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April 27, 2021

### MEMORANDUM

**TO: Power Committee**

**FROM: Gillian Charles, Tina Jayaweera**

**SUBJECT: Potential Incorporation of Energy Equity in the 2021 Power Plan**

#### **BACKGROUND:**

**Presenter:** Gillian Charles, Tina Jayaweera

**Summary:** On February 19, 2021, the Power Division hosted a “Systems Integration Forum” (SIF) to explore how the Council might integrate concepts of energy equity into the 2021 Power Plan, as well as in future work.

An output of the forum was a list of potential actions the Council could take to better incorporate equity into the 2021 Power Plan and related work. To help prioritize amongst the many proposals, staff surveyed advisory committee members and interested parties for their feedback.

Staff will provide an overview of the recommended actions and share advisory committee feedback on prioritization. We will include recommend actions the Council could incorporate into the 2021 Plan and future Council work. Detailed recommendations will be provided in the accompanying slide deck and discussed at the meeting. This will also be presented at the full Council on May 5, incorporating any feedback received by power committee members before then.

**Relevance:** Section 4(e)(2) of the Power Act stipulates that “the plan shall set forth a general scheme for implementing conservation measures and developing resources...with due consideration by the Council for (A) *environmental*

*quality*, (B) compatibility with the existing regional power system, (C) protection, mitigation, and enhancement of fish and wildlife and related spawning grounds and habitat..., and (D) *any other criteria* which may be set forth in the plan” [emphasis added].

Workplan: A.2. Draft written material for the Power Plan

Background: Over the fall of 2019, Council staff hosted several advisory committee meetings ([DRAC](#), [CRAC](#), [GRAC](#), as well as soliciting input via email for the DFAC and NGAC) exploring diversity, equity, and inclusion across the topic areas. Summary of these meetings were summarized in [December at the Power Committee](#). The SIF was an opportunity to bring stakeholders from multiple advisory committees and other interests together in a single venue. The agenda, speaker bios, meeting recordings, session work products, and other information related to the SIF is available on the Council’s website: <https://www.nwcouncil.org/meeting/sif-2021-power-plan-and-dei-february-19-2021>

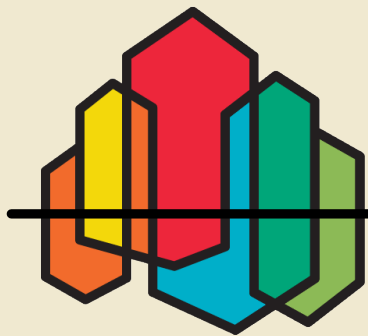
More Info: The memo synthesizing stakeholder feedback into potential actions for the 2021P can be found [here](#).

# Equity actions for consideration in the 2021 Power Plan and future analysis

May 3-5, 2021

Council Meeting

Gillian Charles and Tina Jayaweera

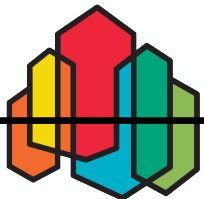


THE 2021  
NORTHWEST  
POWER PLAN

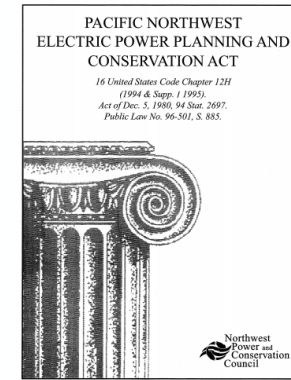
FOR A SECURE & AFFORDABLE  
ENERGY FUTURE

# Objectives for Today

- How might the power plan incorporate equity considerations?
- Review significant outreach effort and process to consolidate ideas and actions
- Discuss recommendations for Council consideration in the 2021 Power Plan



# Power Act and Equity



The plan shall set forth a general scheme for implementing conservation measures and developing resources pursuant to section 6 of this Act to reduce or meet the Administrator's obligations *with due consideration* by the Council for (A) *environmental quality*, (B) compatibility with the existing regional power system, (C) protection, mitigation, and enhancement of fish and wildlife and related spawning grounds and habitat, including sufficient quantities and qualities of flows for successful migration, survival, and propagation of anadromous fish, and (D) *other criteria which may be set forth in the plan*. (4e2)



