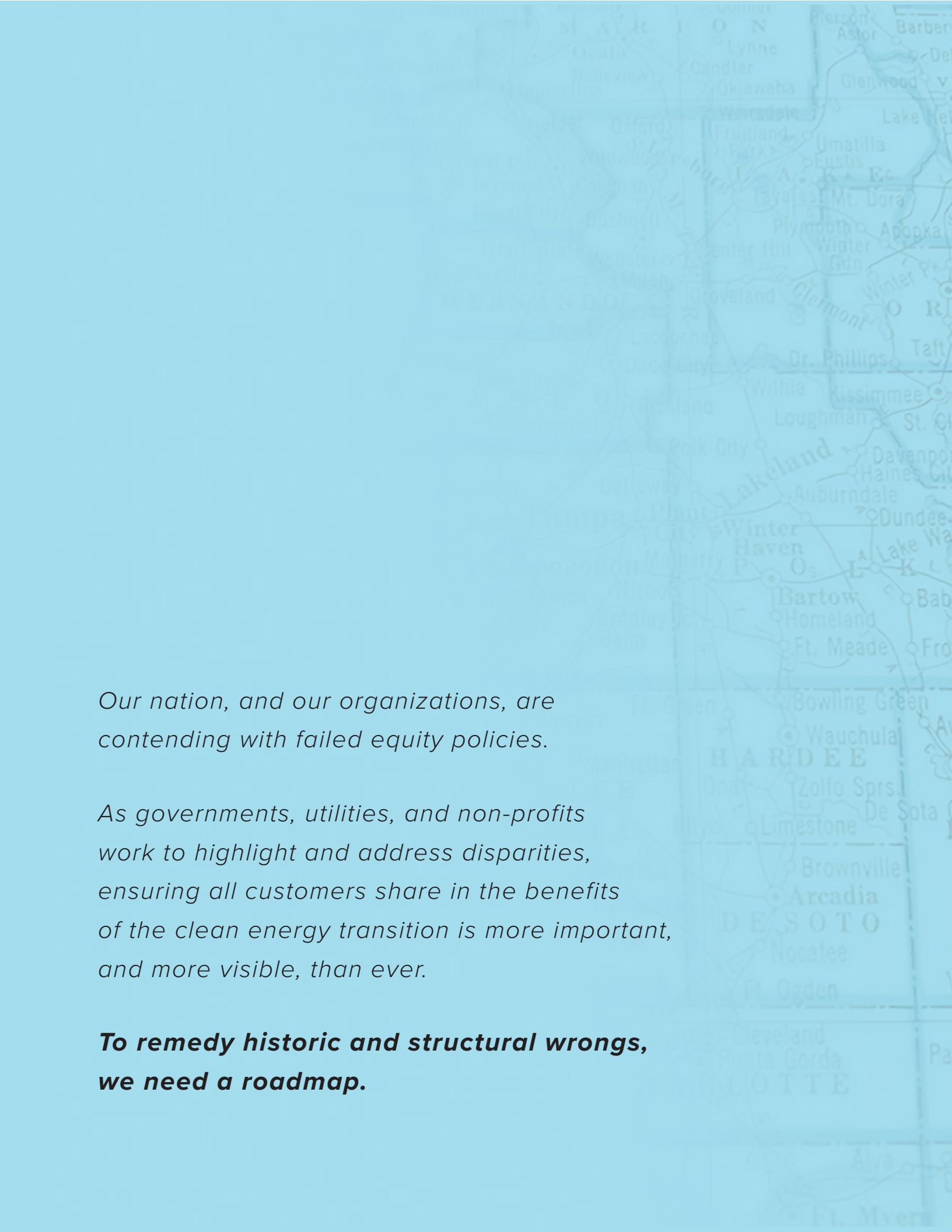




REORIENTING TOWARD

EQUITY



Our nation, and our organizations, are contending with failed equity policies.

As governments, utilities, and non-profits work to highlight and address disparities, ensuring all customers share in the benefits of the clean energy transition is more important, and more visible, than ever.

To remedy historic and structural wrongs, we need a roadmap.

