Dragonfly
Consulting

Re: OPUC UM1189

To Ms. Kim,

Thank you for the opportunity to comment on Equity Metrics for Energy Trust of Oregon UM 1158 Docket Announcement. I am the Principal of Dragonfly Consulting LLC, a consulting firm working to bring energy efficiency, equity, and justice to communities historically underserved and marginalized by programs. I have worked for nearly 20 years in the energy efficiency field, recently with a focus on energy equity. In addition to other projects, I work as a subcontractor to Energy Trust of Oregon on the implementation teams for both their Existing Buildings program and their Production Efficiency program. It is important to note that the comments herein reflect my personal opinions and are not meant to represent the views of Energy Trust, or the program implementation teams.

While I believe that developing equity metrics for Energy Trust is a valuable step towards achieving environmental justice, I have two significant concerns regarding the Recommendations for Equity Measures for the Energy Trust of Oregon:

1. The OPUC needs to provide intentional funding and resources to support these equity efforts if these metrics are meant to be anything other than performative; this docket makes no mention of providing additional funding or resources to support this work.
2. To make these funds accessible to all customers, the OPUC must re-evaluate their cost-effectiveness requirements as it pertains to equity work.

In summary, while it is commendable that the OPUC for developing these equity metrics for Energy Trust, I believe additional equity-focused mechanisms need to be developed to enable Energy Trust's success in serving and supporting environmental justice communities. Please see below for additional details and pertinent literature.

Sincerely,

Shelley Beaulieu
Principal of Dragonfly Consulting, LLC

Additional information

Since Energy Trust's inception, the OPUC has directed Energy Trust to achieve cost-effective energy efficiency savings and fund the above-market costs of renewable energy resources throughout their service territory. And, since 2002, Energy Trust has been successfully delivering cost-effective energy savings and renewable energy resources as directed. However, focusing on achieving cost-effective savings and funding above-market costs of renewables absent a directive to serve customers equitably, has resulted in many communities and customers being left unsupported.

It is commendable that the Oregon Legislative Assembly and the Oregon Public Utility Commission are shifting to prioritize equitable distribution of funds, with a focus on serving environmental justice communities. However, to be successful in serving these communities, systems will need to change.

There needs to be intentional funding and resources available to support these equity efforts if these metrics are meant to be anything other than performative; this docket makes no mention of providing additional funding or resources to support this work.

The current system, as mentioned above, has been successful at delivering savings to large businesses, urban customers, and affluent households (Energy Trust, 2018). Serving small/medium businesses, rural customers and households navigating lower incomes will require intentional, focused offerings designed in collaboration with those communities to ensure they are responsive to their opportunities, needs and challenges. This work will require additional, dedicated funds and resources to perform community engagement, co-create these focused offerings, and ultimately deliver savings.

It is my understanding that these 2023 equity metrics were provided to Energy Trust after their 2023 annual budget had been completed and approved. As such, intentional funding was likely not included in Energy Trust's 2023 budget for all the activities necessary to successfully meet these metrics. I am curious how the OPUC expects Energy Trust to be able to deliver these activities with the current 2023 funding. Will the OPUC allow other planned activities to be deprioritized or shifted to future years to free up funding for the equity activities? Will the OPUC provide additional funds to Energy Trust in 2023 to pay for these activities? Without providing funding to support these equity activities, these recommendations will be merely a performative attempt at achieving equity; an unfunded mandate that appears on the surface to be supportive of environmental justice but fails to provide the resources to enact real change.

To make these funds accessible to all customers, the OPUC must re-evaluate the existing cost-effectiveness requirements as they pertain to equity work.

In addition to ensuring funding and resources are dedicated to support equity work, the OPUC needs to re-evaluate the implementation of cost-effectiveness requirements. Energy Trust has been trying to serve energy burdened customers with low-cost and no-cost measures but are limited in their ability to do so due to requirements set by the OPUC, primarily the measure-level cost-effectiveness requirement. Serving environmental justice communities, such as those with small businesses, rural customers, households navigating lower incomes and communities of color, will cost more than serving the customers that Energy Trust has already served. However, there are also added environmental, economic, and health benefits to serving these communities. These benefits tend to be challenging to accurately monetize in cost-effectiveness calculations. Based on a Northeast Energy Efficiency Partnership white paper, states have used three pathways to overcome these challenges (NEEP, 2022).

- *Lower the cost-effectiveness requirement for equity-focused programs / offerings*: Some states have continued to enforce cost-effectiveness requirements for these programs, but allow a lower threshold for eligibility (e.g., the State of Washington has an eligibility requirement for low-income programs of a TRC ratio greater than 0.67 (ACEEE, 2022).) Per the NEEP white paper, "This approach recognizes hard-to-monetize benefits of these programs without the need to calculate specific monetary or other proxy values."
- *Include non-energy benefits in cost-effectiveness calculations*[1]: Some states allow an equity adder to be included in the benefit-side of the cost-effectiveness calculation as a proxy for the known, but hard to quantify, non-energy benefits. (e.g., the State of Colorado allows an adder of 50% for low-income programs, and the State of Nevada allows an adder of 25% (ACEEE, 2022).) Again, per the NEEP white paper, "An equity adder quantifies the disproportionate impacts and benefits felt by underserved communities without needing to identify precise numbers for each benefit."
- *Use equity metrics as eligibility requirements and set a budget cap for that work*: Per the NEEP white paper, California recently segmented their programs into three categories: resource acquisition, market transformation and equity. Equity programs are exempt from cost-effectiveness requirements but the CPUC caps funding to the equity and market transformation programs combined to 30% of

[1] While the OPUC does allow Energy Trust to account for some non-energy benefits in cost-effectiveness calculations, the current allowances do not capture those most impactful to these communities, such as health benefits, fewer arrearages and utility shutoffs, reduced energy burden, improved air quality, increased health and safety, investments in home, etc.

> total spending and sets community-led targets that the programs must achieve to ensure the programs are meeting community needs. "The CPUC made this division because it found it difficult to assign values to benefits from equity-focused initiatives such as public health, economic, and improved housing. Further, it discovered that focusing on cost-effectiveness as a decision point resulted in administrators prioritizing cost-effectiveness over other state policy objectives like equity, market transformation, and strategic electrification."

For a more complete example of how these pathways are being applied across the country, review the state-by-state summary updated by the American Council for an Energy-Efficient Economy (ACEEE) that tracks how different states have adapted their cost-effectiveness requirements for low-income energy efficiency programs (ACEEE, 2022). Comparable allowances could be used for equity programs using a similar rationale (i.e., additional benefits exist for these communities that are difficult to capture in cost-effectiveness calculations).

While any of these three recommendations would result in improved equity and better service to environmental justice communities, my recommendation is to consider option three. The OPUC could pilot program segmentation for a two-year period, identify a portion of Energy Trust's budget (e.g., 15% of their annual budget) to support programs intentionally designed to serve small businesses, rural communities, households navigating low incomes, communities of color, and other environmental justice communities, and remove the cost-effectiveness requirement for these funds. The OPUC could then continue their community engagement efforts to develop success metrics for these funds that align with the needs of the communities.

BIBLIOGRAPHY

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