

**EXH. VCJ -10  
DOCKETS UE-24 \_\_\_/UG-24 \_\_\_  
2024 PSE GENERAL RATE CASE  
WITNESS: THOMAS M. HUNT**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**Docket UE-24 \_\_\_**

**Docket UG-24 \_\_\_**

**NINTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF**

**VTQI 'C0J WUQP**

**ON BEHALF OF PUGET SOUND ENERGY**

**JANUARY XX, 2024**

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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

# 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

Q1 2023

- ❑ Create alignment between regulatory and sustainability / leg / external interested parties on equity and DEI definition
- ❑ Establish energy equity and DEI vision and objectives
- ❑ Construct a “definition of success”
- ❑ Build accountabilities embedded across functional org

Q2 2023

- ❑ Identify energy equity and DEI gaps in existing processes
- ❑ Establish Company policy on environmental justice
- ❑ Incorporate recent new state and federal requirements impacts into business planning

Q3 2023

- ❑ Establish a roadmap of prioritized initiatives rollout plan
- ❑ Define clear equity and DEI goals for next 3 years

Q3 2023

- ❑ Establish KPIs / metrics and governance process (e.g., reporting cadence) to track progress
- ❑ Incorporate energy equity and environmental justice requirements into compliance requirements (e.g., CETA, CCA, GRC settlement) and capital allocation process (CSA, EPPM, iDot, CEIP, etc.)

2024

- ❑ Measure and evaluate results and effectiveness of in-flight initiatives
- ❑ Communicate key progress milestones and accomplishments internally and externally
- ❑ Develop a continuous improvement plan and implement based on initiatives to date

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

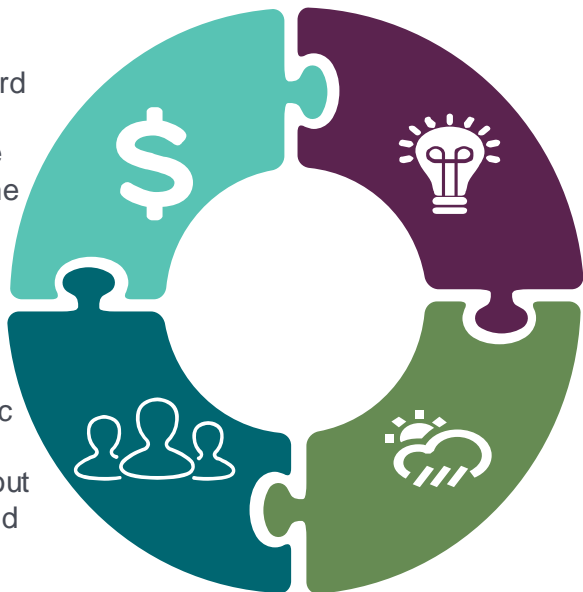
## Recommendations

### 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

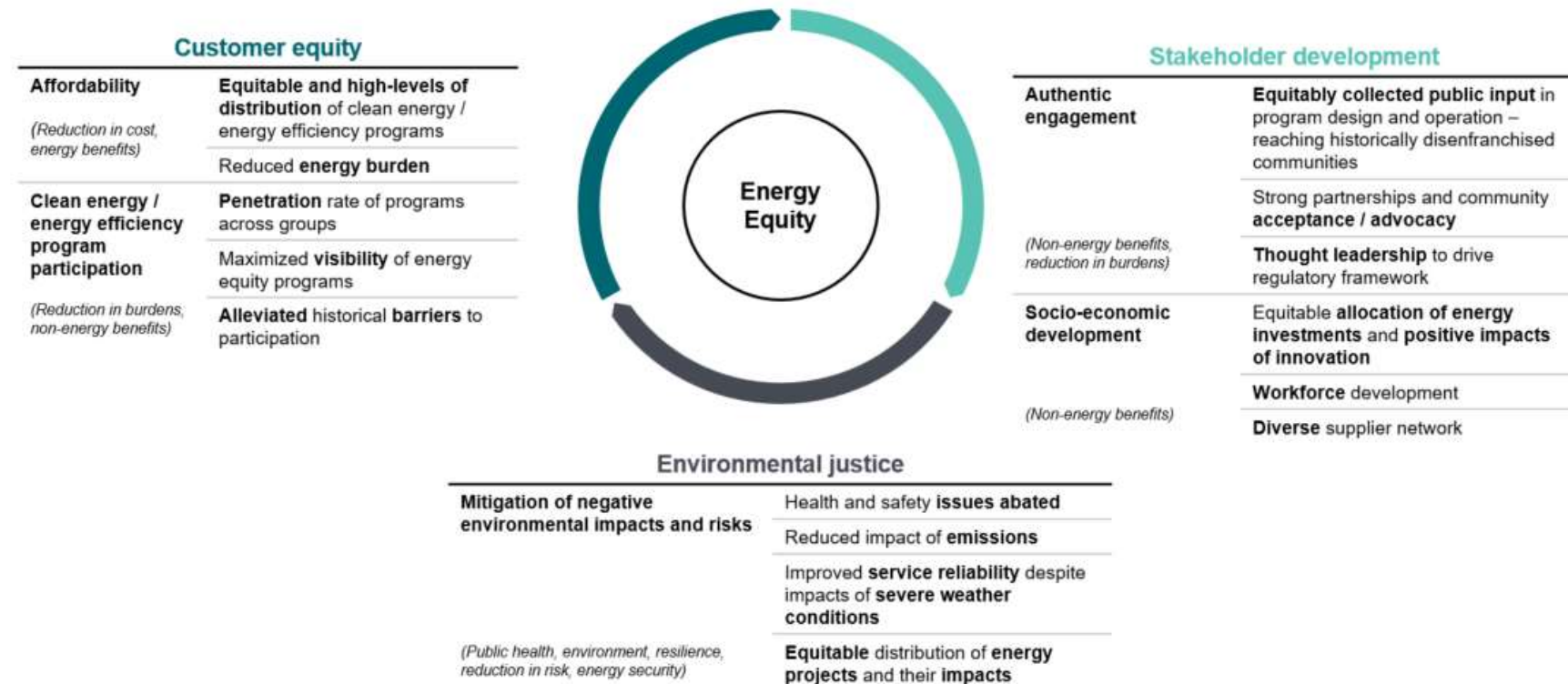
# Appendix

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






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

/ PRELIMINARY



## Scorecard – Customer equity (2)

### Metrics Legend

	PSE's existing Customer Benefit Indicators (CETA)		Settlement agreement equity metrics		Other potential metrics
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/ 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	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Number and percentage of residential customers in known named communities taking part in each of PSE's DER programs</li> <li>Count of customers in highly impacted communities and vulnerable populations taking part in each of PSE's DER programs</li> <li>To the extent readily available, the number of customers in highly impacted communities and vulnerable populations taking service through PSE's EV tariffs.</li> </ul>
		Maximized visibility of DER programs <i>(leading indicator)</i>	—	<ul style="list-style-type: none"> <li>Frequency of engagement on and level of awareness of DER programs</li> </ul>
		Eliminated historical barriers to participation	<ul style="list-style-type: none"> <li>Percentage of outreach material available in non-English languages</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of outreach material available in non-English languages</li> <li>Number and quality of inclusive accommodations for disadvantaged communities and differently abled people</li> </ul>

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 <b>allocation of energy investments</b> and positive <b>impacts of innovation</b>	<ul style="list-style-type: none"> <li>Change in total dollar in <b>NPV in non-energy impact benefits</b> for energy efficiency programs</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of total investment <b>funding supporting energy projects and programs in known named communities</b></li> <li>Percentage of utility <b>transportation electrification spending that is intended to benefit highly impacted communities</b> and vulnerable populations through PSE's programs.</li> <li>Percentage of <b>utility owned and supported Electric Vehicle Supply Equipment (EVSE)</b> by use case located within or <b>intended to provide direct benefits</b> and services to highly impacted communities and vulnerable populations</li> <li>Change in total dollar in <b>NPV in non-energy impact benefits</b> for energy efficiency programs</li> </ul>
		Workforce development	<ul style="list-style-type: none"> <li>Percentage change of <b>quantity of jobs</b> based on:                             <ul style="list-style-type: none"> <li>Number of jobs created by PSE programs for residents of highly impacted and vulnerable populations</li> <li>Number of local workers in jobs for programs</li> <li>Number of part-time and full-time jobs by project</li> </ul> </li> <li>Change of <b>quality of jobs</b> based on:                             <ul style="list-style-type: none"> <li>Range of wages paid to workers</li> <li>Additional benefits offered</li> <li>Demographics of workers</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Percentage change of <b>quantity of jobs</b> based on:                             <ul style="list-style-type: none"> <li>Number of jobs created by PSE programs for residents of highly impacted and vulnerable populations</li> <li>Number of local workers in jobs for programs</li> <li>Number of part-time and full-time jobs by project</li> </ul> </li> <li>Change of <b>quality of jobs</b> based on:                             <ul style="list-style-type: none"> <li>Range of wages paid to workers</li> <li>Additional benefits offered</li> <li>Demographics of workers</li> </ul> </li> </ul>
		Diverse supplier network	—	<ul style="list-style-type: none"> <li>Estimated percentage of PSE <b>suppliers that are minority-owned, women-owned, or veteran-owned</b></li> </ul>

**Metrics Legend**

 PSE's existing Customer Benefit Indicators (CETA)	 Settlement agreement equity metrics	 Other potential metrics
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# Scorecard – Environmental justice (2)

/ PRELIMINARY

Energy equity category	Sub-category	Desired outcome	Current state metrics	Future state metrics
<b>Environmental justice</b>	Mitigation of negative environmental impacts and risks	Improved <b>service reliability</b> despite impacts of <b>severe weather conditions</b>	<ul style="list-style-type: none"> <li>Change in <b>number of outages, total hours of outages</b> and total backup load served during outages using SAIDI and SAIFI</li> <li>Change in <b>peak demand</b> through demand response programs</li> <li>Number of customers with <b>access to emergency power</b></li> </ul>	<ul style="list-style-type: none"> <li>Change in <b>number of outages, total hours of outages</b> and total backup load served during outages using SAIDI and SAIFI</li> <li>Change in <b>peak demand</b> through demand response programs</li> <li>Number of customers with <b>access to emergency power</b></li> <li><b>Distribution</b> of outages across named communities - Number of <b>outages per census block group</b> in a specific time period</li> <li><b>Remote switch success rate</b> for highly impacted communities and vulnerable populations</li> <li><b>Change in neighboring property value</b> before and after the installation of large-scale energy generation, transmission, and distribution projects</li> </ul>
		Equitable <b>distribution</b> of energy projects and their impacts		

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



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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