OUR INDUSTRY HAS OPPORTUNITIES TO EXPAND EQUITY ACROSS THE BOARD

From setting policy, to organizational approaches, to program design and administration, to participation—there is room to do better. Energy burdens and benefits are not distributed evenly. Lower income families pay more of their income to energy bills, and higher income families are more likely to participate in and benefit from energy efficiency offerings. Every day, the energy industry and our regulators are coming up with new strategies to adopt and meet equity goals and mandates. As we reorient toward equity, we can employ three broad strategies:

Structural policies that recognize and address historical or cultural dynamics of privilege in an organization's make up.

Procedural approaches that create formal processes to expand and continually improve equity in decision making.

Retail approaches that increase equity by improving access and inclusion among end-use customers.

Putting the Strategies into Practice

STRUCTURAL STRATEGIES assess and address inequitable outcomes and lack of diversity within organizations but first require an understanding of where it exists. An audit, for example, can identify how existing practices and policies limit access and progression of underrepresented groups.

Creating **cultural or ethnic employee resource groups** can really move the needle on hiring-based diversity. These groups act as consultants in both internal and external business operations to make traditionally marginalized voices heard.

Georgia Power has nine Employee Resource Groups that cover race, ethnicity, and gender as well as veteran and physical ability status.

These groups provide input into operations and also support outreach and education to the diverse communities Georgia Power serves.

Policies that prioritize minority- and woman-owned businesses can increase **equity in the supply chain and trade ally networks**. These efforts use the economic scale of utilities to lift businesses that might otherwise be overlooked due to structures that favor incumbency or disadvantage certain businesses. In 2018, Energy Trust of Oregon set goals to increase the number of contracts executed with minority and women-owned businesses in their trade ally network by 50 and 15 percent respectively by the end of 2020.



STRUCTURAL

PROCEDURAL STRATEGIES work by diversifying the perspectives that form an organization's decision-making process. This creates greater equity in deciding where and how to focus program efforts and funding.

Ethnographic research provides a holistic, contextualized understanding of the values, perspectives, and barriers facing underserved communities. Feedback from underserved communities is crucial for making programs and services accessible. Critically, accessibility challenges may prevent underserved communities from even providing feedback, so it is necessary to find ways to reach people where they are. To reach non-participants in Massachusetts, ILLUME led an extensive, multi-mode data collection effort including surveys, intercept interviews, and door-to-door canvassing to reach groups of interest. We found that non-participants focused their time and resources on basic necessities (food, shelter), and perceived energy efficiency as irrelevant or not applicable to them. For more about this study, see the article Understanding Nonparticipation.



Hiring practices are an important tool for building diversity and organizations can make them more effective. In a report prepared for the Minnesota legislature, the Energy Utility Diversity Stakeholder Group provided insights to better understand the lack of diversity in the state's utilities, and provided recommendations to ameliorate it.¹ A key recommendation was to proactively build employment pipelines that start early—in high school—to increase exposure to the sector and reduce training and knowledge barriers.

Training practices are already geared toward providing workers with knowledge and experience that they might not otherwise have; the critical layer is directing them toward underserved communities. California's Solar on Multifamily Affordable Housing (SOMAH) program includes a strong focus on workforce development. In particular, it targets underserved populations and tenants of SOMAH buildings for job training to create benefits in the community that last beyond bill savings.

RETAIL STRATEGIES seek to democratize energy sector participation. Energy and energy efficiency are complicated topics that most people do not relate to beyond their household energy use and utility bills. It is possible to create greater equity in utility-customer relationships through better communications. Using messages that promote interaction on the customer's terms—(i.e., primary language, or time of the time of day when outreach takes place)—can improve customer understanding of the energy sector and energy efficiency programs.



Language accessibility is about communicating complex information in a way that customers can relate to. It requires effort but can also build trust. The California Public Utilities Commission is working toward this goal through its effort to test and clarify the Solar Consumer Protection Guide it released in September 2019. The Guide is a tool to help prospective solar customers navigate the home solar process with confidence and avoid fraud or sales pressure tactics. Our team led research on the guide with both English- and

Spanish-speaking participants to improve its usability and value.

