

ACEEE's Leading with Equity Initiative: Lessons Learned in Advancing and Measuring Energy Equity

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American Council for an Energy-Efficient Economy



The American Council for an Energy-Efficient Economy is a nonprofit 501(c)(3) founded in 1980. We act as a catalyst to advance energy efficiency policies, programs, technologies, investments, & behaviors.

Our research explores economic impacts, financing options, behavior changes, program design, and utility planning, as well as US national, state, & local policy.

Our work is made possible by foundation funding, contracts, government grants, and conference revenue.

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Presentation objectives

1. Learn about some definitions and frameworks of energy equity that guide ACEEE's initiative and can be applied to the SAG's work
2. Understand the goals and approach of ACEEE's Leading with Equity initiative to embed equity considerations in our scorecards
3. From initiative findings, identify priority actions that can advance an equitable energy future

How Can We Achieve an Equitable Energy System?



Structural Equity

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

Decision-makers **reform programs that perpetuate disparities** and build programs that are equitable for all residents



Procedural Equity

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

Community members have **authentic leadership roles** that define, drive, and hold accountable clean energy policy and program decisions and outcomes



Distributional Equity

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

All residents enjoy the benefits of clean energy programs—such as lower bills, clean energy jobs, clean energy investment, and community wealth—and no community shoulders unjust burdens



Transgenerational Equity

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

Decision makers create solutions that **benefit future generations** and eliminate practices that could place unfair burdens on our children





An Equitable Energy System...



Institutionalizes accountability for achieving equitable outcomes from government, utilities, and other stakeholders



Embeds inclusive, accessible, and authentic community engagement in the development of policies and programs



Recognizes and addresses historical, cultural, and institutional dynamics and structures that created past and current inequities



Ensures representation, power, and influence from community members and/or environmental justice advocates in decision-making and implementation processes



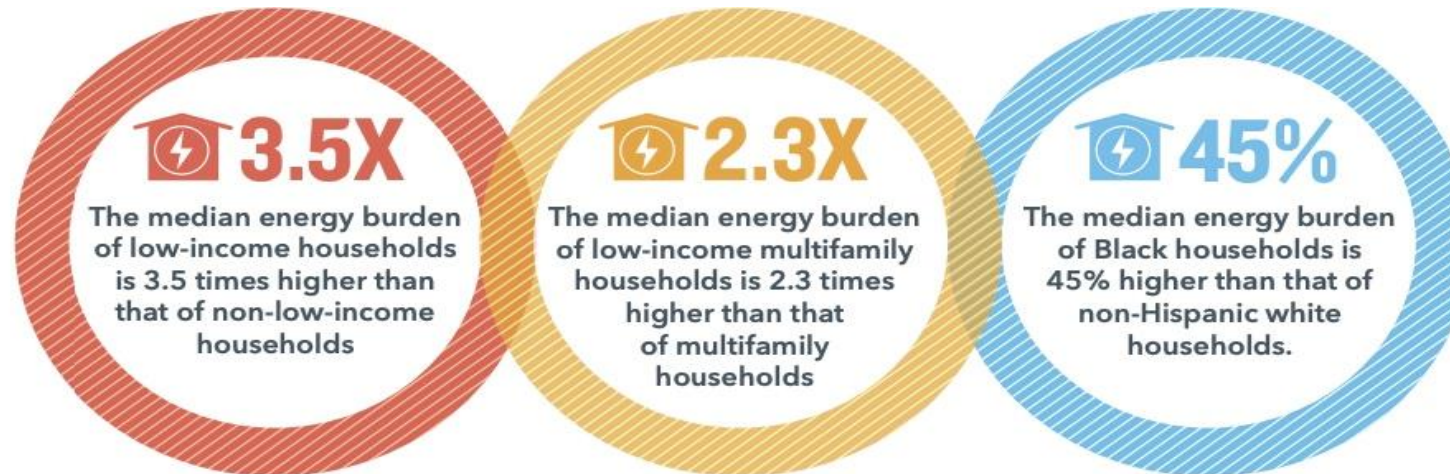
Considers intergenerational impacts and does not create policies or programs that unjustly burden future generations



Achieves a fair distribution of opportunities, benefits, and burdens for all communities

Energy Burden Patterns in the Region

- In the East North Central region (which includes IL), the median energy burden is 3.6%, and the median low-income energy burden is 9.1%
- **A quarter of low-income households in Chicago have an energy burden above 15%, more than 5.5 times higher than the median energy burden.**
- **20% of all households in Chicago have a high energy burden (above 6%)**
- **37% of Black households and 19% of Hispanic households in Chicago experience a high energy burden (above 6%)**



History of Policies Impacting Energy Justice

- Older and poorer quality housing impacts health, comfort, and energy and water bills.
- Historic policies have led to low-income households and communities of color concentrated in areas with historic disinvestment, poorer quality housing, greater pollution, and fewer high-quality jobs.
- Examples of policies at the local, state, and federal levels impacting this outcome include:
 - Redlining and racial covenants
 - Discriminatory lending and less of access to financial capital
 - Employment discrimination
 - Underfunded schools
- At the same time, these communities face higher barriers to accessing traditional energy efficiency programs.