# 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

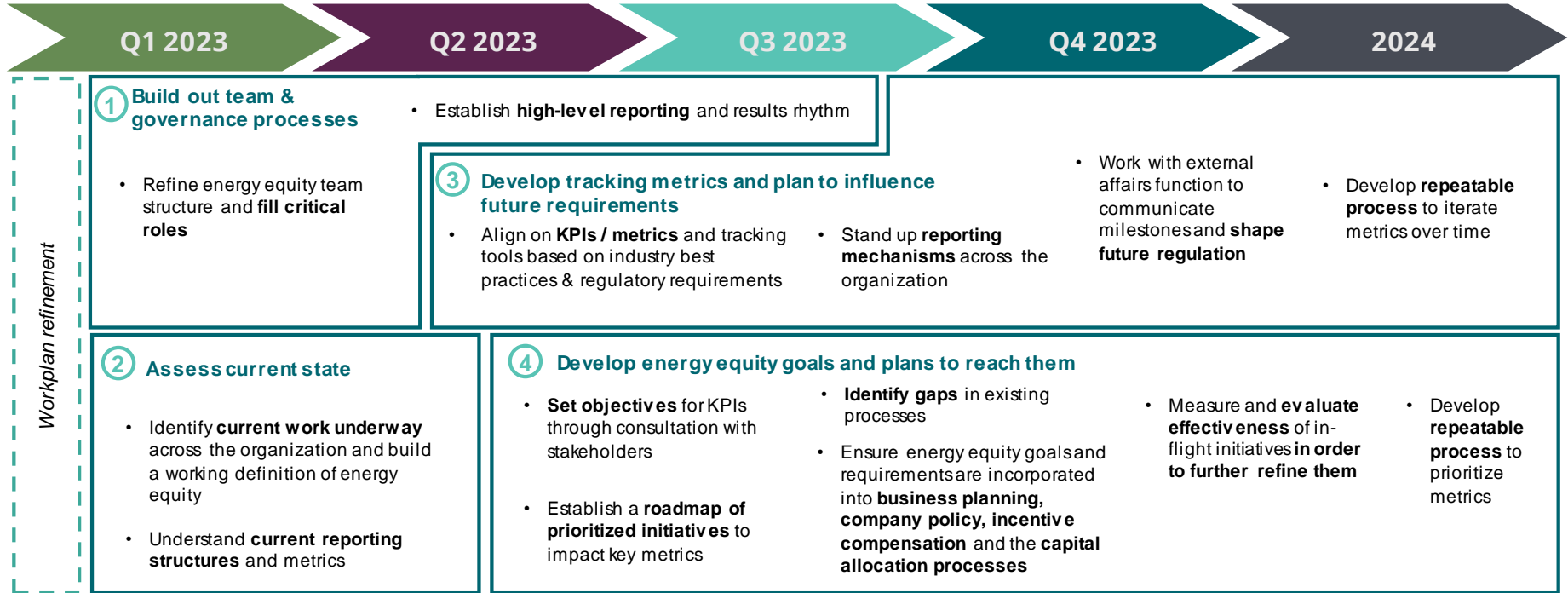
- Electrification pilot

# 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



# Target outcomes highlight developing and implementing a compliance strategy



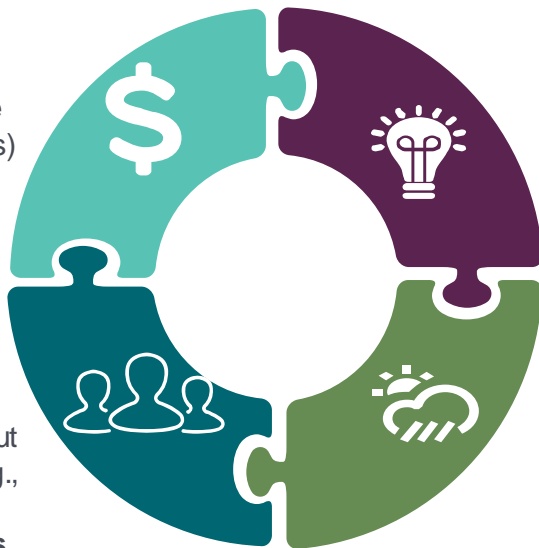
# Efforts are in flight resulting in a list of progress and reasons to celebrate

## 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 through 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)

# 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)

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



### Recognition

### Restorative

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



### Restorative



### Procedural

### 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

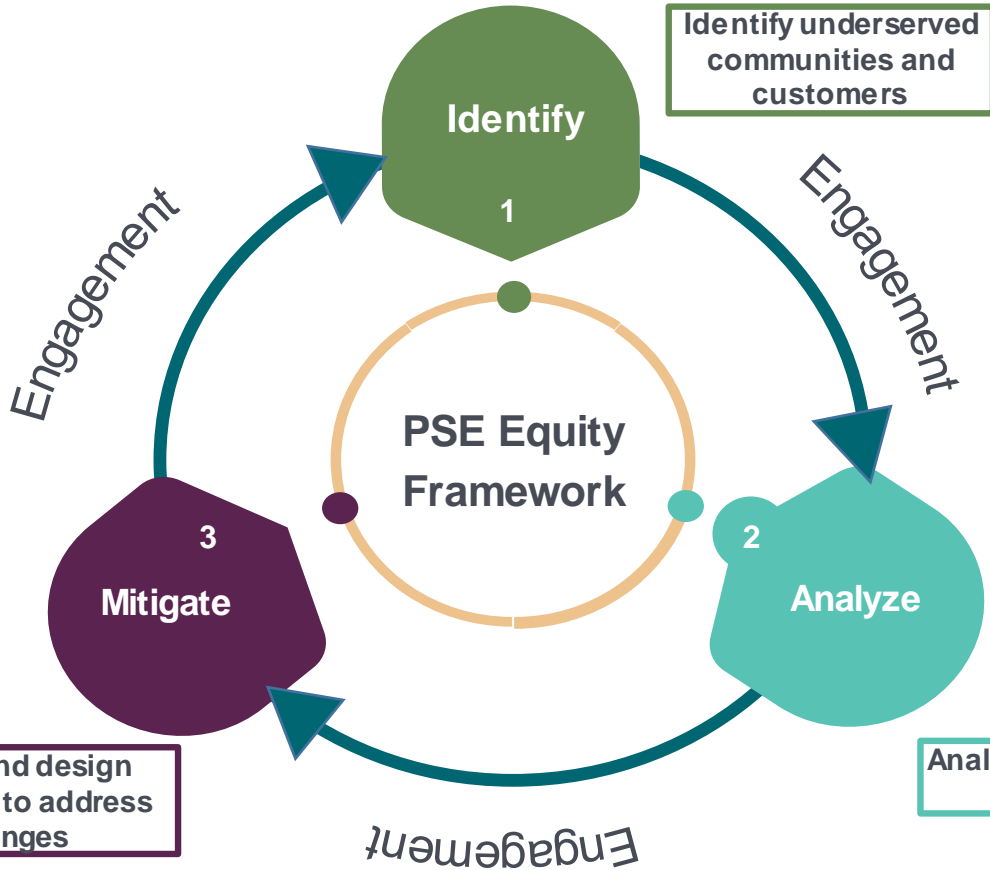
### Distributional

### 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



# 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.

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



# 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 municipalization 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

# 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



# Appendix

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

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

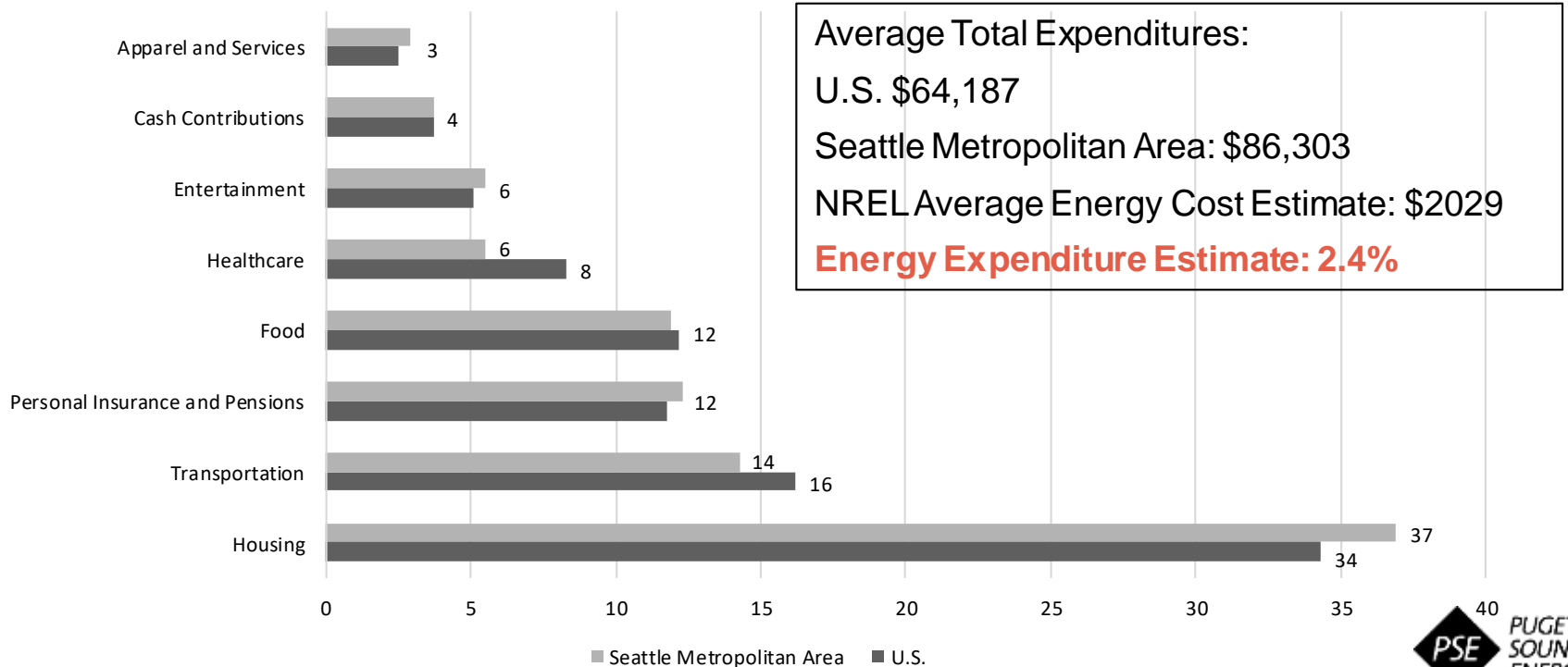
- The UTC must consider equity in determining the public interest including setting fair, just and reasonable utility rates; therefore, failure to demonstrate that PSE has met its commitments in the GRC settlement may create risk of future rate recovery
- The UTC has the authority to approve, deny, or 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

<u>Line</u>	(\$ in millions)	(A)	(B)	(C)
		<b>2025</b>	<b>2026</b>	<b>2027</b>
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	<b>Total New Revenues at Risk</b>	<b>138</b>	<b>268</b>	<b>432</b>
7	EBITDA at Risk	138	268	432
8	ROE at Risk	-2.0%	-3.7%	-5.6%

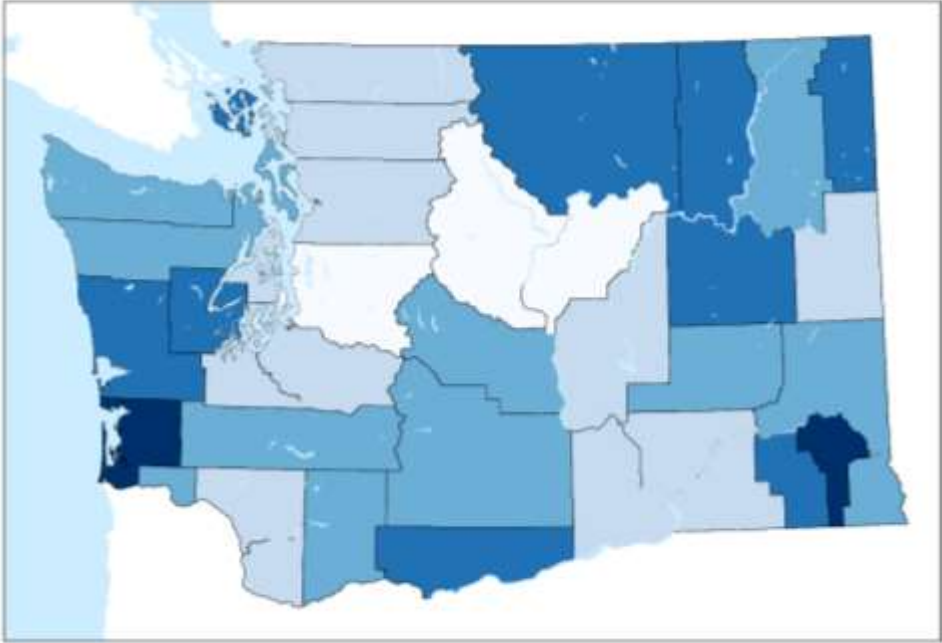
Note: Based on 2023 board approved business plan capital investments and projected ratebase balances in the next GRC/MYRP filing.

