



Smart Electric
Power Alliance

Embedding Equity in Utility Transformation

Executive Summary

April 2023

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While most utilities already address some elements of equity, such as affordability, demand-side management programs for low-income customers, customer service, or others, many lack the comprehensive strategy needed to succeed. Smart Electric Power Alliance (SEPA) provides the following recommendations for utilities to facilitate an equitable transition as the result of engagements with utilities, regulators, state and federal energy offices, and community organizations:

- Develop an organization-wide equity strategy after conducting a holistic utility and community assessment, and make it publicly-available to ensure awareness, accountability, and engagement. This initial reflection is crucial to progress on internal issues before beginning work with community members.
- Leverage public and private interest in equity and utilize new funding sources to maximize the impact of utility efforts. At the Federal level, the Infrastructure Investment and Jobs Act, the Inflation Reduction Act of 2022, and the Justice40 Initiative financially incentivize investing in equity.
- Be open to new approaches and discoveries. Ensuring the practical benefits of the clean energy transition are distributed equitably is an ongoing process that will develop as utilities learn from their peers and their customers.
- Build trusted partnerships through community engagement and incorporate feedback in decision making processes. Utilities can adopt standards to better understand equity implications of utility plans and to provide accountability. Standards should include metrics based on community-specific needs.

Addressing equity is a complex and continual process. Three main equity components emphasized in this industry brief are **structural, procedural, and distributional equity**.

■ Structural Equity

- Recognize the systems that led to injustice.
- Understand underserved communities' needs.
- Improve system frameworks.

■ Procedural Equity

- Internalize equity across organizational processes.
- Demonstrate intentionality and authenticity.
- Improve accessibility and inclusion for underserved communities.

■ Distributional Equity

- Improve the distribution of costs and benefits.
- Measure impacts across all communities.

Utilities face an unprecedented customer engagement challenge as they promote the adoption of distributed energy assets across customer classes, modernize the grid to meet carbon reduction goals, and manage pressures on customer rates. As utilities work toward lower carbon emissions, they should focus on energy equity to better reach customers and improve relationships with the communities they serve. Investments in the electric power system will continue to disproportionately impact communities of color and low-income communities unless utilities prioritize historically overburdened communities in their operations and embed equity across their transformation initiatives. This industry brief explores case studies and offers leading strategies utilities can take to prioritize equity. Timely utility equity action is crucial to allow current and future generations to reap the benefits of utility transformation and to address ongoing disparities throughout all parts of the energy system.



Smart Electric Power Alliance

1800 M STREET, NW FRONT 1

#33159

WASHINGTON, DC 20036

sepapower.org

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