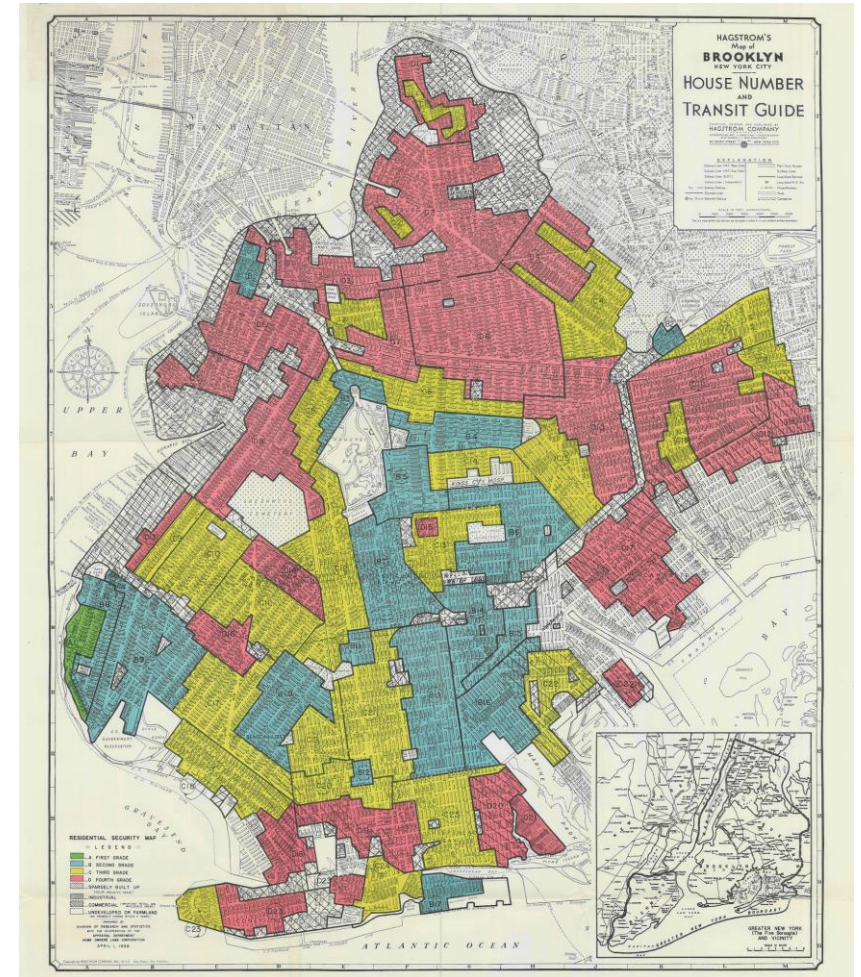
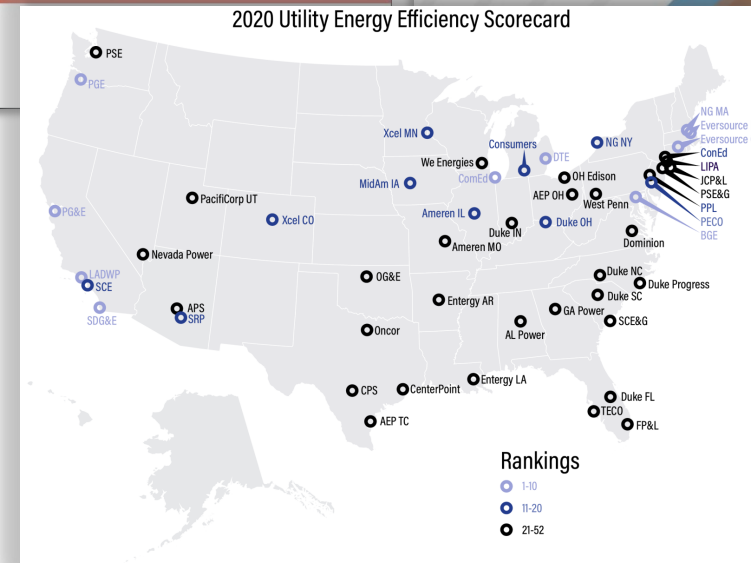
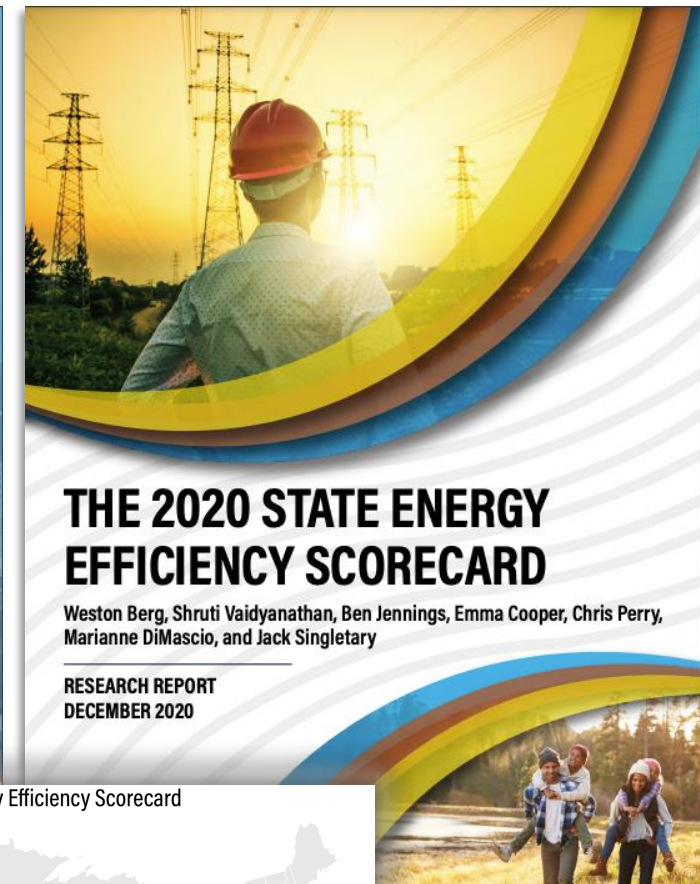
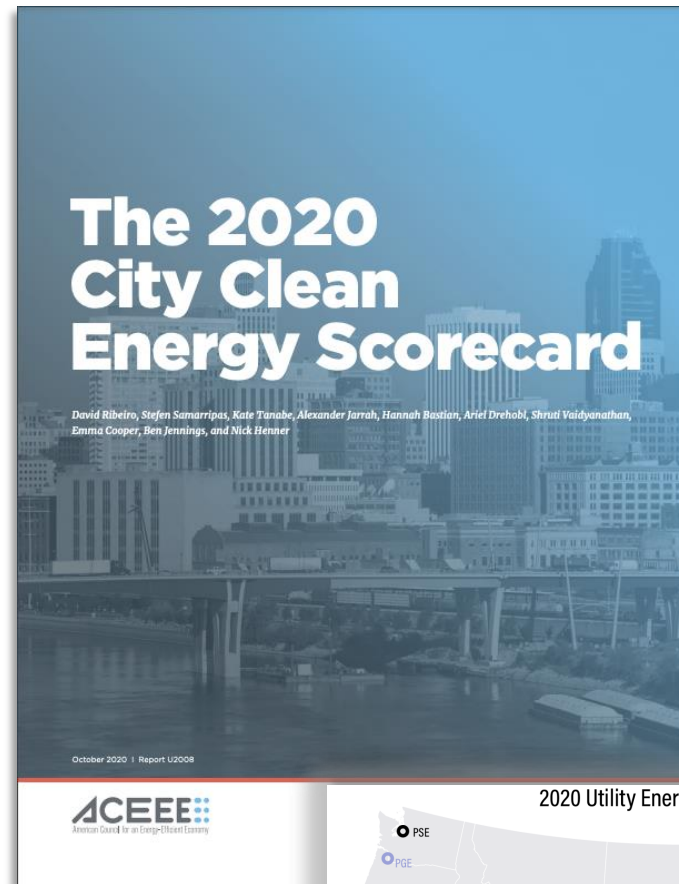