# Energy is low on the list of household expenditures

Percent of Average Household Expenditures  
Bureau of Labor Statistics 2020 - 2021



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



Average Percent Energy Burden by County

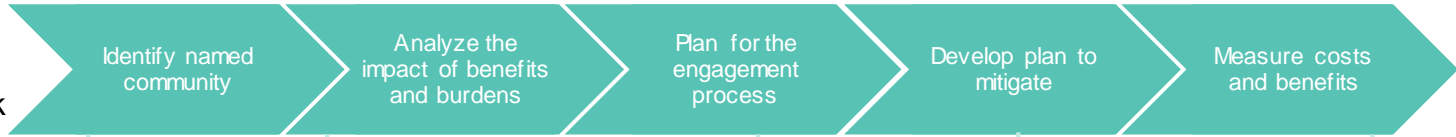


# Equity Procedural Framework Use Case: Delivery System Reliability Investment

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



Planning process

	System Evaluation	Customer Evaluation	Determine need	Alternatives and recommended solutions	Optimize with other projects	Final Plan and Portfolio	Backcasting
	When to look for a problem Where to look for a possible problem	How to look at the problem	Is there a need to be solved Is need different	What are the option for solving the need <i>How can the community engage</i>	Is this need a priority over other operations investments	Is this need a priority over other corporate investments	Did the need get solved
	<ul style="list-style-type: none"> <li>Evaluate reliability and resilience performance</li> <li>Determine named community area and gather characteristics</li> </ul>	<ul style="list-style-type: none"> <li>Filter for relevant characteristics</li> <li>What is the burden</li> <li>Is the burden worse as a result of performance</li> <li><i>What are the priorities of the community</i></li> </ul>	<ul style="list-style-type: none"> <li>Existing thresholds are unacceptable</li> <li>Set baseline for comparison</li> </ul>	<ul style="list-style-type: none"> <li>Customer performance criteria for circuit</li> <li><i>Engage community-options</i></li> <li>Alternative effectiveness at correcting burden</li> <li>Preferred solution</li> </ul>	<ul style="list-style-type: none"> <li>Quantify benefits and costs in iDOT</li> <li>Optimize portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Input into CSA and EPPM for Corporate evaluation</li> <li>Record equity and relevant benefits for evaluation</li> <li>Hand off to execution for implementation</li> </ul>	<ul style="list-style-type: none"> <li>Review benefit realization of historical projects</li> <li>Refine process and analysis tools as needed if outcomes aren't as expected</li> </ul>

# 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](#)
  - [CIFLO](#)

## 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.



# Steering Committee Update

Equity

**Troy Hutson**

Director Energy Equity

April 19, 2023



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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



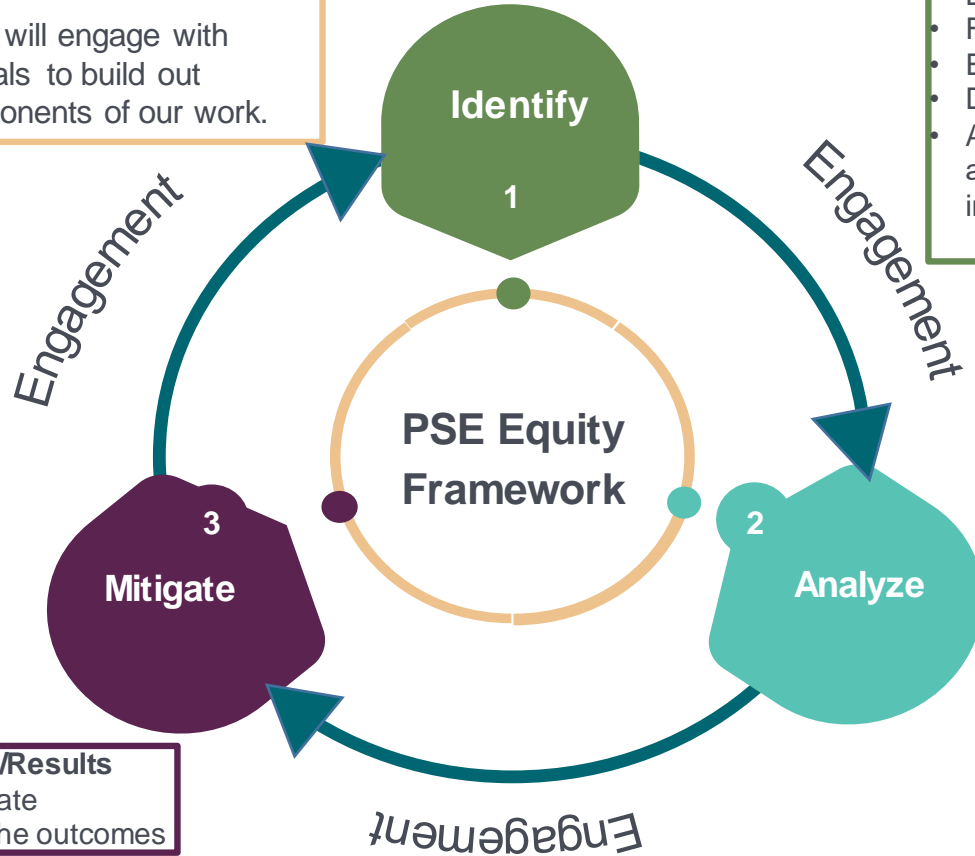
# PSE's Equity Framework is consistently applied throughout the workplans

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



**Progress/Results**

- Results to date
- Measuring the outcomes

**Analyze**

Identifying equity gaps and developing plans to mitigate

# Progress

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

# 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

# May SteerCo

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

# Appendix

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

# 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's CEIP Equity Road Map

## Start

- 2021 efforts to implement CETA
- Establishing the EAG

## Current

- Awaiting Rate Order
- GRC's Distributional Equity Analysis

## Future

- Guidance from Energy Equity team
- Follow the Rate Order
- Costs

# 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



# 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

# 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

## 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**

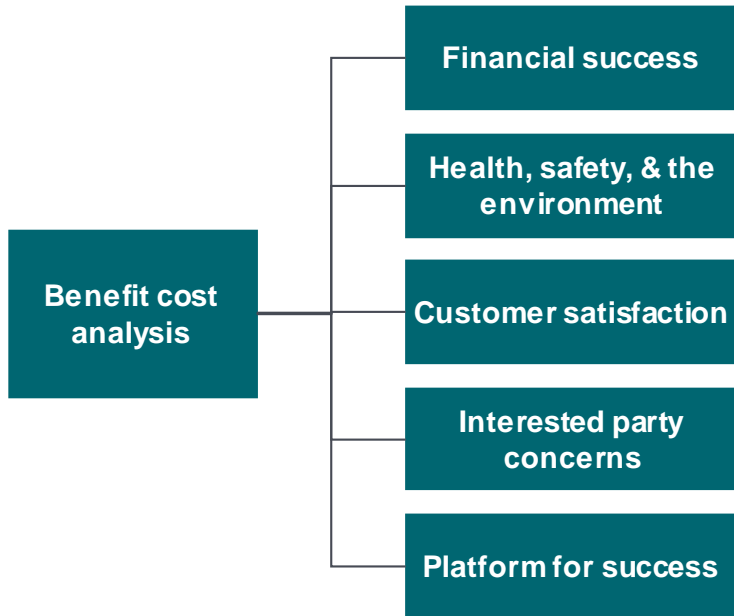
Develop metrics for GRC filing

# Incorporating equity in Capital Planning and Delivery System Planning processes

## Past process:

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

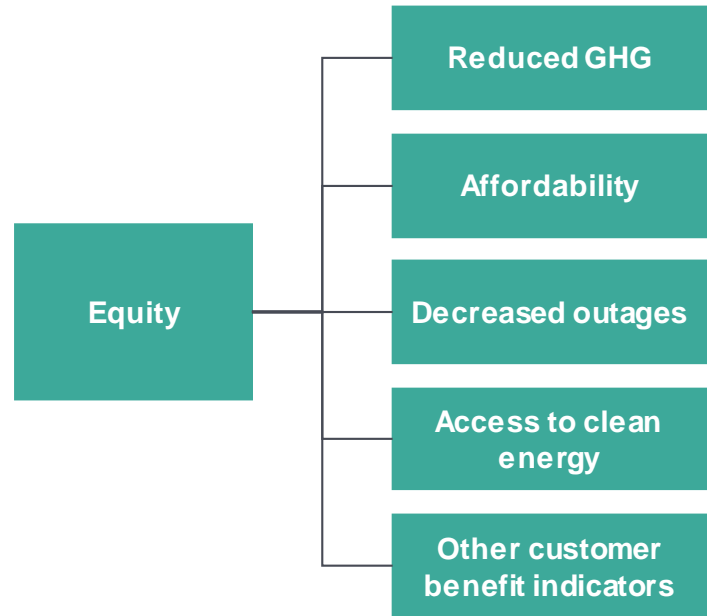
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## Current process evolution:

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										



# 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.

## How Can We Achieve an Equitable Energy System?



**Distributive  
Equity**

Clean energy policies and programs **fairly distribute the benefits and burdens** across all segments of communities.



**Procedural  
Equity**

Decision makers **create inclusive and accessible processes** for developing and implementing clean energy programs.



**Structural  
Equity**

Decision makers **recognize the historical, cultural, and institutional dynamics** that have led to clean energy inequities.

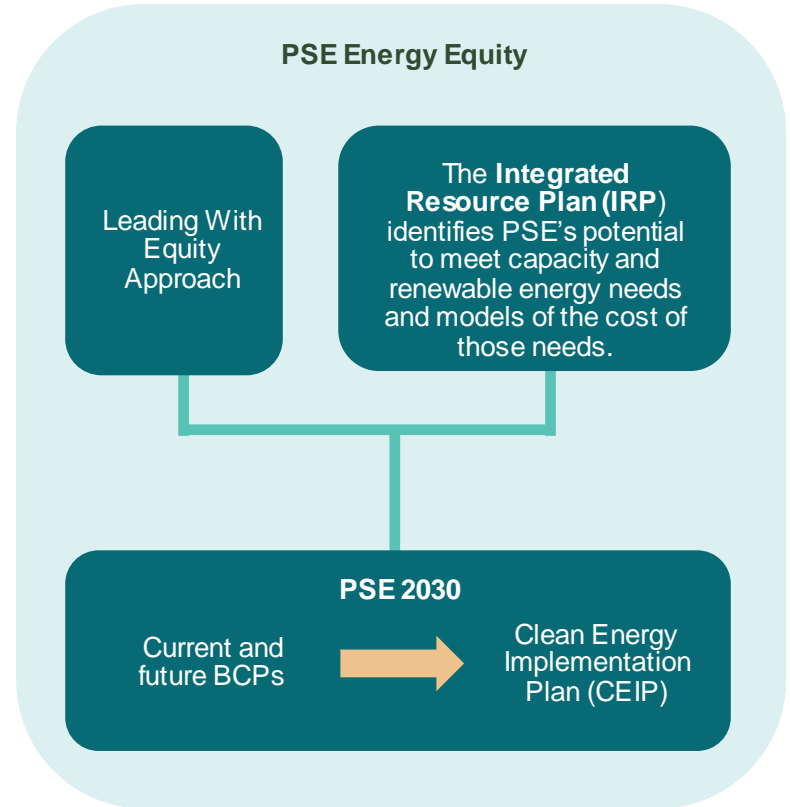


**Transgenerational  
Equity**

Decision makers **consider the impact on future generations** of the clean energy policies and programs they develop.

