benefit in iDOT	Total benefits greater for a specific project increasing benefit/cost ratio
	Optimize portfolio with equity benefits	Funding request meets distributional minimum goal

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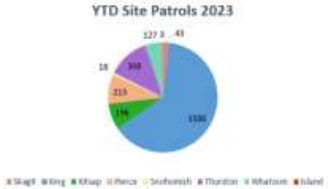
PSE's Trespass Prevention Program

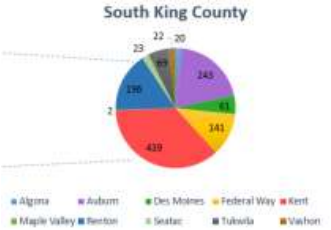
Established program that responds to security concerns from transient encampments on PSE property including substations, gate stations, and right of way.

Objective to address:
- Ensure employee and public safety
- Avoid/Resolve jurisdictional/property complaints
- Meet ownership requirements
- Avoid repeat clean up activities

Approach:
- Respectful engagement
- Resource support
- Monitor and act quickly

Equity embedded in operating program:
- Thoughtfully renamed program from Transient program to avoid bias label
- PSE's program employs Commonstreet Consulting to facilitate sheltering support
- South King & Pierce County (equity zones) is where most activity is and prioritizes action there
- Does not prioritize based on complaining jurisdictions but addresses communities where voices are less vocal because issue is more wide spread
- Provide support where jurisdictions don't have resource officers
- Cyclical patrolling of sites that tend to repopulate to maintain safety for public





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PSE 2030
Steering Committee
November 16, 2023

PSE 2030 Steering Committee Agenda

Initiative		Presenter
2a	Asset Strategy	John Mannetti
2b	Delivery System Planning	David Landers
3	Customer Strategy	Gilbert Archuleta | Carol Wallace | Gretchen Aliabadi
4	Asset Acquisition	Craig Pospisil | Ron Roberts
6	Energy Equity	Troy Hutson
7	Operational Excellence	Shauna Tran
10	Talent Engine	Melanie Thullen
11	Culture Effectiveness	Liz Norton
	Open Discussion	All

This information is confidential; it is not to be relied on by any 3rd party without prior written consent.

2024 Roadmap

Key outcomes to drive clean, equitable energy

Report on success metrics

File Energy Equity testimony for 2024 GRC

Equity-related commitments from 2022 GRC completed (DEA, CSA, iDOT, Affordability, Targeted Electrification Pilot)

Storymaps published

Public equity website established

Equity Training module rolled out

Internal Equity all-hands event held

Key Obstacles

Continued effort to align internal community-facing engagement activities

KPIs

Community Engagement
- # outreach events
- # community organizations reached
- % engagement time in named communities
- # customers engaged

Energy Benefits Distribution to Named Communities
- % participation
- % clean energy benefits (CEM, DERs, TEP, capital portfolio)
- Energy assistance $ distribution, # / % participation
- Speed of project implementation in Priority Populations

Energy Equity Incorporated in Processes
- # processes completed (regulatory requirements)
- # processes analyzed / completed (non-regulatory requirements)

Mitigation Plan

Equity pilots

Top 1-3 Actions to Drive Success of 2024 Outcomes

TBD