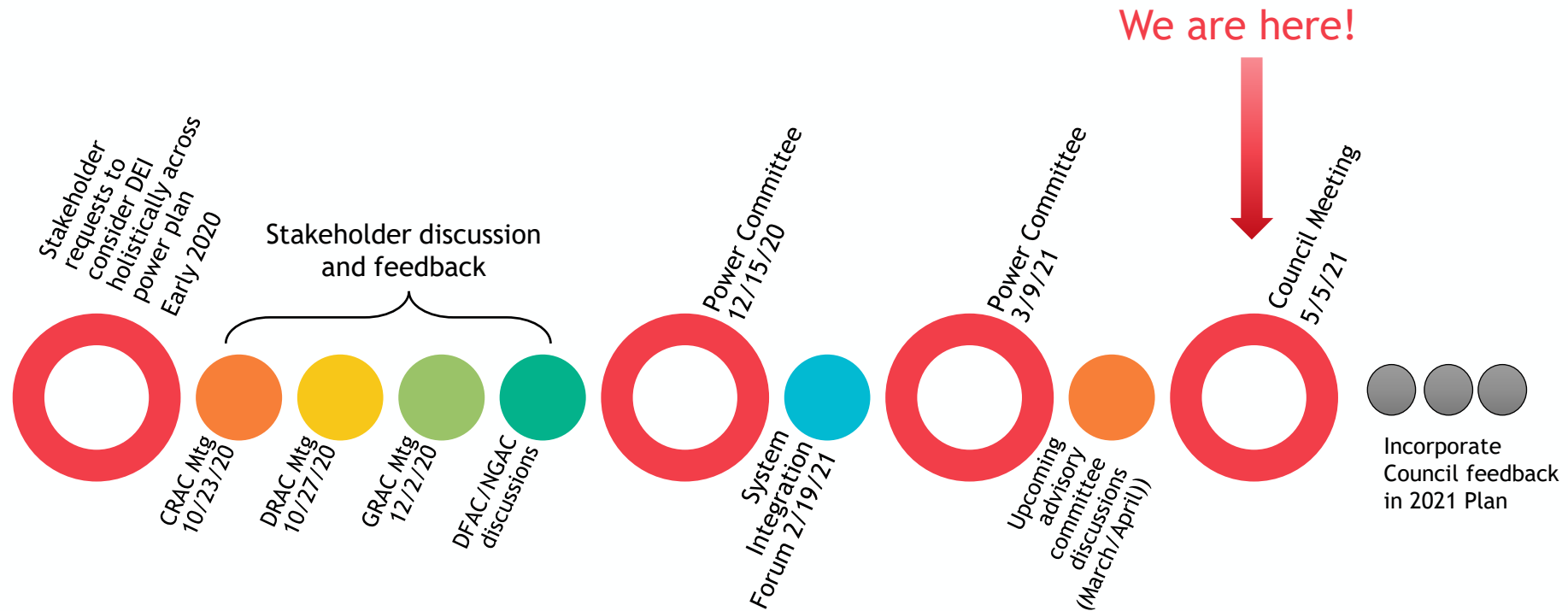
Emphasis added for effect

# Equity in Previous Power Plan Analyses

- Model Conservation Standards have included “conservation acquisition programs should be designed so that their benefits are distributed equitably” [5<sup>th</sup>, 6<sup>th</sup>, and 7<sup>th</sup> Power Plans]
  - MCS-1 in the 7<sup>th</sup> Plan took this further to recommend specific analysis on identifying and reaching underserved markets”
- 2016 report on “Comparison of Residential Electric Use, Rates, Bills” provided an analysis on how electricity usage and bills may be differentiated by income, level of poverty, and other factors



# Timeline of DEI Discussions: Where we are and where we are going



# Why a SIF on DEI?

- The Council held a System Integration Forum (SIF) on diversity, equity, and inclusion (DEI) in power planning, and specifically, in the development of the Council's 2021 Power Plan.
  - This forum built on similar discussions previously held in the Council's various advisory committees, and included high level review of DEI concepts in power planning as a level setting followed by guided questions for further exploration.
- The objective of the forum was to coalesce around advice to the Council on potential action items and other considerations for the 2021 Power Plan.

What is a System Integration Forum (SIF)? When a topic is cross-cutting amongst several advisory committees, the Council holds a SIF to bring stakeholders and experts together for a robust conversation. Previous SIFs include climate change and power plan scenarios.