# 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.



# Performance metrics categorical comparisons

As Submitted UE-220066 Appendix A



Regrouped by Equity Flags

## 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

## Resources

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

## Fairness

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

## Environmental/Emissions

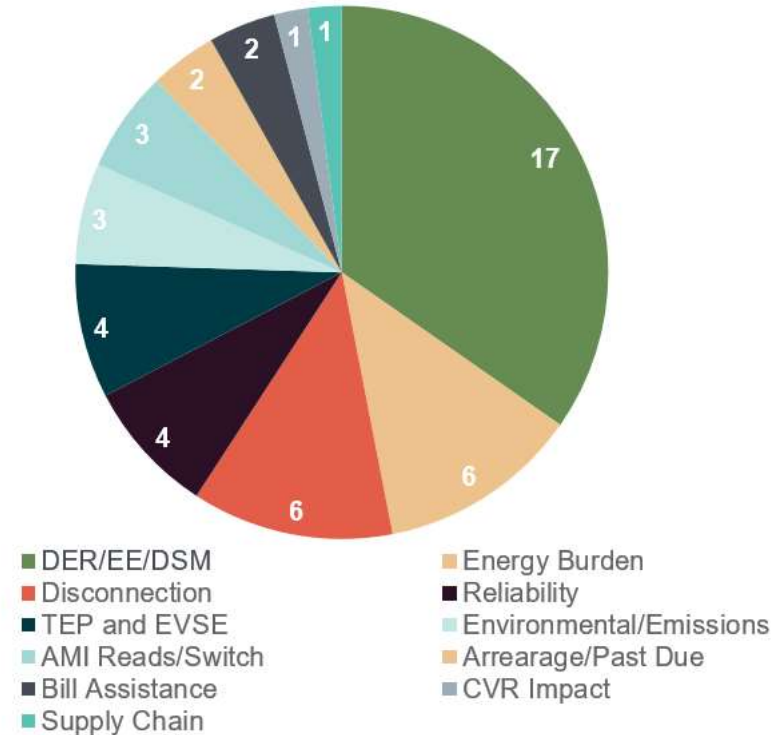
## Reliability

## Supply Chain

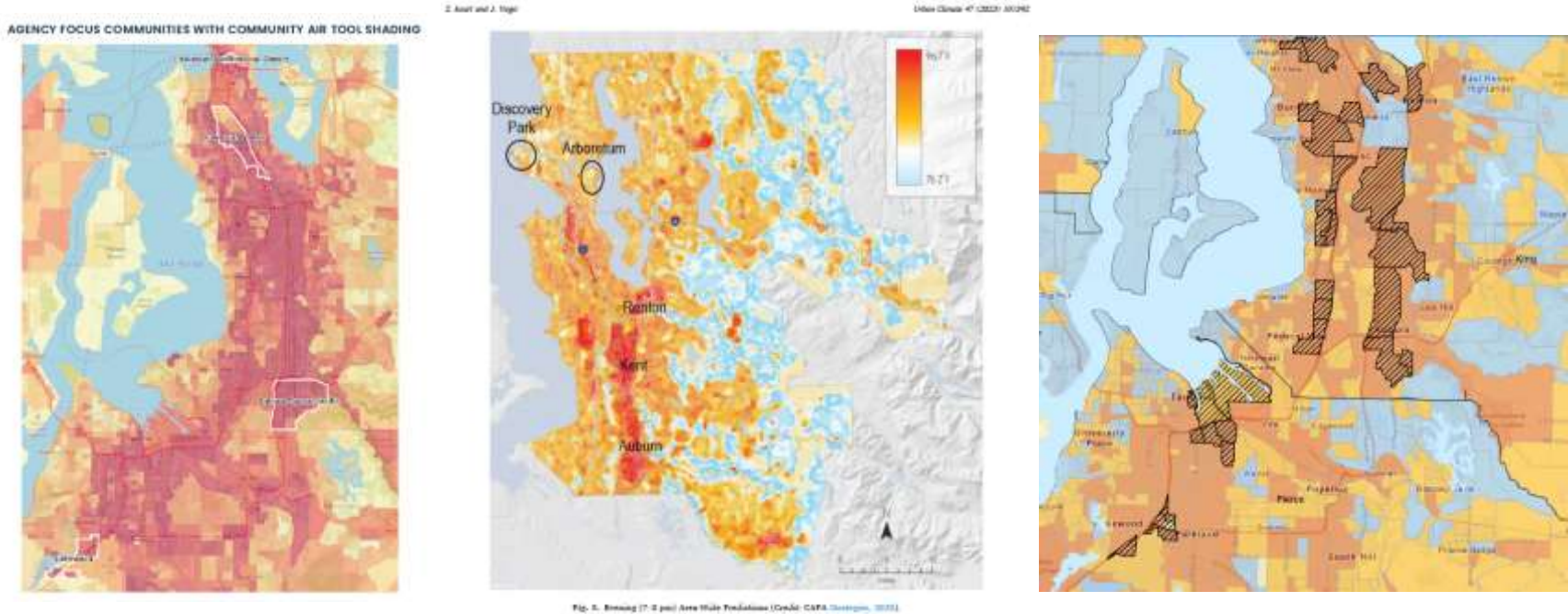


# Performance metrics categories

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



# 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.

# Steering Committee Update

Equity

**Troy Hutson**

Director Energy Equity

May 17, 2023



**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

# Energy Equity Work Plan

		2023			2024				
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Regulatory Commitments		★ 6/9 Draft Biennial CEIP Update	★ 8/4 – Submit draft Biennial CEIP Update	★ 11/1 - Submit Final Biennial CEIP Update	★ File GRC Testimony				
		<b>Distributional Equity Analysis (DEA)</b> <ul style="list-style-type: none"> <li>Develop DEA approach, pilot on DER project</li> <li>Seek stakeholder input through Equity Advisory Group</li> </ul>				★ Pilot DEA Filing	• Participate Commission-led process, refine approach		★ DEA Approach Approval
		<b>Distribution System Planning / iDOT</b> – incorporate energy equity into Investment Decision Optimization Tool Incorporate DEA approach with Benefit/Cost Analysis							
		<b>Capital Planning Process</b> – incorporate energy equity into CSA process, EPPM tool							
		<b>Affordability</b> – bill discount rate, arrearage management plan, low income assistance							
		<b>Clean energy/energy management program participation and distribution</b>							
		<b>Performance Based Metrics</b>							
Internal Activities		Define Plan to <b>Operationalize Energy Equity</b> <ul style="list-style-type: none"> <li>Definitions, Success Measures</li> <li>Research best practices</li> <li>Build out governance</li> <li>Establish high-level reporting &amp; results</li> <li>Identify impacted stakeholders, prioritize processes</li> </ul>				<b>External Partnerships</b> <ul style="list-style-type: none"> <li>External Agency Relationship Building<sup>1</sup></li> <li>Community-Based Organizations</li> <li>Advisory Groups (EAG, LIAC, CRAG, IRP)</li> <li>Berkeley National Labs</li> <li>WUTC Commission</li> </ul>		<b>Foundational</b> <ul style="list-style-type: none"> <li>University of Michigan Framework</li> <li>Justice40</li> <li>American Council for an Energy – Efficient Economy (ACEEE)</li> <li>Climate Justice Screening Tool (CJST)</li> </ul>	
Internal Comms		<ul style="list-style-type: none"> <li>Roadshow presentations</li> <li>Energy Equity Champion Sessions</li> <li>Energy Equity Friday Focus Series</li> </ul>							

<sup>1</sup> UW Climate Impacts Group, WA State Dept of Ecology, PSCAA, etc

# Energy Equity GRC & CEIP Work Back Plan

2023									2024	
Q2			Q3			Q4			Q1	
Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Draft Outline		Planning & Internal Stakeholder Outreach		Internal Stakeholder Input			Finalize Testimony & Exhibits			★ File GRC Testimony
Draft Biennial CEIP Update *			★ 6/9 Written Draft Biennial CEIP Update			★ 8/4 – Draft Biennial CEIP Update Submission			★ 11/1 – Final Biennial CEIP Update Submission	
★ 5/1 Public Participation Plan Update Filed			Receive/Incorporate feedback from WUTC and interested parties							

Area	Lead	GRC	CEIP
Overall Energy Equity Summary, Framework, Approach	Energy Equity (Troy Hutson)		
Distributional Equity Analysis	New Product Development (Wil 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



# 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**

# 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





# Proposed Guiding Principles & Success Metrics

## Guiding Principles<sup>1</sup>

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

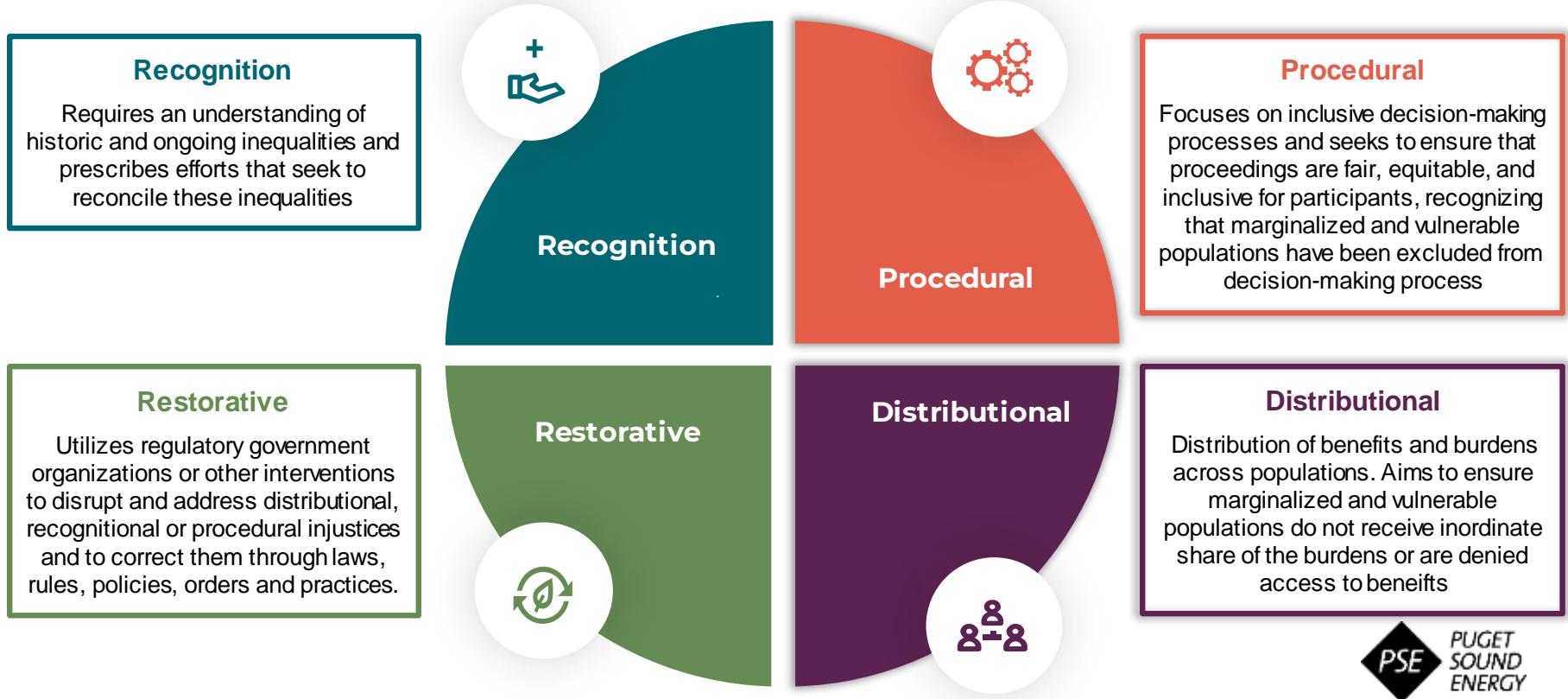
- External Engagement
- Internal Engagement – employee culture shift
- Training & Education – external & internal awareness of what PSE is doing