Community partnerships build on an organization's existing communications to reach customers through trusted sources. Utilities can leverage community events (such as school outreach, job fairs, homeowner and neighborhood associations, and other community events) to increase customer learning and participation opportunities. The Massachusetts Program Administrators engage the Low-Income Energy Affordability Network and many community action agencies to administer their income-eligible weatherization offerings.

Offering **technological and digital access** through apps or notifications makes learning and communicating with customers a simpler, more everyday option. DTE Energy uses Insight, an energy use monitoring app, to help customers understand, manage, and control their energy use through a smart phone.

DEFINING, MEASURING, AND TRACKING PROGRESS ON EQUITY

To make progress, our industry needs to understand where we have been, where we want to go, and the steps in between. A fundamental first step is identifying who we want to serve better. Many states, including California, Washington, and New York, have defined (or are in the process of defining) populations or communities that are more vulnerable or have faced historical disinvestment. These definitions typically consider factors such as:

- **Exposure to environmental hazards**
- **Environmental or climate change risk**
- **Adverse public health conditions or effects**
- **Historical discrimination or disinvestment**

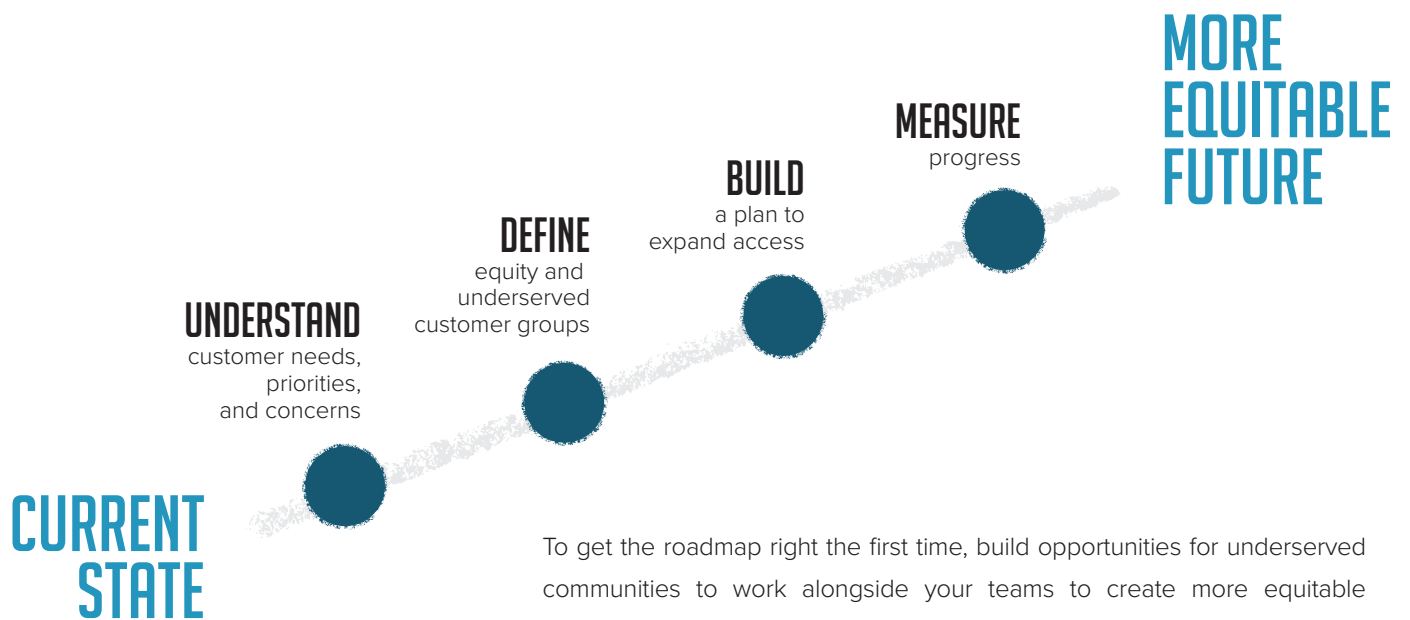
After defining underserved communities, we need to baseline and measure progress against appropriate metrics. Equity metrics are generally quantifiable and consider where resources are distributed and how much flows to each community, individual, or group. They explore whether **inputs**, such as **investment**, **spending**, and **targeting**, or **outcomes**, such as **bill savings**, **job training**, or **air quality improvements**, are distributed equitably among customers or communities.