Image from NYT of redlining in NYC:

<https://www.nytimes.com/2017/08/24/upshot/how-redlinings-racist-effects-lasting-for-decades.html>

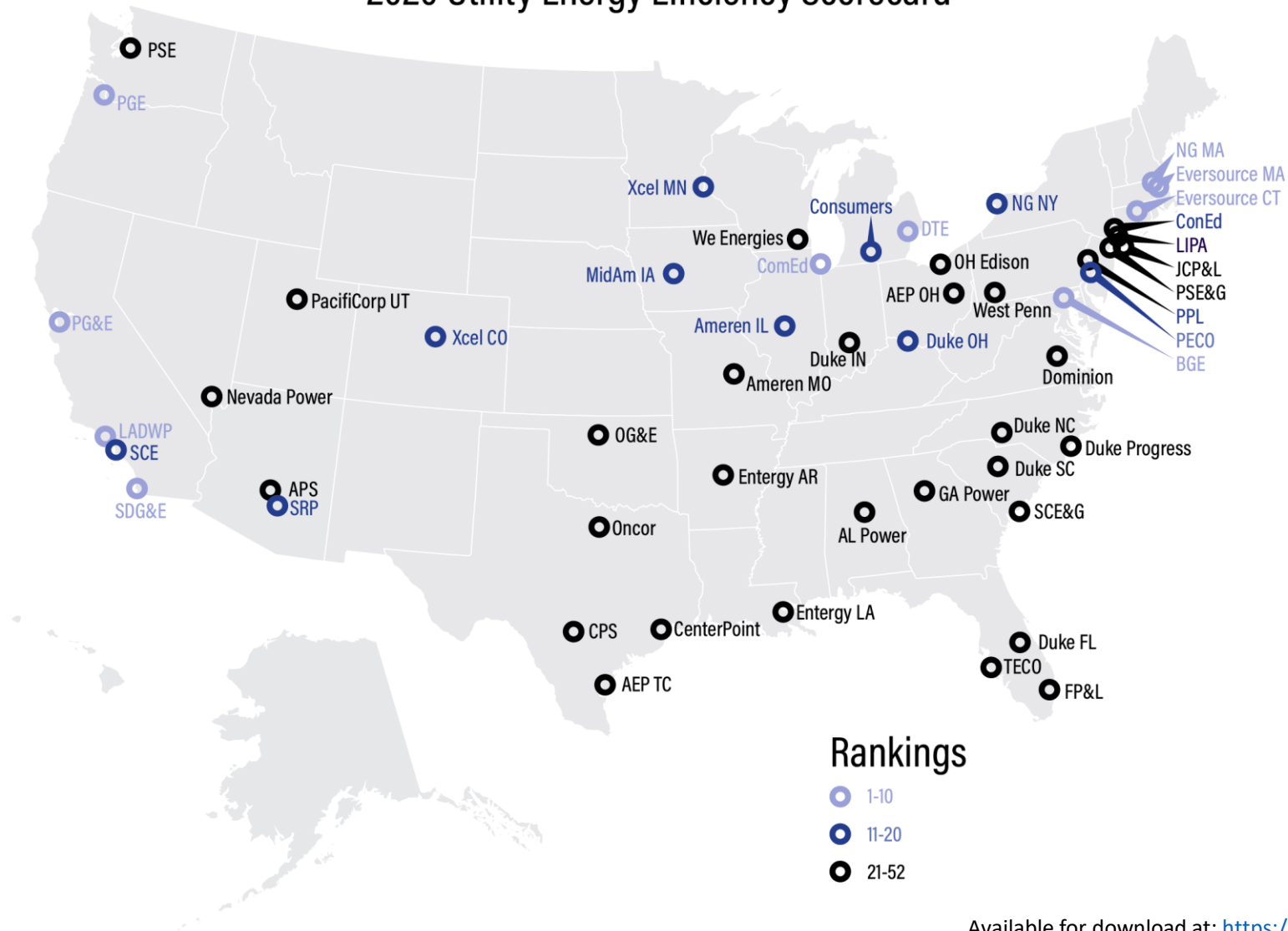
ACEEE's Scorecards

- ACEEE publishes Scorecards, including:
 - City, State, Utility
- Why?
 - To benchmark and measure progress on clean energy and energy efficiency
 - To collect data to support policy action
 - To identify leading and lagging governments
 - To foster friendly competition
 - To provide examples of best practice programs