<sup>1</sup> Source: University of Michigan's Energy Equity Project Framework

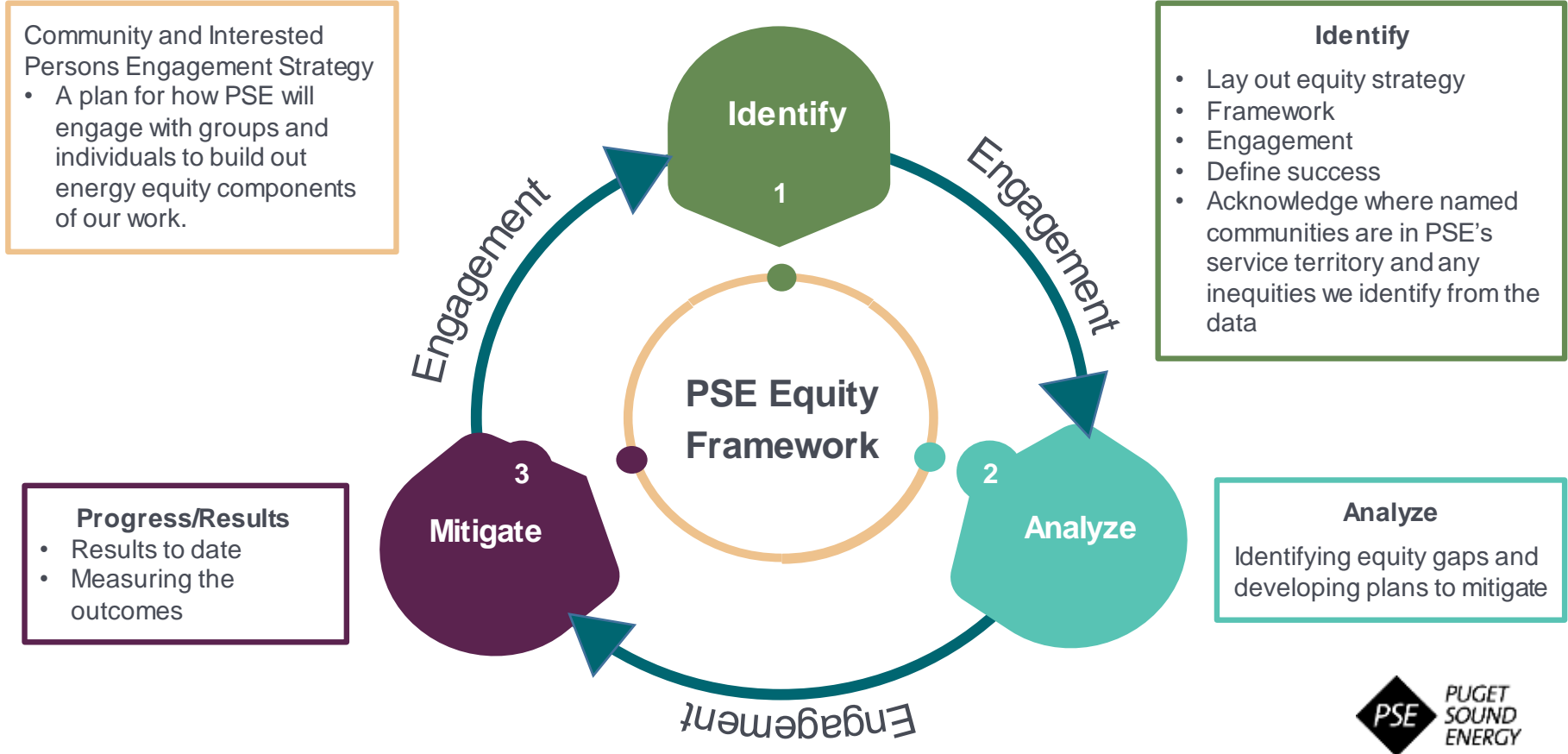
# Appendix

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

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



# PSE's Equity Framework is consistently applied throughout the workplans



# 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

# Testimony Guidance

ILLUSTRATIVE ONLY

	Overview	Questions to Consider	KPIs
 <p><b>Recognition</b></p>	<p>Understanding of historic and ongoing inequalities and prescribes efforts that seek to reconcile these inequalities</p>	<ul style="list-style-type: none"> <li>• <b>Energy Security</b> - How continuously, safely, and reliably one has access to energy without interruption or compromising other basic needs or comfort?</li> <li>• <b>Affordability</b> - 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?</li> </ul>	<ul style="list-style-type: none"> <li>• Demographics</li> <li>• Pollution burden</li> <li>• Power outage frequency and disparities</li> <li>• Shutoffs/shutoff policies</li> <li>• Bill Arrearages</li> </ul>
 <p><b>Procedural</b></p>	<p>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</p>	<ul style="list-style-type: none"> <li>• <b>Access</b> - How easy is it for people to learn about, qualify for, and enroll in programs?</li> <li>• <b>Procedural</b> - 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?</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-lingual ads, program materials, enrollment, and participation</li> <li>• Access for renters</li> <li>• Disparities in participation rates</li> </ul>
 <p><b>Distributional</b></p>	<p>Distribution of benefits and burdens across populations. Aim to ensure marginalized and vulnerable populations do not receive an inordinate share of the burdens or are denied access to benefits</p>	<ul style="list-style-type: none"> <li>• <b>Household benefits</b> - What are the immediate financial and health benefits that participating households receive?</li> <li>• <b>Community benefits</b> - What are the medium- and long-term community level or indirect benefits including health, wealth-building, jobs, and environment?</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in heat islands</li> <li>• Improved outdoor air quality</li> <li>• Energy burden disparities</li> </ul>
 <p><b>Restorative</b></p>	<p>Utilizes regulatory government organizations or other interventions to disrupt and address distributional, recognition or procedural injustices and to correct them through laws, rules, policies, orders and practices.</p>	<ul style="list-style-type: none"> <li>• <b>Power to People</b> - Who are the ultimate decision-makers?</li> <li>• <b>Power to People</b> - Are we supporting community ownership?</li> <li>• <b>Restoring Our Relations</b> - Are we thinking holistically about equity?</li> </ul>	<ul style="list-style-type: none"> <li>• Primary approach is qualitative best practices; does not lend itself to quantitative measurement.</li> </ul>

# 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

## 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



# Steering Committee Update

Energy Equity

**Troy Hutson**

Director Energy Equity

June 14, 2023



**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

# 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

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



# Energy Equity GRC & CEIP Work Back Plan

2023								2024	
Q2			Q3			Q4			Q1
Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
	Draft Outline & Testimony		★ Mid July – 1 <sup>st</sup> draft Energy Equity Testimony		★ Early Sept – 1 <sup>st</sup> draft Witness Testimony	★ Mid Oct – 2 <sup>nd</sup> draft Witness Testimony		★ 12/14 – Submit final testimony & exhibits	
		Internal Stakeholder Input	Refine Testimony, Draft Exhibits				★ Mid Nov – 3 <sup>rd</sup> draft Witness Testimony	1/23 – File GRC Testimony	★
				Incorporate into Biennial CEIP Update				Final Executive, Legal Review	
Draft Biennial CEIP Update *			★ 6/9 Written Draft Biennial CEIP Update		★ 8/4 – Draft Biennial CEIP Update Submission			★ 11/1 – Final Biennial CEIP Update Submission	
			Receive/Incorporate feedback from WUTC and interested parties						

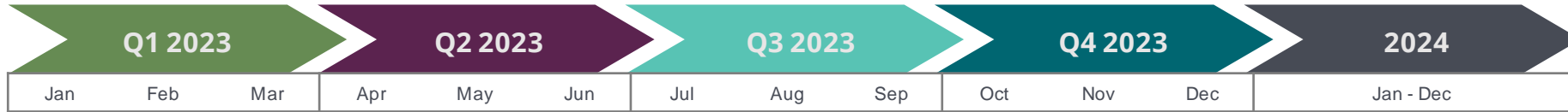
Area	Lead	GRC	CEIP
Overall Energy Equity Summary, Framework, Approach	Energy Equity (Troy Hutson)		
Distributional Equity Analysis	New Product Development (Will Einstein)		
Distributional Equity Analysis	State Regulatory Affairs (Jon Pilaris)		
Delivery System Planning/ iDOT	Planning (David Landers)		
Corporate Capital Planning	Financial Planning & Analysis (Josh Kensock)		
Performance Metrics	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



# 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:

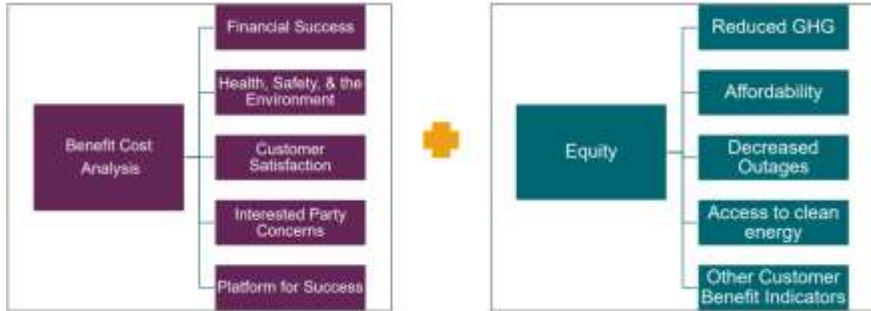
- What have you done for highly impacted communities and vulnerable populations?
- What measures are you able to provide in these areas?
  - Process measures (what's been done to incorporate energy equity, what changes have been made)
  - Engagement measures
  - Impact measures
- Additional guidance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

	Overview	Additional Guidance
<b>Recognition</b> 	<b>Understanding of historic and ongoing inequalities</b> and prescribes efforts that seek to reconcile these inequalities	<ul style="list-style-type: none"> <li>• Have you identified the communities you're targeting? What are their characteristics (eg housing, energy burden, pollution, health, economic, etc)?</li> <li>• What are the root factors that have led to historic and current inequities?</li> </ul>
<b>Procedural</b> 	Focuses on <b>inclusive decision-making processes</b> 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	<ul style="list-style-type: none"> <li>• How are you being inclusive and accessible in your engagement in named communities?</li> <li>• Have you engaged with the right Community-Based Organizations?</li> <li>• How are you engaging named communities in legal / regulatory proceedings?</li> <li>• How are you using the feedback from named communities? How are you informing your decisions based on their feedback?</li> </ul>
<b>Distributional</b> 	<b>Distribution of benefits and burdens</b> across populations. Aims to ensure marginalized and vulnerable populations do not receive inordinate share of the burdens or are denied access to benefits	<ul style="list-style-type: none"> <li>• What have you done in your process(es) to incorporate energy equity? What changes have been made?</li> <li>• How are you measuring your impact?             <ul style="list-style-type: none"> <li>○ Have you established baseline measures and able to track progress of impact?</li> <li>○ What are you doing to measure community engagement?</li> <li>○ Are benefits distributed equitably and fairly? What % of programs/projects are received by named communities?</li> </ul> </li> </ul>
<b>Restorative</b> 	Utilizes regulatory government organizations or other interventions to disrupt and address distributional, recognition or procedural injustices and to correct them through <b>laws, rules, policies, orders and practices.</b>	<ul style="list-style-type: none"> <li>• What do you see success looking like?</li> <li>• Are processes eliminating future inequities?</li> </ul>

# 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
<b>Housing and general area</b>	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 of 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+.
<b>Community Organizations</b>	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.
<b>Accessibility</b>	Mountainview Fire and Rescue close to homes. There is a Haggens 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

### 🎯 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
<b>2</b> <b>Named Community</b>	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 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 (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	Completed By	Risk Score	Financial Score	<b>3</b> <b>Equity</b>	Total score
	Project 1					28 Days Left				Yes	
	Project 2									Yes	
	Project 3									No	
	Project 4									Yes	
	Project 5									No	



# Identifying Excellence in Energy Equity



Energy Equity Project



VULNERABLE CUSTOMER LEADERSHIP COUNCIL



# Proposed Guiding Principles & Success Metrics

## Guiding Principles<sup>1</sup>

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

<sup>1</sup> Source: University of Michigan's Energy Equity Project Framework

# Appendix

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

# Energy Equity Work Plan

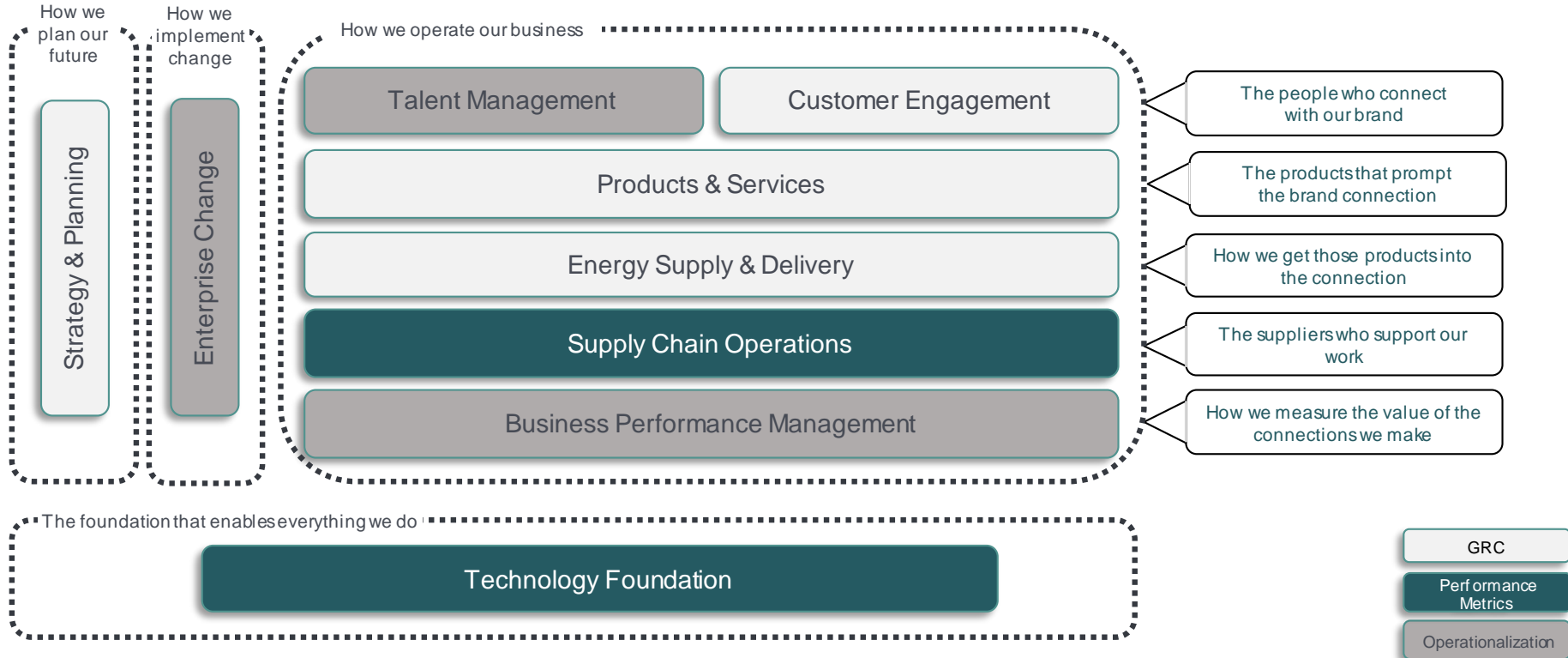
		2023			2024					
		Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Regulatory Commitments		★ 6/9 Draft Biennial CEIP Update	★ 8/4 – Submit draft Biennial CEIP Update	★ 11/1 - Submit Final Biennial CEIP Update	★ File GRC Testimony					
		<b>Distributional Equity Analysis (DEA)</b> <ul style="list-style-type: none"> <li>Develop DEA approach, pilot on DER project</li> <li>Seek stakeholder input through Equity Advisory Group</li> </ul>				★ Pilot DEA Filing	• Participate Commission-led process, refine approach		★ DEA Approach Approval	
		<b>Distribution System Planning / iDOT</b> – incorporate energy equity into Investment Decision Optimization Tool Incorporate DEA approach with Benefit/Cost Analysis								
		<b>Capital Planning Process</b> – incorporate energy equity into CSA process, EPPM tool								
		<b>Affordability</b> – bill discount rate, arrearage management plan, low income assistance								
		<b>Clean energy/energy management program participation and distribution</b>								
		<b>Performance Based Metrics</b>								
Internal Activities	Define Plan to <b>Operationalize Energy Equity</b> <ul style="list-style-type: none"> <li>Definitions, Success Measures</li> <li>Research best practices</li> <li>Build out governance</li> <li>Establish high-level reporting &amp; results</li> <li>Identify impacted stakeholders, prioritize processes</li> </ul>				<b>External Partnerships</b> <ul style="list-style-type: none"> <li>External Agency Relationship Building<sup>1</sup></li> <li>Community-Based Organizations</li> <li>Advisory Groups (EAG, LIAC, CRAG, IRP)</li> <li>Berkeley National Labs</li> <li>WUTC Commission</li> </ul>			<b>Foundational</b> <ul style="list-style-type: none"> <li>University of Michigan Framework</li> <li>Justice40</li> <li>American Council for an Energy – Efficient Economy (ACEEE)</li> <li>Climate Justice Screening Tool (CJST)</li> </ul>		
Internal Comms	<ul style="list-style-type: none"> <li>Roadshow presentations</li> <li>Energy Equity Champion Sessions</li> <li>Energy Equity Friday Focus Series</li> </ul>									

<sup>1</sup> 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.



