

EQUITY THROUGH ENERGY STORAGE



State-Level Best Practices

Prepared for the CESA Members Only Meeting

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June 4, 2024

What I will be covering in this short presentation.



- Defining Equity
- Why & how should states pursue Equity policies?
- Examples of state-level policies (best practices for equity through energy storage).
- Recommendations for state-level policymaking.

Defining Equity.



- EE means that levels of energy required by individuals and families is equally available to all, regardless of race, geography, social standing, or economic position.
 - ✓ Further, EE includes those policies intended to:
 1. Ensure that underserved communities receive the benefits resulting from grid modernization efforts across the electric system, and
 2. Ensure that underserved communities do not disproportionately incur costs, both monetary and non-monetary, to maintain parts of the system that do not result in direct benefits for their communities.
- Put another way: Energy equity refers to the fair distribution of the benefits and burdens of energy production and consumption.

Why should states pursue Equity?



- Do states have a compelling policy interest that would lead them to advance Equity in energy storage programs and policy? Isn't simply advancing energy storage for those who can afford it challenging enough?
 - ❖ Commitment to ethical energy policy overall;
 - ❖ A belief that resilient power is a fundamental right;
 - ❖ The perception that energy storage may at times be the most cost-effective and fastest solution to serve customers;
 - ❖ A need for equitable storage policy to support state energy policy goals, and
 - ❖ Requirements for Equity attached to federal funding opportunities.

Not an exhaustive list!

How—Guiding Principles.



- Increasingly underlying state-level energy storage equity programs, are what have been established and defined by the DOE as the four core tenets of energy justice embedded in the Justice40 Initiative:
 - ❖ Distributive: Ensuring availability and affordability of energy systems and services;
 - ❖ Recognition: Focusing on those in society who have been historically ignored or misrepresented in the energy system;
 - ❖ Procedural: Increasing public participation through the notions of transparency, accountability, and due process to identify underserved and affected communities; and
 - ❖ Restorative: Reversing and repairing the harms done by legacy programs through the creation of improved environmental and social conditions within communities.

Turning guiding principles into policy approaches.



- Policymaking approaches to Equity can originate in different ways:
 - ✓ **As a goal:** The primary goal of electricity affordability programs, disconnection moratoriums, and rate discounts is to advance equity.
 - ✓ **As a tool:** Public participation to ensure that the unique needs of underserved communities are well understood is a critical equity tool.
 - ✓ **As a metric:** Appropriate metrics are needed to track and evaluate results of policies, regulations, and programs intended to deliver equitable outcomes.

Goals, tools & metrics support specific policy levers.



Policy Lever	Definition
Capacity “carve-outs”	Requiring that a specific amount of awards/funding go to projects benefiting underserved communities).
Incentive adder	A separate, reserved capacity block and an additional incentive adder for overburdened communities.
Front-loaded payments	Incentives/rebates provided to projects up-front to reduce the initial cost barrier for these communities.
Financing	Low- or no-cost financing for equity or income-qualifying customers.
Technical assistance	Pre-development technical-economic project analysis can be provided through small grants or by direct services contracted by the state.
Community benefits requirement	Requiring evidence require evidence that a project will provide real benefits to the underserved communities where they are located in order to qualify for equity project incentives.
Ownership incentives	Provisions embedded in incentive programs that help income-eligible customers to purchase and own battery storage.

Equity scorecard.



- Almost half of all US states (22 + D.C.) have taken some form of action on energy equity. (Source: PNNL)
- Different states will likely continue to approach equity in different ways, and the pursuit can be evidenced through legislative, executive, and regulatory actions (or a combination of all three).
- Typically state policies aimed at achieving equity are being directed toward utilities and load-serving entities that are regulated and governed by state policies, but incentive-based programs that offer subsidies to third-party developers can also be leveraged.
- However, equity metrics for tracking the outcomes of those actions are either nonexistent or in nascent stages of development and application.

State policy examples—Western states.



California:

- Prioritizes disadvantaged communities in integrated resource planning
- Identifies and monitors communities that are at the highest risk of environmental harm and attempts to address through community investment.
- Provides direct rate-paying assistance to people in disadvantaged communities

Colorado:

- RPS statute directs “not less than 40%” of utility expenditures related to clean energy transition be directed towards programs that benefit low-income customers and disproportionately impacted communities.

Oregon:

- Legislation requires the PUC to consider for classifying utility services for retail rates: “differential energy burdens on low-income customers and other economic, social equity or environmental justice factors that affect affordability for certain classes of utility customers.”

State policy examples—Eastern states.



Maine:

- Requires equity considerations to be incorporated in decision-making for state agencies, including the Public Utilities Commission

New Jersey:

- Created an Office of Clean Energy Equity, charged with ensuring the state's clean energy future is accessible to all residents; requires equity considerations to be incorporated in decision-making for state agencies, including the Public Utilities Commission

Massachusetts:

- Legislation requires that the Department of Public Utilities must include equity among six priorities for meeting statewide greenhouse gas (GHG) emission limits, in addition to safety, security, reliability of service, affordability, and reductions in GHG emissions.

New York:

- Climate Leadership and Community Protection Act includes several energy justice provisions, including a requirement to direct at least 35%–40% of the program's benefits to historically disadvantaged communities.

Maryland:

- Launched two new grant programs (energy efficiency and solar) aimed at providing access to clean energy and reducing energy costs for low- and moderate-income residents.

Recommendations for state-level policymaking.



1. Consideration of equity provisions should take place when the program is being designed and these provisions should be included from the program's inception.
2. Stakeholder input from underserved communities and equity advocacy groups will be important in the design of equity provisions.
3. Take advantage of the “best practices” in other states.
4. Once equity energy storage programming is in place, its effectiveness should be evaluated regularly, and provisions should be adjusted if they are found to be ineffective.

*This material is based upon work supported by
the U.S. Department of Energy,
Office of Electricity (OE),
Energy Storage Division.*