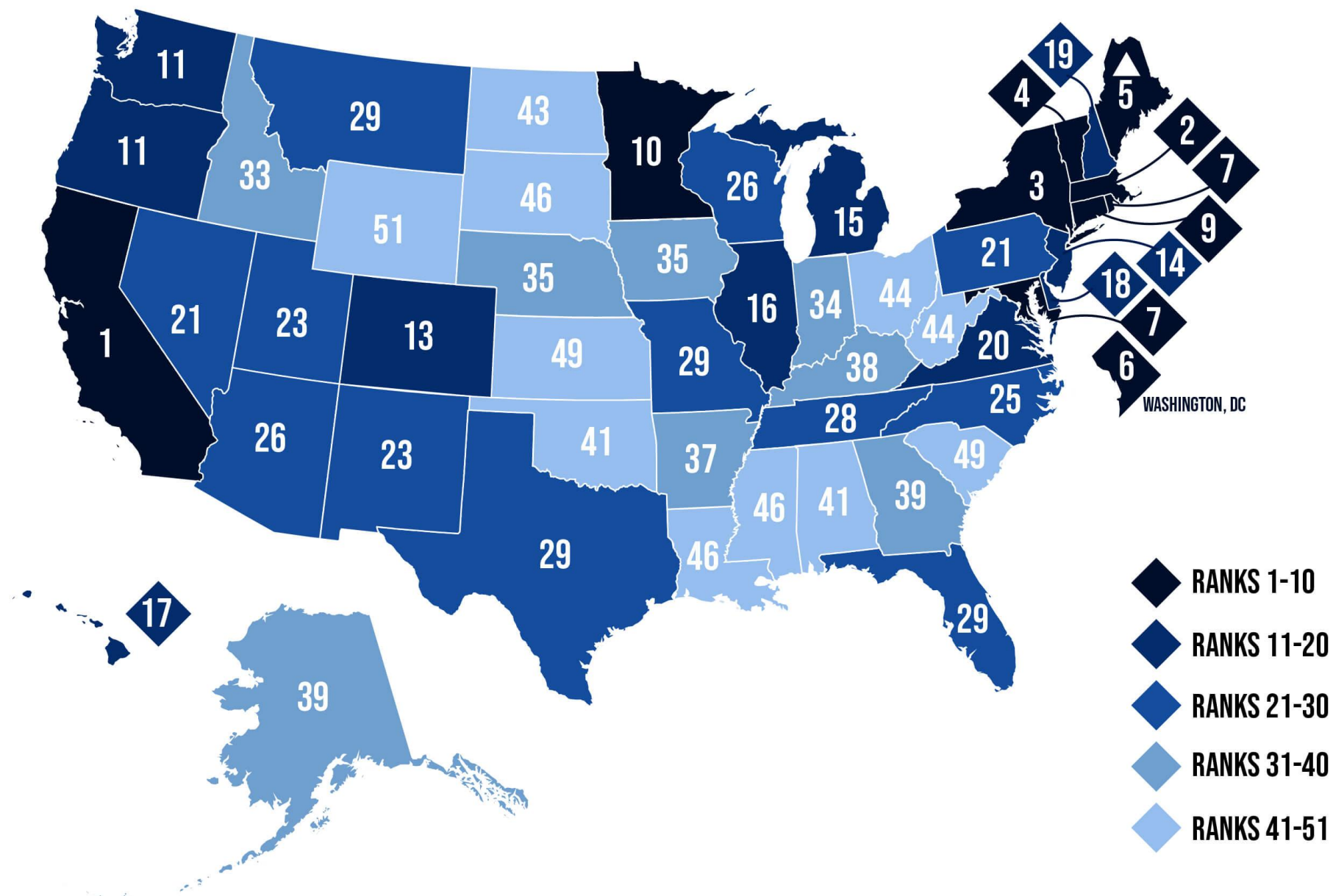


Overview of *The Utility Clean Energy Scorecard*

2020 Utility Energy Efficiency Scorecard

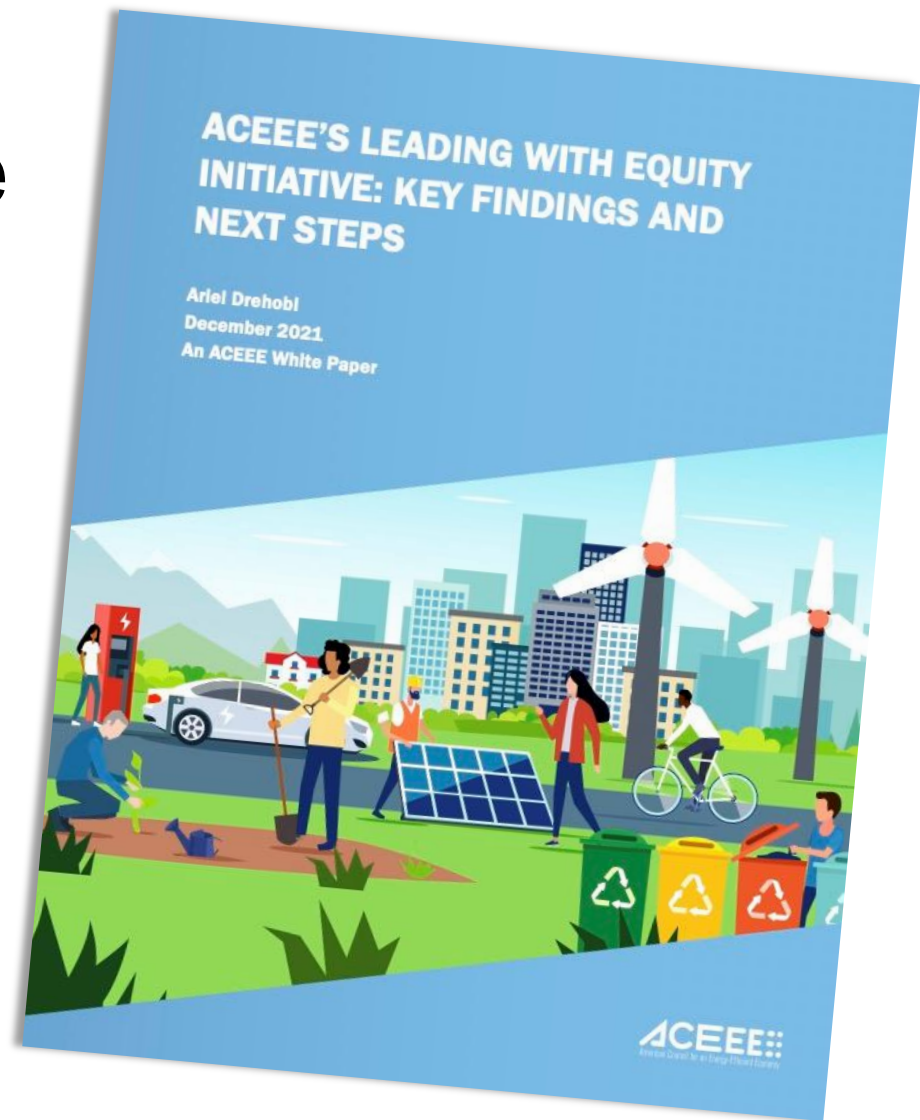


THE 2022 STATE ENERGY EFFICIENCY SCORECARD



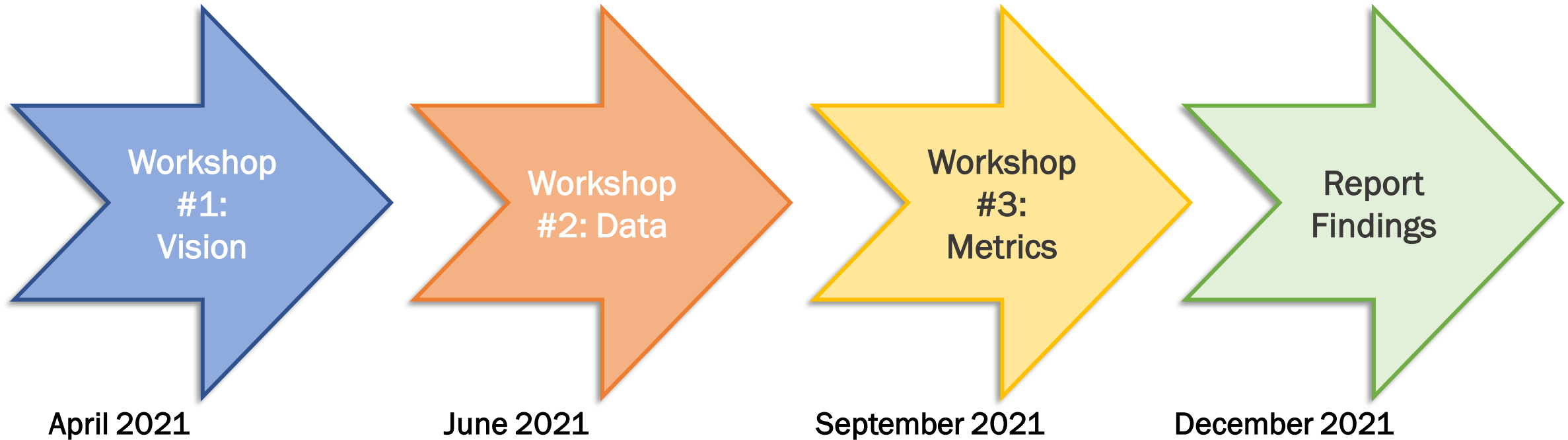
ACEEE's Leading with Equity Initiative

- Feedback that the leaders in Scorecards are not doing enough to advance equitable policies or programs
- Overall goal to ensure that all cities, states, and utilities leading in the Scorecards must be leading across equity-focused metrics
- Designed so that community-based organizations (CBOs) are helping to drive the development of a full landscape of improved equity-related metrics