# Energy Equity Business Impacts

GRC

Performance  
Metrics

Operationalization

## Strategy & Planning

Energy Portfolio  
Planning

Enterprise  
Portfolio Planning

## Enterprise Change

Operational  
Planning

Organizational  
Development

Program  
Management

Process  
Engineering

## Talent Management

Employee  
Collaboration

## Customer Engagement

Marketing

Energy Assistance

Energy Efficiency

Billing & Payment

## Products & Services

Research &  
Development

Lifecycle  
Management

Price  
Management

## Energy Supply & Delivery

Plan

Distribution

Emergency  
Response

## Supply Chain Operations

Plan

Source

Deliver

## Business Performance Mgmt

Enterprise Risk &  
Compliance

## Technology Foundation

Data & Analytics

# CORE BUSINESS CAPABILITIES

## Strategy & Planning

Strategic Planning

Business Development

Energy Portfolio Planning

Enterprise Portfolio Planning

## Enterprise Change

Operational Planning

Organizational Development

Process Engineering

Program Management

Architecture

## Talent Management

Recruiting

Talent Development

Pay & Benefits

Employee Collaboration

Employee Support

Workforce Management

## Customer Engagement

Marketing

Customer Service

Energy Assistance

Customer Account Management

Energy Efficiency

Digital

Billing & Payment

## Products & Services

Research & Development

Quality Management

Lifecycle Management

Price Management

Safety

## Energy Supply & Delivery

Plan

Trade

Generate

Transmission

Distribution

Metering

Construction

Emergency Response

## Supply Chain Operations

Plan

Source

Deliver

Return

## Business Performance Management

Financial Management

Asset Management

Accounting

Enterprise Risk & Compliance

Tax & Tariffs

Company Support

## Technology Foundation

User Experience Design

Data & Analytics

Security

Technical Delivery

Technical Operations

Service Management

GRC

Performance Metrics

Operationalization

# Organizational Impacts

## GRC Commitments

**Delivery System Planning Process (iDOT)**  
Planning (David Landers)

**Distributional Equity Analysis**  
New Product Dev (Wil Einstein)

**Corporate Capital Planning / CSA**  
Financial Planning & Analysis (Josh Kensock)

**Regulatory**  
External Affairs (Jon Pilaris)  
State Regulatory Affairs (Susan Free)  
Federal & Regulatory Policy (Wendy Gerlitz)

**Affordability –**  
Customer Solutions (Carol Wallace)  
Customer Energy Mgmt (Gilbert Archuleta)

**Targeted Electrification Pilot**  
Customer Energy Mgmt (Gilbert Archuleta)  
Strat. Energy Initiatives (John Mannetti)

**GRC Performance Metrics**  
Planning (David Landers)  
Customer Solutions (Carol Wallace)  
New Product Development (Wil Einstein)  
Customer Energy Management (Gilbert Archuleta)

## Internal Partnerships

**CEIP**  
Clean Energy Strategy (Kara Durbin)

**Energy Efficiency**  
Customer Energy Mgmt (Gilbert Archuleta)

**DEI**  
DEI Program Mgr (Tracy Turman)

## Customer Engagement

**Customer Engagement**  
Community Outreach (Jessica McColgin)  
Community Engagement (Elizabeth Purdy)  
Community-Based Organizations

**Tribes / Veterans**  
Federal & Tribal Gov't Affairs (Nathan Davern)

**External Advisory Groups**  
Equity Advisory Group (EAG)  
Low Income Advisory Group (LIAC)  
Conservation Resource Advisory Group (CRAG)  
Integrated Resource Planning (IRP)

## Support / Shared Services

**Strategic Initiatives / SteerCo**  
Results Delivery Office (Mikel Milton)

**Process**  
Process Improvement (Pete Wagner)

**Org Change Management**  
OCM (Winter Sanders)

## External

**External Partnerships**  
Berkeley National Labs  
UW Climate Impacts Group  
WA State Dept of Ecology  
PSCAA

**WUTC Staff**



# Steering Committee Update

Energy Equity

**Troy Hutson**

Director Energy Equity

July 26, 2023



**PUGET  
SOUND  
ENERGY**

# Executive Summary

## Accomplishments

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- 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

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

## Next Steps

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

# 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



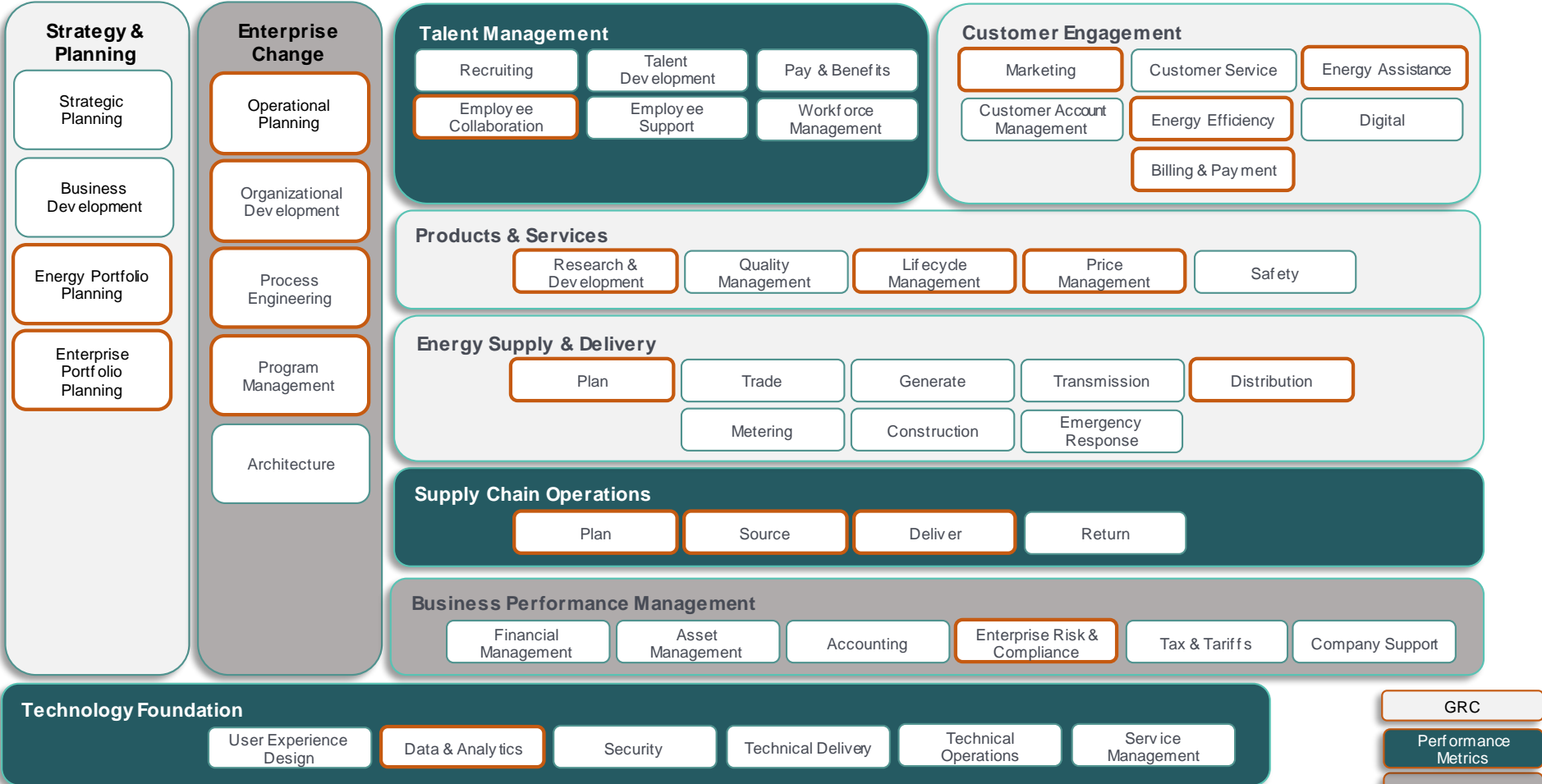
# Model for Operationalizing Equity at PSE

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?
  - 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
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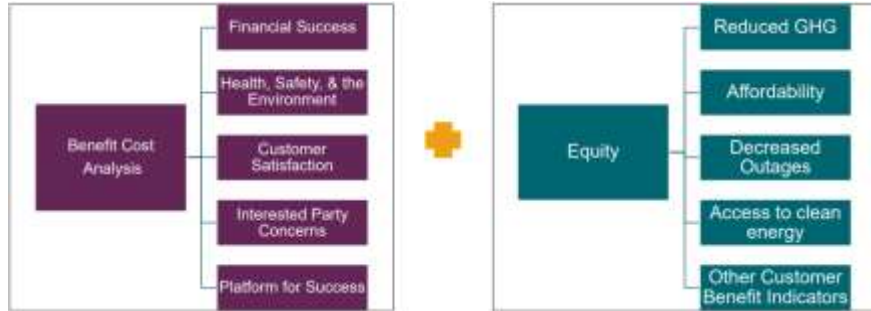
# Process-Based Prioritization of Equity



# 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



	SHD-18	LMD-18	FCR-11	LYO-16
<b>Housing and general area</b>	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 of 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+.
<b>Community Organizations</b>	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.
<b>Accessibility</b>	Mountainview Fire and Rescue close to homes. There is a Haggens 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

### 🎯 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
<b>2</b> <b>Named Community</b>	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 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 (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	Completed By	Risk Score	Financial Score	Equity	Total Score
	Project 1					28 Days Left				Yes	
	Project 2									Yes	
	Project 3									No	
	Project 4									Yes	
	Project 5									No	

**3**



# 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

# 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

CEIP

a **minimum of 30% of the energy benefits** of DER solar, DER storage, DR, and EE programs