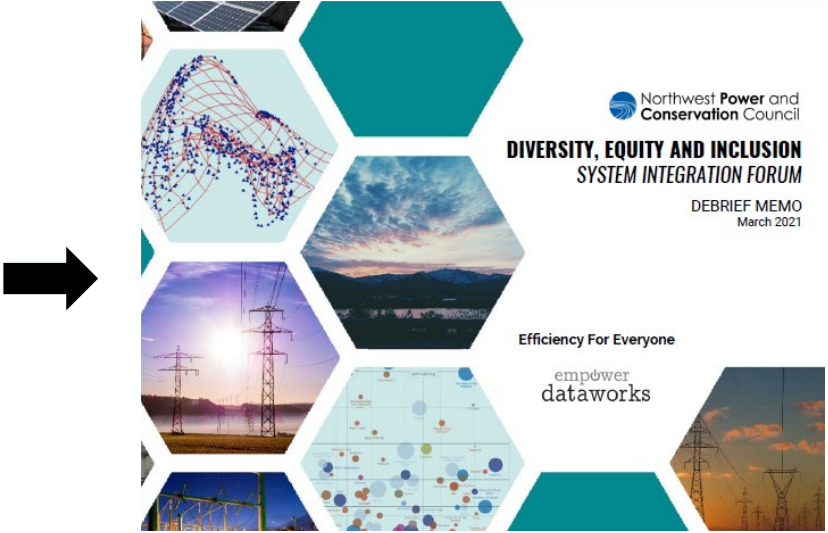




# System Integration Forum – February 19, 2021

## Distilling themes, ideas, and potential actions

130 participants  
+ Council staff



Thank you Marti Frank, Hassan Shaban, and regional stakeholders for your participation in the SIF and throughout this whole process. The debrief memo and all materials and recordings from the SIF are available on the Council's [webpage](#).



# Staff prioritization and follow-up advisory committee discussions (surveys)

- To assist in prioritization, staff distributed a survey to advisory committee members and interested parties to rank the various proposed actions.
- In addition, the CRAC and DRAC held meetings (April 1 and April 12, respectively) to provide opportunity for further discussion
- Staff took into account actions with high ranking by stakeholders that fit within Council's power planning work





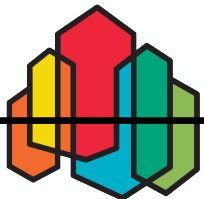
# Considerations for the Council

Cross-cutting, general recommendations

# Outreach and Engagement

- Improve outreach and ensure active engagement from equity experts and frontline community stakeholders during the power planning process. Stakeholders suggested this could include:
  - Standing advisory committee on equity in power planning
  - Equity experts as members of all advisory committees
  - Educational materials on power planning to aide in outreach to community representatives
  - Compensate representatives from lower-income, frontline, and BIPOC communities for their participation in the power planning process
  - Utilizing an equity lens checklist for each advisory committee to take into account equity in power plan development process

Staff Recommendation: Include an action item in the 2021 Power Plan committing the Council to improve its outreach and engagement in the next power plan process and include equity considerations in the advisory committees, for example, develop an outreach plan going forward.



# Clarity Around Cost-effectiveness Calculation

- Highlight what is not included in the cost-effectiveness calculations in the 2021 Power Plan
  - The determination of what is included is based on the NW Power Act definition of system cost; this may exclude some factors (e.g. improved comfort) that stakeholders have asked to be incorporated
  - PUC's may have alternate valuations based on state rules and regulations

Staff Recommendation: Include the consistent treatment of quantifiable resource cost framework in the 2021 Power Plan's supporting documentation.



# Revisit Cost-effectiveness Calculation

- Revisit the Council’s cost-effectiveness methodology and framework to potentially integrate additional costs and benefits (e.g. health, economic, equity, resilience)
  - The determination of “cost-effective” is based on the NW Power Act definition of system cost
  - Some resistance regarding the role of the electric system to address all of these concerns
  - Some resistance to the Council’s role to value these additional considerations and furthermore cautioning the difficulty in assigning economic values to these

Staff Recommendation: For energy efficiency, those benefits in agreement with the Power Act will be considered in determining the amount of cost-effective energy efficiency, and in turn will be included in the cost-effective formulation incorporated into the 2021 Power Plan (part of the Conservation Program) for use by the RTF and stakeholders.

Staff Recommendation: Acknowledge this is an unresolved issue - primarily around the availability of equity data. Fold this into next recommendation on investigation of equity data.



# Investigate Equity Data

- Investigate the data that are needed and the data that are available for integrating equity in resource planning
  - In order to better consider equity in the power plan, we need to understand what data we need to accomplish this
  - Exploration of existing data and gap analysis to determine next steps
  - Multi-faceted issue, with lots of potential players and needed participation – this cannot fall solely on the Council

Staff Recommendation: Include an action item in the 2021 Power Plan to work with regional entities to explore existing data, perform a gap analysis, and determine next steps (e.g. if data are missing, who could provide it?)