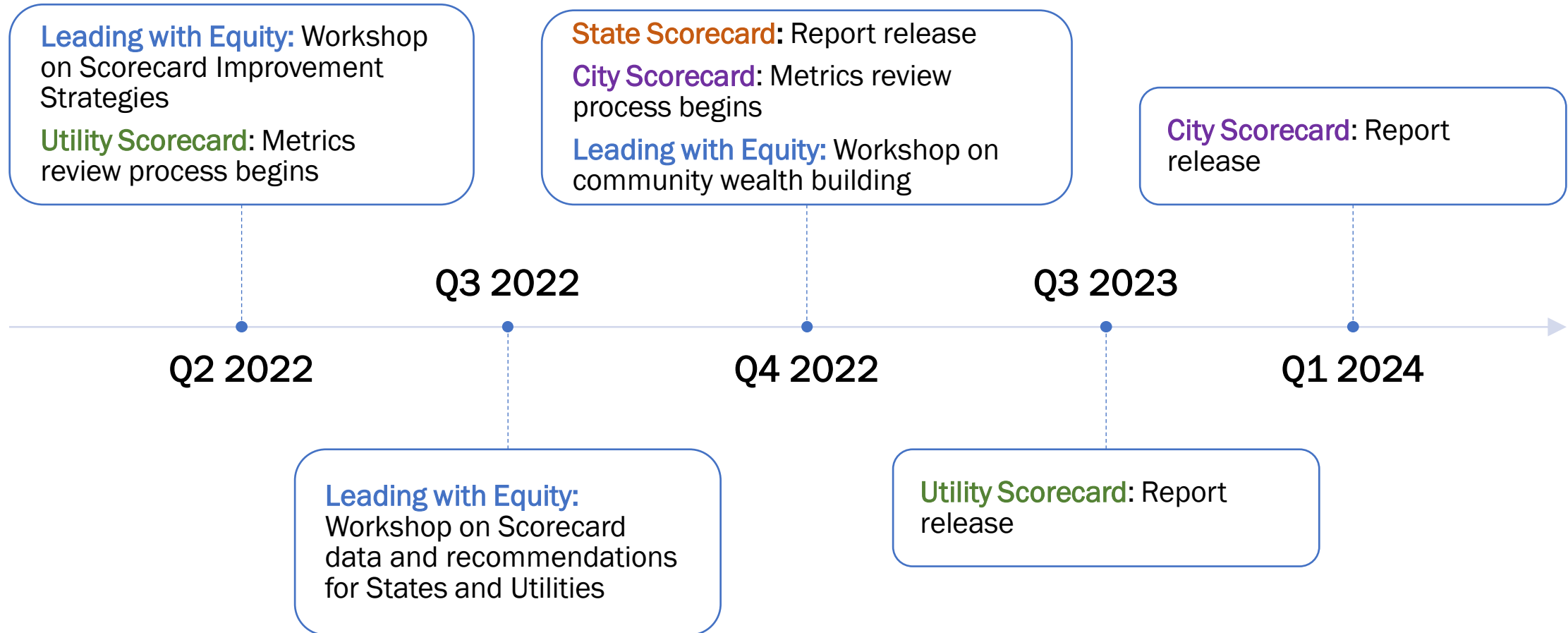


- White paper of key takeaways from year 1: [aceee.org/white-paper/2021/12/aceees-leading-equity-initiative](https://www.aceee.org/white-paper/2021/12/aceees-leading-equity-initiative)
- Access all initiative publications and sign up for newsletter: <https://www.aceee.org/energy-equity-initiative>

Year 1 Workshop Process



Years 2 and 3 Leading with Equity Timeline



Key Findings on Energy Equity and Metrics

- Need to change how we define and measure the success of clean energy programs, (i.e., not only energy savings but broader health & wealth outcomes)
- Utilities, regulators, and policymakers can embed these success measures into their decision-making processes.
- More robust demographic data (i.e., race and ethnicity), location data, and workforce data are needed across the sector.
- Need for more equitable representation in decision-making processes, both in stakeholder processes and in decision-making organizations (i.e., gov staff, public utility commissions, utility staff)
- Critical to set and communicate clear goals and definitions
- To be successful, processes must include transparency and accountability.

