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State Energy Equity Self-Assessment Exercise

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1.0 Introduction

As state agencies work with their stakeholders to examine various approaches to energy equity, many states may benefit from an understanding of the potential range of energy equity approaches and where they currently sit in that range. When the process participants begin to examine the various policies and actions available to further equitable energy outcomes, it is helpful to know what the starting place is and what a progression may look like. This self-assessment exercise is based on recent work cataloguing state energy equity activities throughout the country and more recent supplemental state activities. It can be used both to monitor where a state may be along a progression of actions and determine what actions might be a next natural step.

Equity actions taken across the country were identified and grouped into "swim lanes" representing different activity types. Within each lane, activities are generally organized in a left-to-right progression. A state or a state process participant can engage in this exercise by identifying in each swim lane which actions a state may have adopted or made progress toward. The visual results can help the state and the stakeholders see where along the lines of progression the state may lie. This exercise is intended to work for the state to help find its current status and is not intended as a grading system or as a necessary path to a "full" set of actions. Each state has its own starting place, its own pace, and its own comfort with available actions.

The exercise is carried out in the accompanying excel workbook (Figure 1).

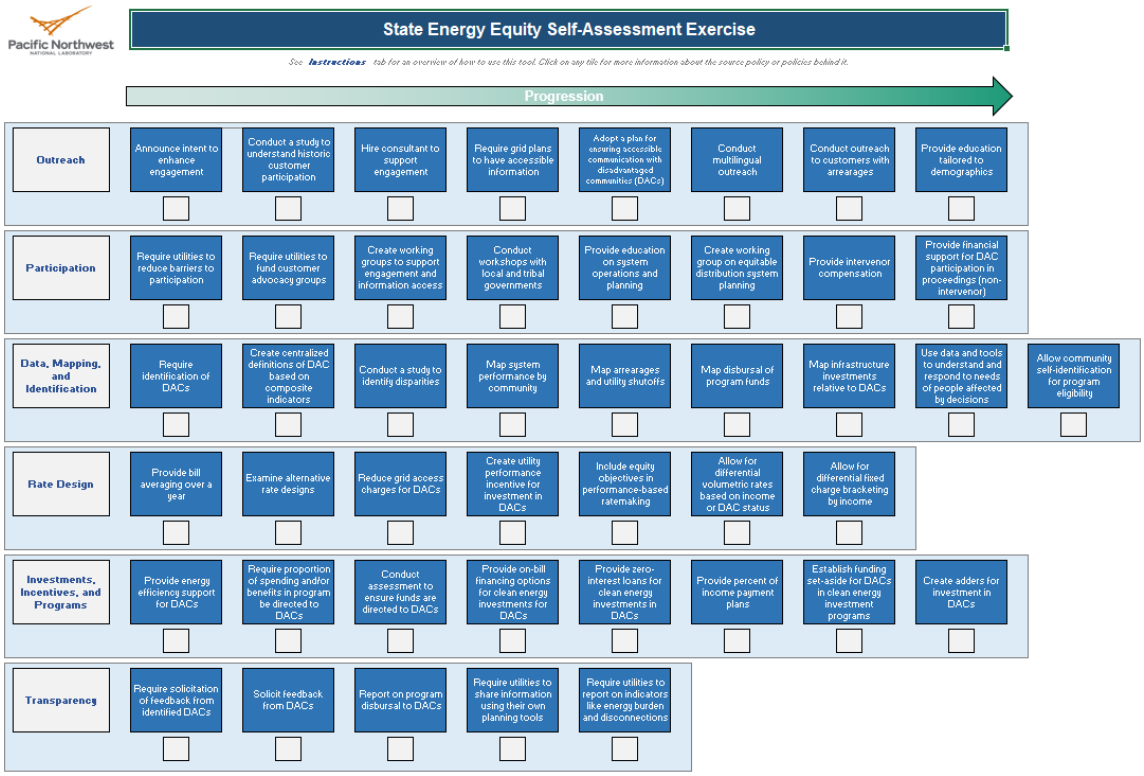


Figure 1: Snapshot of the energy equity self-assessment exercise in the accompanying workbook.