# Acknowledgement of Other Potential Actions Suggested by Stakeholders

- Account for economic impacts of resource planning
- Develop educational resources for incorporating DEI in power planning
- Apply an equity lens or toolkit to each chapter of the Power Plan
- Adopt the role of a regional clearing house for equity data or support the creation of a separate consortium, after identifying gaps in data, research, and knowledge
- Direct qualitative research by regional organizations or universities related to equity in power planning
- Additional outreach options:
  - Give community participants in the power planning process sufficient notice and expand the timing and location options for meetings
  - Develop a public equity “comment box” in a prominent place on the Council’s website







# Considerations for the Council

Subject-specific

# Generating Resources, Energy Infrastructure: Include equity effects in the Plan narrative

- Include the known equity effects of generating resources and other electricity infrastructure (e.g. natural gas pipelines, substations) in the 2021 Power Plan.
  - Without quantitative data on equity effects, identify known equity effects in a qualitative narrative. For example, the societal cost resulting from the closure of a generating unit or the proximity of new development to frontline communities.

Staff Recommendation: Include a qualitative narrative that acknowledges that equity effects of generating resources and electricity infrastructure exist in the supporting documentation of the 2021 Power Plan, acknowledging that there is more exploration to be done in this area to fully understand all equity effects and implications. This ties to the “investigate equity data” recommendation.



# Demand Response and Energy Efficiency: Develop best practices for program evaluations

- Develop best practices for integrating equity metrics in energy efficiency and demand response program evaluations (through the Regional Technical Forum). The Regional Technical Forum can serve as a technical body for vetting and developing this guidance.
  - Some stakeholder concern that the RTF is (currently) not well enough versed in DEI to tackle equity metrics

Staff Recommendation: Include an action item in the 2021 Power Plan for the RTF to explore equity metrics in energy efficiency and demand response evaluation, and bring in external expertise to broaden the RTF's DEI knowledge base in support of this effort



# Energy Efficiency Program Design

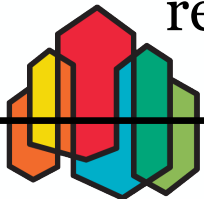
- Should the Plan include best practice guidance for equity within program design?
  - Mixed reaction to this proposal – some high scores, some comments recommending against Council’s involvement
  - If the Council were to provide guidance, highly rated suggestions include:
    - Best practices and guidance for utilities on equitable program design and targeting
    - Incentive structures for low income customers to participate in energy efficiency and demand response programs

Staff Recommendation: Include an action item in the 2021 Power Plan for the region to collaborate on best practice guidance for utility efficiency programs to be more equitable



# Other Potential EE and/or DR Actions Suggested by Stakeholders

- Additional program design guidance options:
  - Assessing whether reliability and service is equitable in some communities versus others
  - Health and safety barriers to energy efficiency in homes
  - Integration with other regulated monopolies (other public services) to address equity issues
  - Tackling split incentives between renters and landlords for EE
  - Approaches that promote connected devices for all
- Recommend that utilities segment their conservation and demand response potential by customer demographic characteristics and location to account for equity issues.
- Recommend a study on equity impacts of pre-paid billing in the region
- Recommend research on the equity implications of different rate structures in the region




# Bonneville Surcharge to Incentivize Rate Structure to Encourage Energy Efficiency

- Stakeholder feedback has been mixed when considering how rates impact Energy Efficiency
  - Consideration that higher fixed rates impact both energy efficiency and equity outcomes
  - A couple stakeholders recommended the Council implement an Model Conservation Standard aimed at Bonneville customer utility rate structure and recommend the Administrator surcharge utilities with high fixed rates

Staff Recommendation: Staff does not recommend a rate-based MCS. Previous efforts to explore structural rate change for energy efficiency outcomes in the region have not been fruitful, even with broad executive engagement. Further the energy efficiency supply curves do not have measures directly tied to behavioral response to rates.



A scenic landscape featuring a calm lake in the foreground, surrounded by rugged mountains and a stone wall. The scene is partially obscured by a white, semi-transparent geometric pattern consisting of overlapping triangles and lines. The text "Questions? Feedback?" is centered over the image in a bold, black, sans-serif font.

**Questions? Feedback?**

# Equity Terms

- Energy equity - Equity in all aspects of the energy system, including its benefits, burdens, costs, and participation. Functionally equivalent to energy justice.
- Frontline communities - Communities experiencing the first and worst impacts of climate change, widely understood as comprising those with lower incomes and people of color.
- BIPOC - An acronym meaning “black,” “indigenous,” “people of color” and pronounced “by-pock.”
- Equity Lens – Paying deliberate attention to how process and decisions may impact equity.

For more definitions, see the Council’s DEI SIF [website](#), specifically the Equity Terms and Definitions [document](#)