12 Key Actions for Energy Equity



Structural Equity

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



Set up policies and programs that build community wealth



Create consumer protection policies that protect customers from exploitative energy services



Report data on program participation and demographics in a transparent and accessible way while **protecting privacy**



Track progress toward equity-related commitments and goals **using benchmarks and evaluations**



Procedural Equity

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



Target programs to historically disinvested communities



Engage communities in decision-making processes



Compensate community members for participation in stakeholder engagement



Ensure language accessibility by providing materials in languages spoken by communities served



Distributional Equity

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



Set energy affordability goals and track progress with publicly accessible data



Collect and share data to prevent **disproportionate impacts of disconnections and access to energy** for disinvested communities



Commit to the **equitable distribution of benefits** of energy efficiency programs and create an accountability structure



Measure access to existing program resources to understand which communities lack access



LEADING WITH
EQUITY

Key actions were prioritized by community-based organizations and advocates participating in ACEEE's Leading with Equity initiative. Learn more at aceee.org/energy-equity-initiative

State Scorecard Equity Metrics - Buildings Policies

2022 Equity-Focused Scoring Categories	Proposed Points
(New) Minimum Energy Performance Standards for State Housing Agency-Funded Projects	1
(New) State Efforts to Remediate Health/Safety Deficiency Barriers to Weatherization in Low-Income Households	1

- **Minimum standards for new construction and rehabilitation projects**
 - Minimum Home Energy Rating System (HERS) score or ENERGY STAR certification
 - State-specific standards
- **Home remediation and pre-WAP programs**
 - 10-15% of households are deferred due to safety concerns or other structural issue



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- **Minnesota ECO Act**
 - allows utilities to spend a limited amount of their CIP funds on “pre-weatherization measures”
- **Delaware**
 - **Pre-Weatherization Program (Pre-WAP):** developed in order to serve clients that would otherwise be deferred by WAP due to the condition of the client’s home
 - **Lead-Free Healthy Homes Program**

State Scorecard Equity Metrics - Utility Programs and Policies

2022 Equity-Focused Scoring Categories	Proposed Points
(New) Equity-focused tracking of program participation/impacts	1
(New) Intervenor compensation	0.5

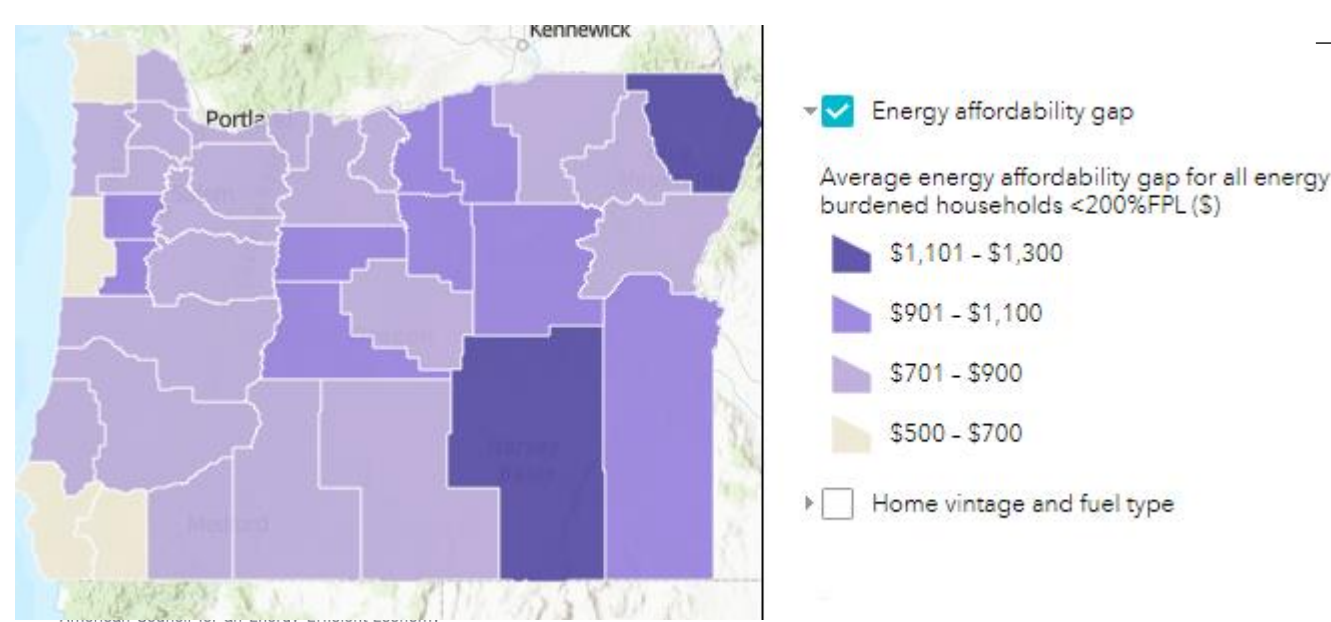
Equity-focused tracking of program participation/impacts

- Data reporting policies are in place for the purpose of measuring access, participation, and benefits from clean energy programs
- transparent and easily accessible
- Examples of key metrics:
 - High energy bills, health and safety issues, housing type

Intervenor compensation

- Participation in utility regulatory proceedings can be expensive and time-consuming
- 11 states have legislation / rules allowing intervenor compensation to support public participation in proceedings

- Oregon Energy Affordability Act (2021)
- California Intervenor Compensation Program
- MI Utility Consumer Participation Board