2.0 Audience and application

The self-assessment exercise was compiled with state energy regulatory agencies in mind, but it can be useful to others. The assessment can help:

- Identify equity actions that have been taken and identify actions that could be taken.
- Provide a general status of energy equity in the state.
- Start discussions between state agencies, utilities, and public process participants.
- Identify areas where state agencies can work with state legislatures to enable actions.
- Identify areas where support like technical assistance might be helpful.

The exercise is intended to help the state or other users find the current status of energy equity and is not intended as a grading system or as a necessary path to a "full" set of actions. Staff from two state regulatory agencies provided early insights in the development of the self-assessment exercise with regard to accessibility and usability.

It may be helpful for multiple users, e.g., staff within an agency, to take the assessment and compare results. Similarly, it may be helpful for staff to compare results with utility or customer users of the self-assessment. Results can be compared as a starting point for discussion. Further applications are discussed in section 8.0 Next steps.

3.0 Taking the self-assessment exercise

See complete instructions within the workbook. Users complete the self-assessment exercise by evaluating each activity tile within a lane and indicating if it is started or in full effect. Activities that have been started but are not in full effect will appear yellow. Activities that are in full effect will appear green. Unimplemented activities remain unmarked. Determining if an activity tile matches the local activity in the user's jurisdiction will require some user discretion.

The overall result is effectively a heat map of coverage within a lane and across the entire canvas of potential activities. The following sections further describe the methodology, discuss how to interpret results, and offer potential next steps.

4.0 Energy equity activities

Each activity is represented as a tile in the self-assessment exercise. Users indicate for each activity if it has been started or is in full effect. Links to the source materials for each activity tile are provided in the appendix. Seeing the activity in its original context may help a user determine if it is a fit for their circumstances. The source materials (statutes, regulatory dockets, plans, etc.) may also be a useful starting place for users that want to pursue additional actions.

The energy equity activities in the exercise are based on actions taken by states and utilities across the U.S. Most were catalogued in a previous study of equity actions over the period January 2020 – July 2022.[1] The study produced a database of the equity actions and their attributes, including links to the source materials. The self-assessment exercise drew from these

[1] Hanus, N., Barlow, J., Satchwell, A., & Cappers, P. (2023). Assessing the Current State of U.S. Energy Equity Regulation and Legislation.

activities and in some cases combined or generalized the description to allow essentially similar actions to be a match despite some programmatic difference. We also added several activities that occurred after the July 2022 cutoff date in the database study. Users may have slightly different activities compared to the tiles but should indicate those that are functionally similar.

5.0 Lanes

Activity tiles are organized in swim lanes of related activities (Figure 2). Within each lane, activities are generally organized in a left-to-right progression (see section 6.0 Progression criteria). Users mark each activity within a lane to get a sense of status. The lane grouping creates greater focus on areas of success or areas that need additional attention.

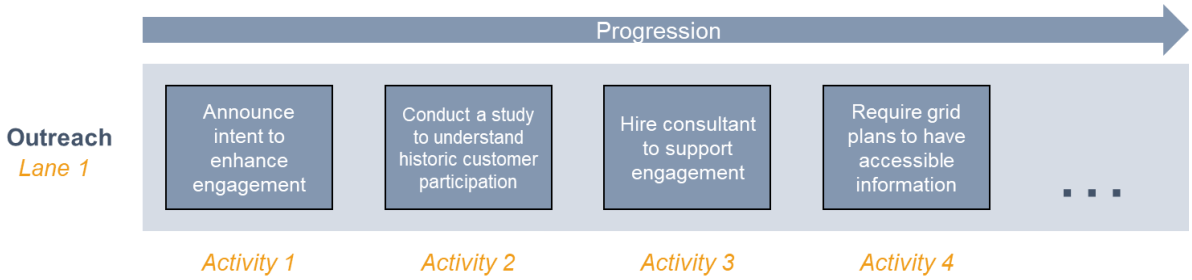


Figure 2: Example lane.

There are six lanes in the exercise containing related types of activities:

1. **Outreach:** Outreach includes efforts to reach beyond the traditional process participants to identify and communicate with disadvantaged communities[1] (DACs) and energy equity and environmental justice leaders to encourage process participation. This might entail understanding these communities' circumstances and developing communication styles that resonate with them.