From there, creating and tracking metrics, and making progress can take a number of forms, including:

- **Inviting environmental and social justice groups to the table to contribute their expertise.** In New York, the New York Climate Justice Working Group, which includes environmental justice representatives from New York City, rural communities, and urban communities in upstate New York, the State Departments of Environmental Conservation, Health, and Labor, and NYSERDA, provides strategic advice to incorporate disadvantaged communities' needs into the state's climate plans.
- **Publishing anonymized or aggregated energy and/or program participation data for third-party use.** For example, the Massachusetts Program Administrators publish aggregated city/town, ZIP code, and county-level data for average energy

consumption, program participation, and energy savings. Stakeholders and environmental justice advocates use this data for third-party review of equity outcomes.

- **Assigning people or groups specific responsibilities for setting and/or reaching equity goals.** This often starts with an agency or working group responsible for creating a definition for equity (e.g., the New Jersey Office of Clean Energy Equity), and the state or agencies assigning goals or responsibilities to agencies or utilities. Agencies charged with goals or targets may appoint a group or team to oversee equity efforts (e.g., the NYSERDA Equity and Affordability team). Within an organization, leadership may assign goals at the portfolio or program level.
- **Tracking and benchmarking progress on equity goals in an easily digestible, publicly available format.** Public dashboards or regular reports help prove the benefits and progress of equity initiatives. While these are not yet common in our industry, they are used in other public sector areas like education. For example, Marin County, California has a human resources dashboard that shows progress against their goal of achieving diversity, inclusion, and racial equity in the county's workforce.



To get the roadmap right the first time, build opportunities for underserved communities to work alongside your teams to create more equitable offerings. No single organization or program can accomplish these goals, but we may just improve outcomes across the board by ensuring better and more equitable services and representation inside and outside of our companies.

How do we define equity?

ILLUME's working definition:

Based on the principles of distributive justice—a philosophy that considers the ways that the benefits and burdens of resources *should be* shared amongst community members—an equal state is one in which both benefits and burdens are distributed equally.² Meaning there are no significant disparities based on race, ethnicity, gender, income, physical ability, and education. In an organizational context, pursuing equity means removing disparities based on these characteristics while creating a respectful and supportive environment for all.

EQUITY

Ideas for answering your equity questions

Whether you have individualized or aggregated data for participants and nonparticipants, utilities and program administrators can conduct an equity baseline study or gap analysis to understand the disparities within energy efficiency programs. Gap analyses and baseline studies show these disparities by investigating who is able to participate and who is not, and who reaps the monetary and non-monetary benefits of energy efficiency and who does not.

EQUITY QUESTION

EXAMPLE METHOD

How can we gather the data needed to design programs to reach underserved customers?

Survey customers—including both participants and nonparticipants—across geographic areas using a rigorous data collection approach that provides many options for underserved communities and households to respond.

Equitable data collection requires a multi-mode data collection approach, including postcard invitations, paper survey booklets, phone outreach, in-person surveys, or in-person community intercept surveys.

Is the share of program spending, energy savings, and bill savings that go to customers in underserved communities equal to spending in served communities?

Calculate project-level benefits at the census tract level for participating premises. Identify where benefits fall in combination with demographic indicators.

Classify census tracts as underserved using existing index or data and calculate share of benefits for these areas.

EQUITY QUESTION

EXAMPLE METHOD

Is the distribution of benefits equitable?

Considering historic imbalances, compare the share of households living in underserved communities with the average share of spending or benefits across communities.

How do we know if participants are members of vulnerable or underserved populations?

Survey participants and nonparticipants on variables of interest.

Compare participant vs. non-participant demographics within underserved areas.

Compare participant demographics in underserved areas with participants in least-vulnerable areas.

How do economic impacts – direct and indirect – benefit disadvantaged communities? How do they compare to non-disadvantaged communities?

Model economic impacts including program-level spending and assumptions about localized spending and employment and compare across community types