Other Equity Metrics in the 2022 State Scorecard

2022 Equity-Focused Scoring Categories	Proposed Points	Description
(Current) Support of low-income energy efficiency programs	2	Three metrics: (1) funding towards income-eligible energy efficiency (EE) programs, (2) establishment of a minimum spending or savings goal for low-income EE programs, (3) cost-effectiveness rule provisions that account for unique non-energy benefits of low-income EE programs.
(Current) Equitable transportation access	1	Recognizes policies to encourage inclusion of low-income housing in transit-oriented neighborhoods; uses distance from transit facilities as a criterion for awarding federal low-income tax credits to qualifying property owners.
(New) Equitable transportation electrification	1	Considers state EV policies or plans that include explicit funding streams that benefit low income, economically distressed, or environmental justice communities.
(New) ZEBs and Electrification in Affordable Housing/Construction	1	Awards points for (state or utility) programs investing in affordable zero energy homes for low-income customers.
(New) Dedication of carbon pricing revenues to EE Equity Initiatives	0.5	Assesses level of support toward low-income programs from proceeds of carbon pricing programs.
(New) Statewide energy affordability or energy justice goal	0.5	Recognizes state goals to lower state-wide energy burdens for low-income households AND set a plan and/or are tracking progress towards achieving the goal.
(New) Equity Task Force or Dedicated Staff to Address Equity Concerns	0.5	Credits state planning processes that include a commitment to strengthening engagement with environmental justice communities.

Proposed Equity Metrics in the 2023 *Utility Scorecard*

Action Category	Description	2023 points available	Change from 2020
Low-income savings	Net incremental low-income energy savings per residential customers (kWh)	5	+3
Low-income spending	Low-income spending as percentage of total spending	4	+2
Low-income program implementation	Implementation of various residential low-income energy efficiency programs	3	+1
Energy affordability	Utility energy savings goals for low-income or energy burdened customers	2	+2
Language access	Actions taken to reduce language barriers to EE program participation	1	+1
Stakeholder engagement	Efforts undertaken to solicit and incorporate feedback from potential EE program participants	2	+2
Workforce development	Actions taken in support of a diverse and equitable EE workforce	2	+2
Financing	Utility actions to facilitate customer access to financing solutions to pay for EE upgrades	2	+2
Utility shutoffs	Steps taken to direct customers at risk of utility disconnection toward EE programs	1	+1

Recommendations for utilities, states, and regulators

- Community-based organizations have a wealth of expertise about what it will take to truly achieve a more equitable energy future
- ACEEE wanted to use our platform to elevate their requests and expertise, and to create a resource that CBOs could use in their work and communications.

1

- Using the 12 most important focused areas highlighted in 2021, compiled responses of utilities and states to ACEEE's scorecard data requests.

2

- In groups, CBO participants reviewed example respondents to identify what aspects of the policies or programs should be recommended or disincentivized.

3

- ACEEE compiled all feedback into a list of actions that utilities, regulators, and state energy offices should be encouraged to take.

Recommendations for governments, utilities, and regulators

Prioritize robust community engagement and allow disinvested communities to drive decisions

Set and use clear definitions for goals and targeted customers—and make the goals ambitious.

Make decisions based on local context.

Recommendations for governments, utilities, and regulators, cont.

Track and clearly state the non-energy benefits of your initiatives.

Monitor the distribution of your programs' costs and benefits across groups.

Embed accountability, including benchmarks, metrics, and evaluations, into your processes.

Recommendations for governments, utilities, and regulators, cont.

Attempt to auto-enroll vulnerable customers into energy efficiency programs and favorable rate plans using thresholds for other means-tested services, or allow enrollment services by other agencies.

Include program measures to reduce health and safety deferrals from the start.

Make an explicit effort to target the particular needs of multifamily properties.

Recommendations for governments, utilities, and regulators, cont.

Work with policymakers to reduce the possibility of neighborhood displacement due to energy efficiency upgrades.

Acknowledge the differences in resources between moderate- and low-income households and set program structures and budgets accordingly.

2023 focus: implementing and synthesizing feedback

- Implementing recommendations in upcoming scorecards and reporting back how we did/didn't incorporate that feedback
 - Utility Scorecard- Summer 2023
 - City Scorecard- early 2024
- Standing up compensated CBO review process for ACEEE scorecards and other ACEEE publications.
- Creating requested resources that are helpful to our CBO partners
 - Examples: the recommendations we shared today, one-pagers accompanying scorecards detailing equity results

Find out more about the Leading with Equity initiative here, and sign up for our newsletter to get updates:



<https://www.aceee.org/energy-equity-initiative>

Key Takeaways: How the SAG can Advance Energy Equity

- As you pursue the menu of actions we've discussed today, the following guiding principles can help you to achieve more equitable outcomes through the SAG:
 1. Center voices of community members, CBOs, and underserved communities.
 2. Prioritize accountability and transparency, which are key to any effort to advance equity, and requires feedback to be implemented and robust communication.
 3. Base goals and efforts on accurate information about your context and your community's needs.
 4. Ensure that staff members and teams have the resources and support to advance equitable processes and outcomes.
 5. Develop and clearly state definitions *and targets* for your goals and efforts. Who are your targeted communities? Why? How did you develop that definition?

An aerial photograph of a large solar farm, showing rows of blue solar panels interspersed with green vegetation. A semi-transparent dark blue rounded rectangle is overlaid on the left side of the image, containing the text.

Thank you for your attention!

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