2. **Participation:** Once participants have joined a regulatory process, participation actions enable substantive contribution to the process to influence outcomes. These actions might include educational pods, focused work groups, and intervenor compensation.

3. **Data, mapping, and identification:** Gathering data and more discrete information is expected to be necessary to target actions and monitor successful outcomes. This swim lane includes activities like collecting data on and mapping DACs, mapping electric system performance at a sub-system level, and mapping infrastructure investments.

4. **Rate design:** This swim lane encompasses regulatory rate-making options that can enhance energy equity through the regulated rate structure. Examples of rate actions may include more traditional low-income accommodations such as bill averaging over the months in a year, but also more recent activity on performance incentives to utilities to invest in DACs, or changing rules around nondiscriminatory rates to allow for differential rates based on income, energy burden, or DAC status.

[1] We use *disadvantaged community* to refer in general to the equity populations of interest and expect that the specific definition will vary with local circumstances.

5. **Investments, incentives, and programs:** These activities include funded program designs beyond rates. This includes low-income bill payment assistance, zero-interest loans for clean energy investments, and funding set-asides for programs such as electric vehicle charging infrastructure.

6. **Transparency:** Greater process transparency allows for greater confidence as additional participants join and new energy equity goals or imperatives are adopted. To further transparency, actions might include the regulatory agency openly inviting input from DACs or requirements for utilities to share their data and to report on energy equity indicators representing system performance.

There are several notable energy equity action categories that were not included as standalone lanes:

- **Workforce:** Several states have taken actions to support equitable energy-related workforce development. The self-assessment focuses instead on equitable provision of electrical services and participation in the governance process. Agency actions to support diversity, equity, and inclusion internally, e.g., through staff hiring or contracting, were also not included in the self-assessment.
- **Metrics:** Energy equity metrics are under development or consideration in several states. The self-assessment considers that metrics could be developed on top of many of the underlying activities in the exercise.

6.0 Progression criteria

Activities within a lane are generally organized in a left-to-right progression. The progression is not necessarily an order of operations and some jurisdictions might find demonstrable progress without adopting all the sequential activities. Users might find gaps in their matches as they progress across a lane. The general progression is intended to help identify these potential gaps and help identify further actions for those at earlier stages of energy equity activity development.

The progression of actions was determined with criteria that represent stages of policy and activity development. In general, the progression moves from concept origination to planning to implementation. This establishes a general progression within each lane, though each lane can represent very different kinds of actions.

The criteria generally used to determine progression of activities within a lane were (from left to right):

1. **Intent to consider equity:** Statutory or regulatory emphasis on equity without clear pathways or programs is a valuable directional signal. These types of statements have the ability to start work in energy equity but by themselves do not necessarily result in different outcomes.

2. **Studies:** Identifying study topics around energy equity and providing resources is a good start to understanding the needs and potential tools. This can include data gathering and community identification. Without further action studies do not necessarily improve energy equity outcomes, but the information gathered can be helpful.

3. **Work groups:** Convening work groups with energy equity or environmental justice leaders and DAC members can create a new process dynamic that can generate ideas and new programs. While work groups do not necessarily result in different outcomes, active participation and idea generation can increase those possibilities.

4. **Program design and development:** Clear direction to develop programs to address energy inequity is a first step to different outcomes. The clear direction and expectation of program developments puts in place the factors that lead to program implementation.

5. **Program implementation and deployment:** Acting on program design and development to implement an energy equity program with clear outcome-based standards or with committed budgets is expected to result in different outcomes.

This general list may look different depending on the swim lane and did not apply perfectly to every activity and lane. For example, a project deployment may not be the right description of a progressive transparency action. However, generally all the actions in all the swim lanes move from a conceptual phase to a planning phase to an implementation phase. Some actions may require enabling legislation that is beyond the direct control of the state energy regulator.

It should be clear that not all programs need go through this progression. A statute may start with program design or may even commit particular levels of funding that do not require earlier stages of data gathering or convening actions.

7.0 Interpreting results

The self-assessment exercise itself is completed when the user has examined each activity tile and marked those that have been started or are realized. The result is effectively a heat map giving a general sense of the level of energy equity coverage within each lane and over the entire canvas. Based on this result there is both a high-level assessment and a more detailed assessment possible.