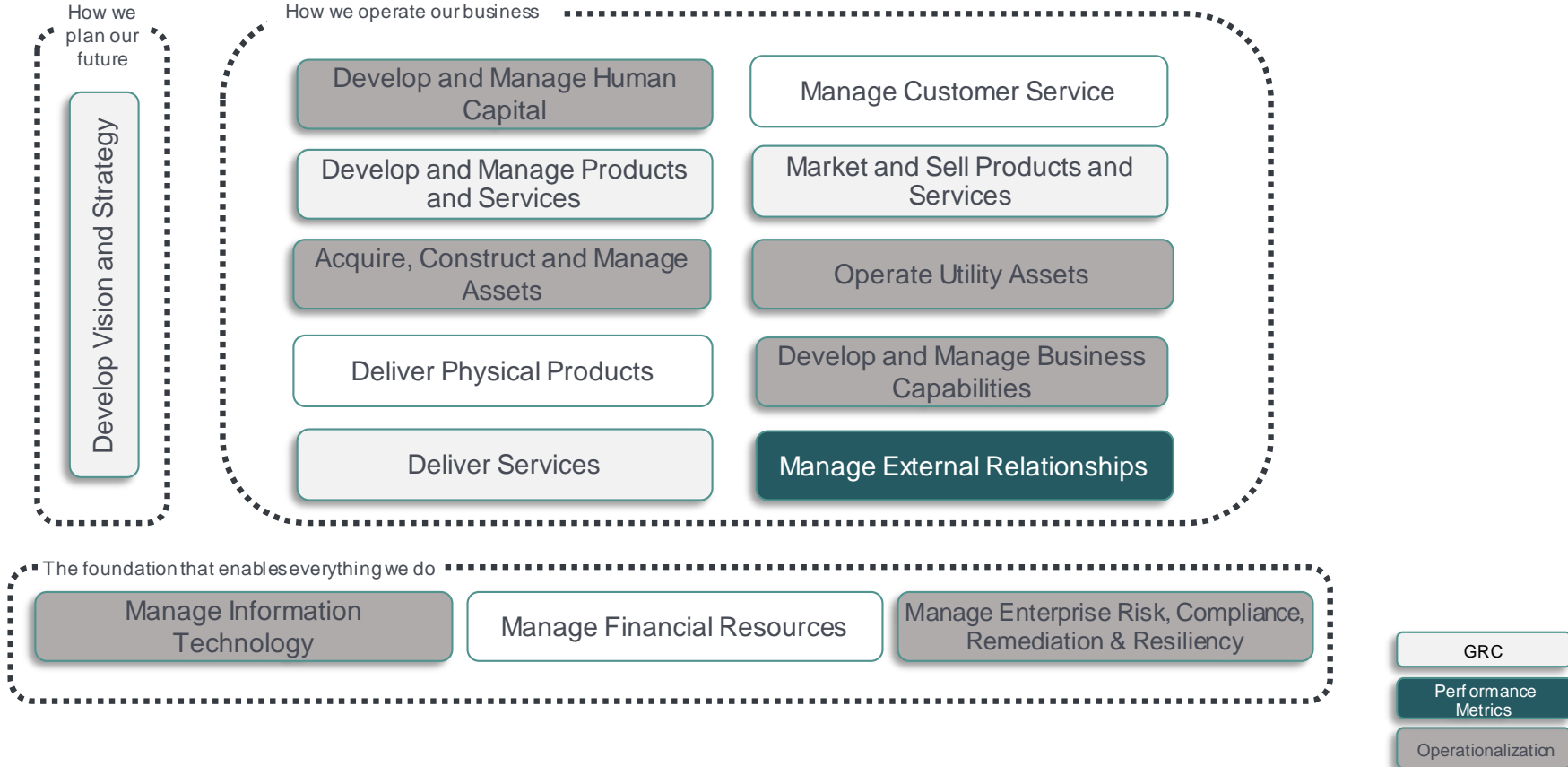
CCA

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

# Appendix

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

# PSE's APQC\* Process Model – Energy Equity Impacts



\* American Productivity & Quality Center

# Energy Equity Roadmap

## Key outcomes

- 1 Meaningful engagement w 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 Community Engagement & Outreach

- 2
- Define Engagement Plan
- Coordination with Community Engagement, Outreach, CCEAP, Coalition, Community Based Organizations (CBO)
- Design, publish external website
- Continued coordination with CBOs

## 3 Embed Energy Equity into Processes

- Incorporate GRC commitments
- Identify, prioritize processes
- Perform equity impact analyses
- ★ 11/1: CEIP Biennial Update
- ★ 1/23: File GRC Testimony
- Evaluate & monitor processes
- Evaluate & monitor processes

## 2 Develop Metrics, Evaluate Maturity

- 3
- 4
- Identify KPIs / metrics to track progress
- Research best practices
- GRC metrics, CEIP CBl
- Iterate on metrics overtime
- Research best practices
- Measure and evaluate progress & maturity
- Develop & implement continuous improvement plan
- Iterate on metrics overtime
- Research best practices
- Measure and evaluate progress & maturity
- Develop & implement continuous improvement plan

## 1 Internal Education & Communications

- 3
- Define Internal Education Plan
- Roadshow presentations
- Internal Employee Communications
- Internal equity website
- Refine Internal Education Plan
- Refine Internal Employee Communications
- Refine Internal Education Plan
- Refine Internal Employee Communications

## 2 Foundational

- 3
- 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
- Refine Templates, Guidance, Resources

### 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

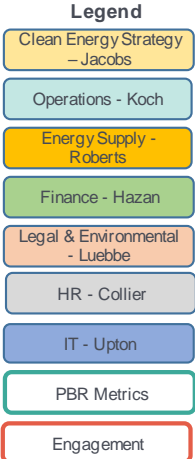
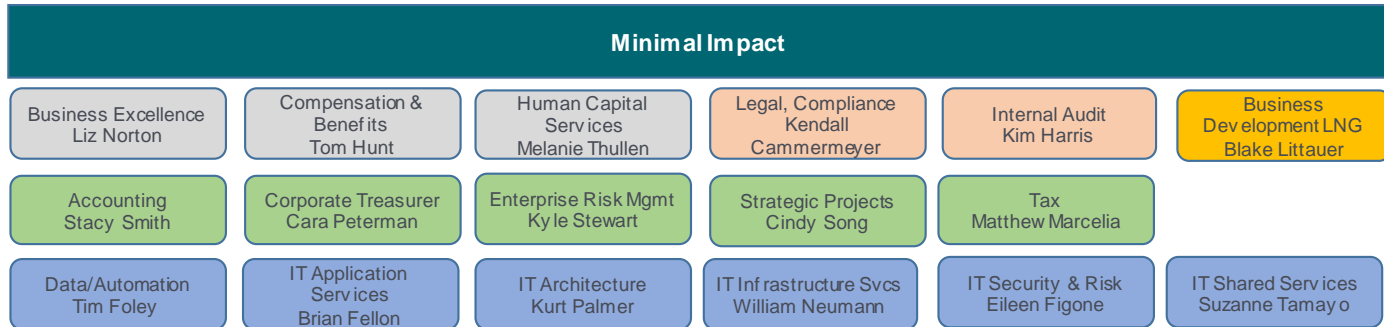
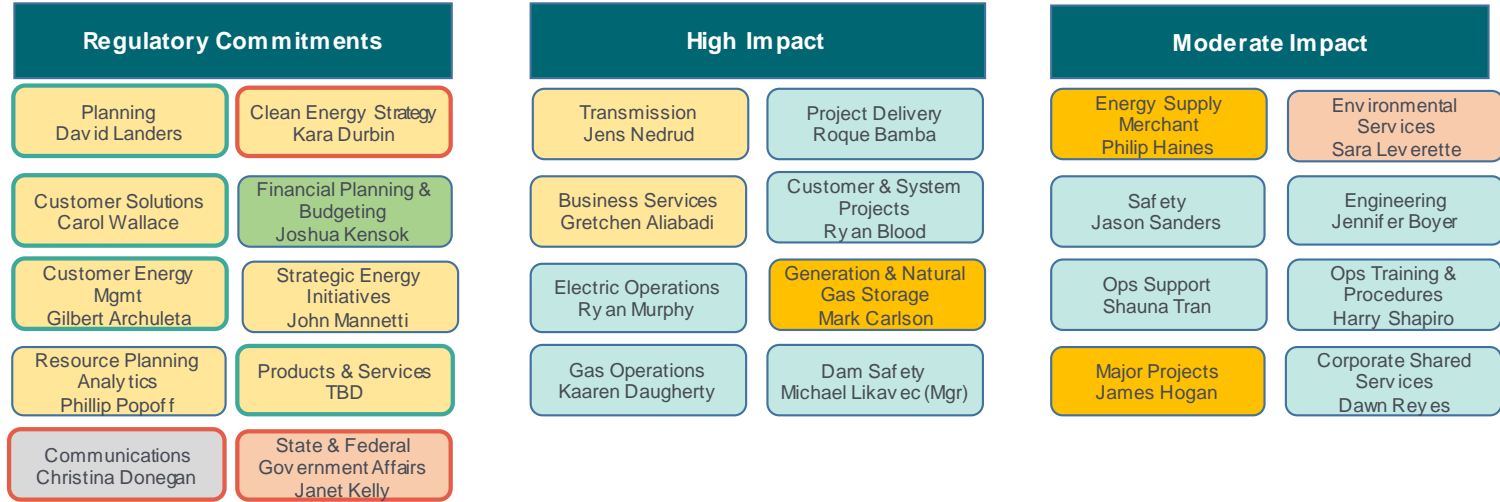
2023									2024
Q2			Q3			Q4			Q1
Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
	Draft Outline & Testimony		★ Mid July – 1 <sup>st</sup> draft Energy Equity Testimony		★ Early Sept – 1 <sup>st</sup> draft Witness Testimony	★ Mid Oct – 2 <sup>nd</sup> draft Witness Testimony		★ 12/14 – Submit final testimony & exhibits	
		Internal Stakeholder Input	Refine Testimony, Draft Exhibits				★ Mid Nov – 3 <sup>rd</sup> draft Witness Testimony	1/23 – File GRC Testimony	★
				Incorporate into Biennial CEIP Update				Final Executive, Legal Review	
	Draft Biennial CEIP Update				★ 9/1 – Draft Biennial CEIP Update		★ 11/1 – Final Biennial CEIP Update Submission		

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) 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



# 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



**PUGET  
SOUND  
ENERGY**



# Executive Summary

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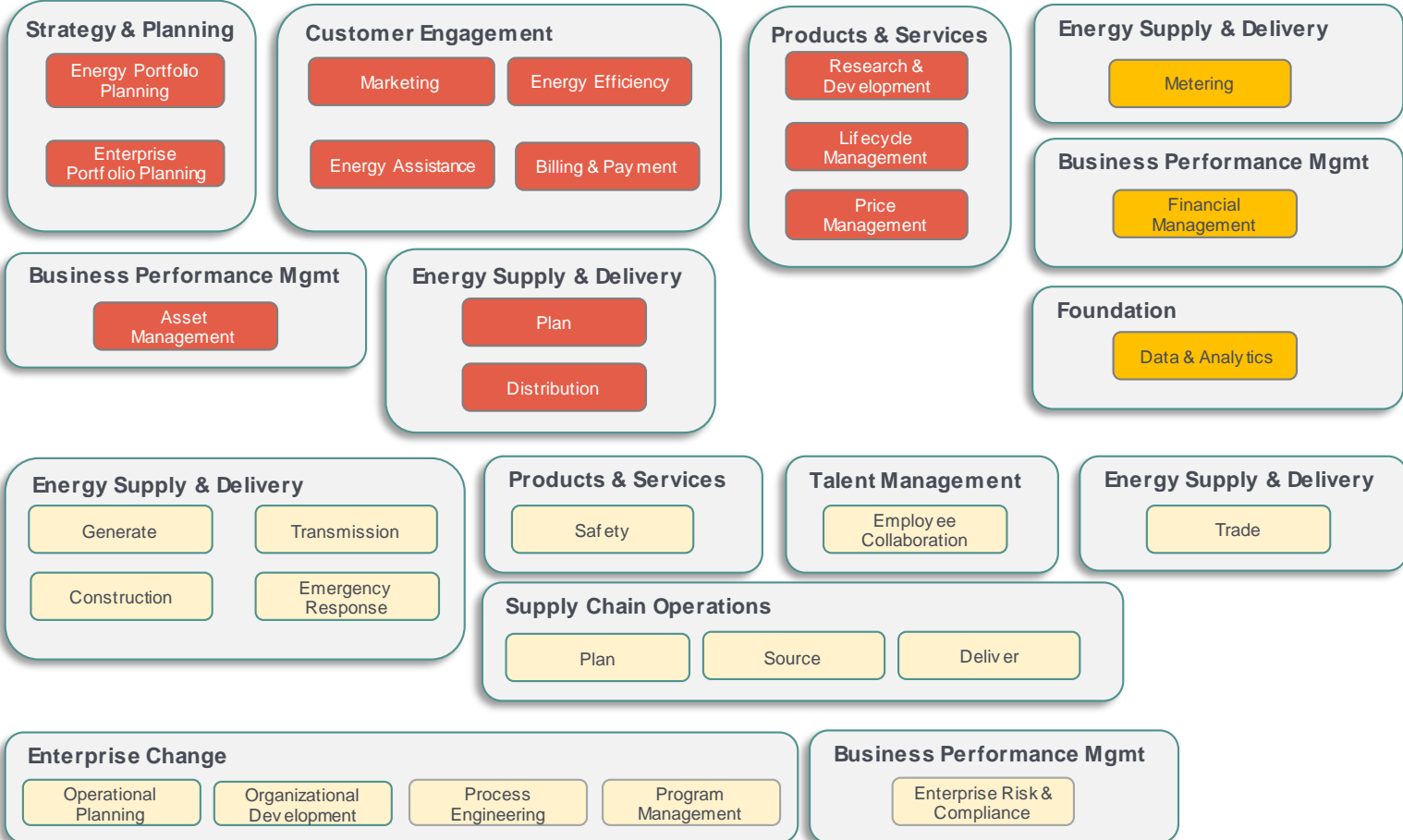
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# Prioritization of Equity Impacts



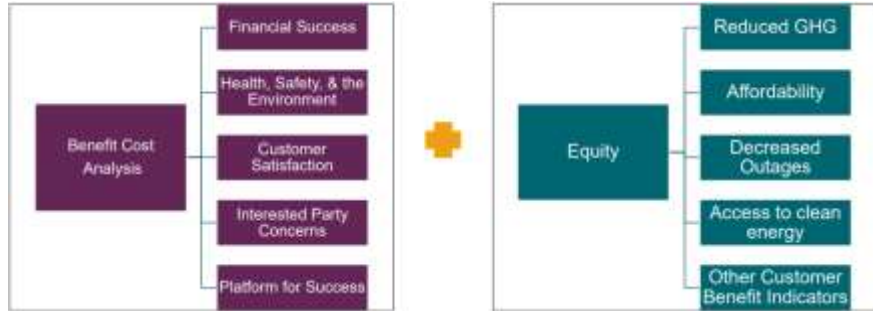
**Legend**

- GRC
- Performance Metrics
- Operationalization

# 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
<b>Housing and general area</b>	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 of 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+.
<b>Community Organizations</b>	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.
<b>Accessibility</b>	Mountainview Fire and Rescue close to homes. There is a Haggens 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

### 🎯 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
<b>2</b> <b>Named Community</b>	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 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 (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	Completed By	Risk Score	Financial Score	Equity	Total Score
	Project 1					28 Days Left				Yes	
	Project 2									Yes	
	Project 3									No	
	Project 4									Yes	
	Project 5									No	

**3**

# 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)
- EAG community forums on 9/16, 9/23
- Interested parties in Equity Investment Zones
- WA ethnic commissions



# 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

CEIP

a **minimum of 30% of the energy benefits** of DER solar, DER storage, DR, and EE programs

CCA

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

# Appendix

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

# Energy Equity Roadmap

## Key outcomes

- 1 Meaningful engagement w 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 Community Engagement & Outreach

- 2

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

## 3 Embed Energy Equity into Processes

- 4

  - Incorporate GRC commitments
  - Perform equity impact analyses
  - Evaluate & monitor processes
  - Evaluate & monitor processes
  - Identify, prioritize processes

★ 11/1: CEIP Biennial Update    ★ 1/23: File GRC Testimony

## 2 Develop Metrics, Evaluate Maturity

- 3
- 4

  - Identify KPIs / metrics to track progress
  - Iterate on metrics overtime
  - Research best practices
  - Research best practices
  - GRC metrics, CEIP CBl
  - Measure and evaluate progress & maturity
  - Develop & implement continuous improvement plan
  - Iterate on metrics overtime
  - Research best practices
  - Measure and evaluate progress & maturity
  - Develop & implement continuous improvement plan

## 1 Internal Education & Communications

- 3

  - Define Internal Education Plan
  - Refine Internal Education Plan
  - Roadshow presentations
  - Refine Internal Employee Communications
  - Internal Employee Communications
  - Refine Internal Education Plan
  - Internal equity website
  - Refine Internal Employee Communications

## 2 Foundational

- 3

  - Staff team
  - Refine Templates, Guidance, Resources
  - Establish vision, guiding principles
  - Develop Energy Equity Roadshow Presentation
  - Develop Templates, Guidance, Resources
  - Construct "success metrics"
  - Build foundational shared understanding of Vulnerability

### 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

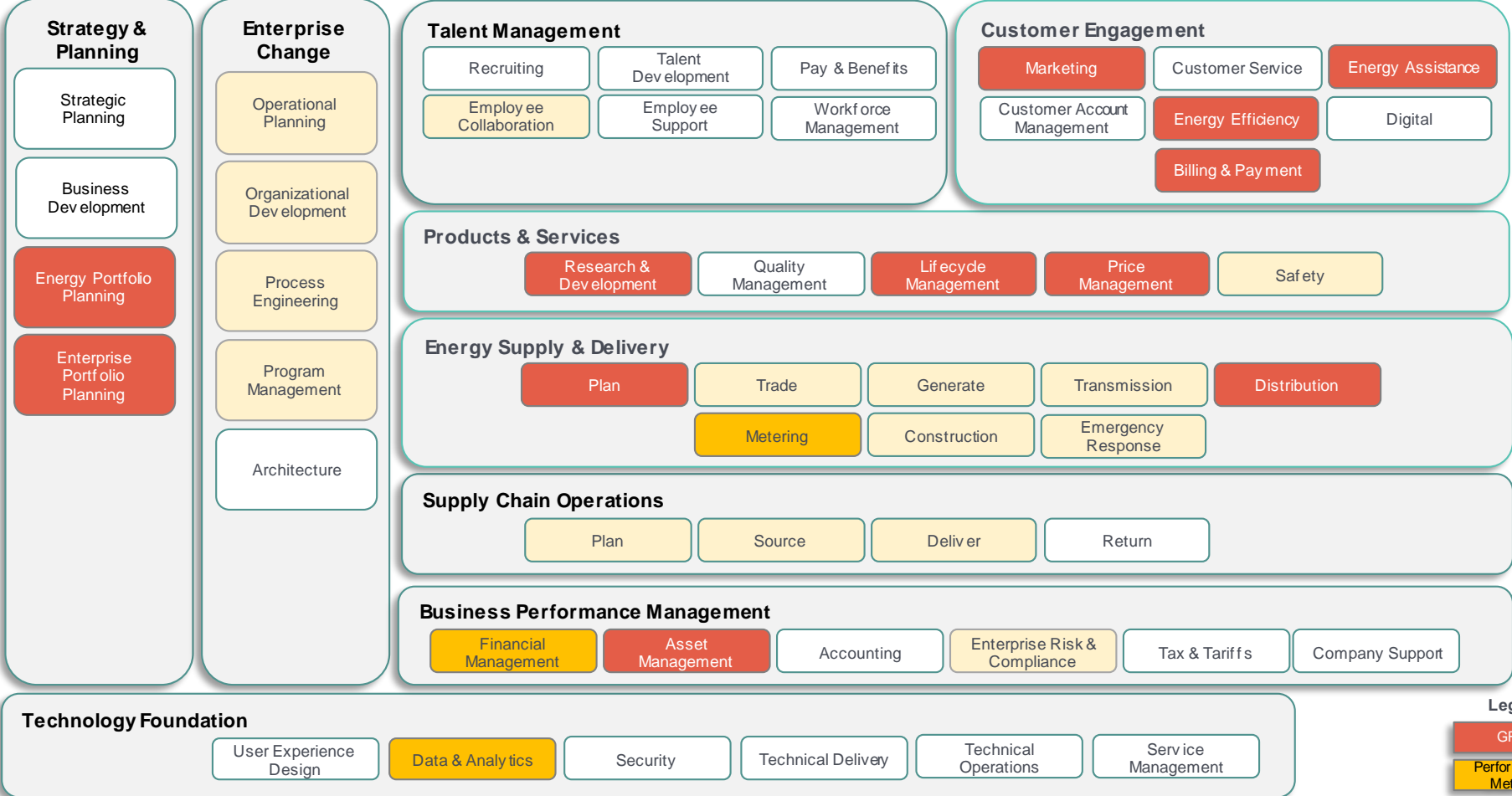
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Performance Metrics	Various		
Customer Benefit Indicators, Public Participation	Clean Energy Strategy (Kara Durbin)		

GRC CEIP



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



**Legend**

- GRC
- Performance Metrics
- Operationalization

# Steering Committee Update

Energy Equity

**Troy Hutson**

Director Energy Equity

October 11, 2023



**PUGET  
SOUND  
ENERGY**

# Executive Summary

## Accomplishments

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

## Today's Discussion

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

## Next Steps

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

# 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
<b>Recognition Justice</b> 	<b>Understanding of historic and ongoing inequalities</b> and prescribes efforts that seek to reconcile these inequalities	<ul style="list-style-type: none"> <li>• What are the disparities &amp; root factors that have led to historic and current inequities? What are the deepest inequities that have been identified?</li> <li>• Have you identified the communities you're targeting? What are their characteristics (eg housing, energy burden, pollution, health, economic, etc)?</li> <li>• What collaborative efforts are happening to identifying communities you're targeting?</li> </ul>
<b>Procedural Justice</b> 	Focuses on <b>inclusive decision-making processes</b> 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	<ul style="list-style-type: none"> <li>• How are you being inclusive and accessible in your engagement in named communities?</li> <li>• Have you engaged with the right Community-Based Organizations?</li> <li>• How are you engaging named communities in legal / regulatory proceedings?</li> <li>• How are you using the feedback from named communities? How are you informing your decisions based on their feedback?</li> <li>• Are you co-creating programs, procedures with communities?</li> <li>• Is early engagement occurring with communities? Have you identified their burdens?</li> </ul>
<b>Distributional Justice</b> 	<b>Distribution of benefits and burdens</b> across populations. Aims to ensure marginalized and vulnerable populations do not receive inordinate share of the burdens or are denied access to benefits	<ul style="list-style-type: none"> <li>• What have you done in your process(es) to incorporate energy equity? What changes have been made?</li> <li>• How are you measuring your impact on benefits &amp; reduction of burdens?                         <ul style="list-style-type: none"> <li>○ Have you established baseline measures and able to track progress of impact?</li> <li>○ What are you doing to measure community engagement?</li> <li>○ Are benefits distributed equitably and fairly? What % of programs/projects are received by named communities?</li> </ul> </li> <li>• Are at least 30% of benefits distributed to named communities?</li> </ul>
<b>Restorative Justice</b> 	Utilizes regulatory government organizations or other interventions to disrupt and address distributional, recognition or procedural injustices and to correct them through <b>laws, rules, policies, orders and practices.</b>	<ul style="list-style-type: none"> <li>• What do you see success looking like?</li> <li>• Are processes eliminating future inequities?</li> <li>• Do customers feel they are receiving the benefits?</li> <li>• Have we built a just energy system where it is accessible for all?</li> </ul>

# 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

# 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

# Appendix

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

# Energy Equity Scorecard

## Recognition Justice



- Vulnerable Population methodology
- Equity Investment Zones

## Procedural Justice



### 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)

## Distributional Justice



### 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)

## Restorative Justice



Have all energy justice dimensions been considered?

Energy equity maturity level

# Energy Equity Roadmap

## Key outcomes

- 1 Meaningful engagement w 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

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

### 1 Community Engagement & Outreach

2

- Define Engagement Plan
- Publish external website
- Coordination with Community Engagement, Outreach, CCEAP, Coalition, Community Based Organizations (CBO)
- Continued coordination with CBOs
- Continued conversations with commissioners, staff, interested parties

### 3 Incorporate Energy Equity into Processes

- Incorporate GRC commitments
- Identify, prioritize processes

★ 11/1: CEIP Biennial Update

★ 1/23: File GRC Testimony

- Complete 2022 GRC commitments
- Evaluate & monitor processes
- Evaluate & monitor processes
- Perform system-wide equity analyses

### 2 Develop Metrics, Evaluate Maturity

3

4

- Identify KPIs / metrics to track progress
- Iterate on metrics overtime
- Research best practices
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### 1 Internal Education & Communications

3

- Define Internal Education Plan
- Equity Training module
- Roadshow presentations
- Internal Equity event
- Internal Employee Communications
- Refine Internal Education Plan
- Internal equity website
- Refine Internal Employee Communications

### 2 Foundational

3

- Staff team
- Story maps for Equity Investment Zones
- Establish vision, guiding principles
- Refine Templates, Guidance, Resources
- Establish framework
- Construct success metrics
- Develop Energy Equity Roadshow Presentation
- Develop Templates, Guidance, Resources
- Build foundational shared understanding of Vulnerability

#### Foundational

- Cascade Order Framework
- Justice40
- American Council for an Energy – Efficient Economy (ACEEE)
- Climate Justice Screening Tool (CJST)

# Energy Equity GRC & CEIP Work Back Plan

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Performance Metrics	Various		
Customer Benefit Indicators, Public Participation	Clean Energy Strategy (Kara Durbin)		

GRC CEIP





# 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)



# 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.

# 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

# 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



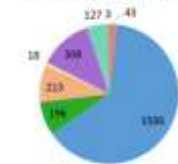
Provide support where jurisdictions don't have resource officers



Cyclical patrolling of sites that tend to repopulate to maintain safety for public



YTD Site Patrols 2023



Legend: King, Pierce, Snohomish, Thurston, Whatcom, Island

South King County



Legend: Algona, Auburn, Des Moines, Federal Way, Kent, Maple Valley, Renton, SeaTac, Tukwila, Vashon



**PSE 2030**

**Steering Committee**

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November 16, 2023



# PSE 2030 Steering Committee Agenda

Initiative	Presenter
2a	Asset Strategy
2b	Delivery System Planning
3	Customer Strategy
4	Asset Acquisition
6	Energy Equity
7	Operational Excellence
10	Talent Engine
11	Culture Effectiveness
	Open Discussion
	All

# 2024 Roadmap

2a | Asset Strategy

2b | Delivery System Planning

3 | Customer strategy

4 | Asset acquisition

6 | Energy equity

7 | Operational excellence

10 | Talent Engine

11 | Culture effectiveness

## 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-hand 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