7.1 High-level assessment

The high-level assessment is a visual of where the state stands relative to the actions in each lane. A few confirmations on the left end of a lane will indicate adoption of actions or policies in the earlier stages of progression. Confirmations along the swim lane would show an intensive attention to energy equity actions along the progressive spectrum. And confirmations on the right, without confirmations on the left or in the middle, might mean progressive actions taken having leap-frogged earlier actions on the progressive spectrum.

The high-level assessment can also examine the general balance of progression across the six lanes. Comparisons of confirmations along the progressive spectrum among lanes can help a user see where the state has focused efforts and perhaps where additional focus might be warranted. For example, a state may have completed all activities in the outreach lane, but not have any confirmations in the rate design lane. The six lanes in the self-assessment exercise were chosen to represent the breadth of energy equity activities, so some confirmations in each lane might suggest a balanced or broad approach to implementing energy equity.

7.2 Detailed assessment

A state may have confirmations along a lane with gaps along the way. This can lead to a more detailed assessment. It may be that areas of gaps provide insight where that state might want to focus attention, but it is equally plausible that a gap might mean a progressive step was skipped and an action deemed more progressive along the spectrum was adopted. There is no requirement or suggestion that all the actions along a swim lane should be confirmed. Rather the choice of actions both leading to the status quo and for future consideration are entirely in the state's purview. Users that want to take additional actions based on identified gaps may benefit from evaluating the source material behind each activity as a starting point.

8.0 Next steps

This self-assessment exercise is not designed to tell a regulator or process participant what to do next. That will be up to all the participants in a regulatory process. The self-assessment exercise may have its greatest value as a discussion starter. Follow-on questions may arise from results, especially if multiple users (e.g., agency staff, public process participants, or utilities) take the assessment for the same state. Potential discussion questions are organized below by the type of user.

8.1 Discussion questions for all users

1. Which lanes represent areas of strength and where are the gaps?
2. Are the activities balanced across the six lanes?
3. Does the completed self-assessment indicate progress toward energy equity goals?
4. Are there activities in a lane that could be pursued as next steps?
5. If multiple users took the assessment, how do the results compare?
6. What information has the assessment provided that can further discussion with stakeholders about progress to date and possible paths forward?
7. Does the state have activities that are not represented in the assessment?

8.2 Discussion questions for state agencies and public process participants

1. How do the results compare among participants?
2. Are there activities that state agencies identified as implemented, but that process participants did not mark as implemented?
3. Have the identified activities been implemented in a way that has garnered stakeholder support?
4. Do process participants and state agencies see the activities supporting different energy equity goals?

8.3 Discussion questions for state agencies and utilities

1. How do the results compare among participants?
2. Are utilities' goals and activities reflected in the results?
3. Do utilities have a potential role in filling any identified gaps?
4. Could the self-assessment exercise be applied to utilities' own plans, in addition to the state regulatory process?
5. If utilities operate across multiple states, how would the self-assessment exercise differ for the other states?

9.0 Frequently asked questions

1. What if my state has an activity that does not appear as a tile in the self-assessment exercise?
    a. Feel free to let us know. It will also be a noteworthy discussion point for assessment of the result and potential feedback to the state agency.
2. What if I disagree with the order of tiles in the left-to-right progression in a lane?
    a. Feel free to let us know. Make a note in the exercise tool as a point to compare with other users. The left-to-right progression is meant as a general organization, not a strict order of operations.
3. What do I mark if an activity my state has taken closely resembles multiple activity tiles in the assessment?
    a. Results are expected to vary by user discretion. It is entirely possible that one action taken by a state covers multiple tiles. If the activities are not a perfect fit, consider marking with a yellow color. The source material for each tile in the appendix might also help clarify what is meant by a specific tile.
4. Where do I indicate energy equity metrics?
    a. The self-assessment exercise focuses on the underlying activities, recognizing that metrics might apply to a number of these. Consider noting them in the tool as discussion points.
5. How do I mark an activity that is in effect, but implemented in a way that doesn't seem rigorous?
    a. Results are expected to vary by user discretion. The yellow color may be marked to indicate that an activity does not seem fully implemented. Results that differ among users can be entry points for discussion.

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