ACEEE *Utility Scorecard* Equity Metrics Implementation Strategy

MARCH 2023

Commitment to Accountability

ACEEE is committed to ensuring that we integrate the priorities of community-based organizations into our *2023 Utility Energy Efficiency Scorecard* through a transparent and collaborative process. To this end, we created this strategy document to share our planned next steps for incorporating new equity-focused metrics into the *Utility Scorecard*. The metrics in the final report may change based on feedback we receive from community-based partners before the content of this edition is finalized. We will be transparent about the decisions we make and how we respond to and incorporate partner feedback throughout this process.

Overview and Purpose

This document outlines ACEEE's strategy for implementing new equity-focused metrics in our *Utility Scorecard*. The strategy summarizes the current baseline of equity metrics in past *Utility Scorecards*, our planned process for soliciting feedback from stakeholders and community-based organizations (CBOs), and our commitment to accountability. It also includes a proposed breakdown of points awarded to equity-related utility actions and metrics intended to score utilities along those dimensions. As part of our organization-wide Leading with Equity initiative, ACEEE has committed to ensuring that energy equity metrics account for at least 20% of possible points in the upcoming edition of the *Utility Scorecard*. These metrics are built around three dimensions of equity adapted from the 2014 Urban Sustainability Directors Network report researched and written by Angela Park and referenced in more detail on the Leading with Equity initiative landing page.[1]

Through the Leading with Equity initiative, ACEEE convened CBOs, advocates, utilities, and energy efficiency program implementers to identify equity-focused metrics for ACEEE's state, city, and utility scorecards. The initiative aims to ensure that each scorecard captures clean energy policy and program impacts on historically underresourced or climate-vulnerable groups, including communities of color, low-income communities, immigrant communities, rural communities, and other marginalized communities.

Baseline of Equity Metrics in the *Utility Scorecard*

ACEEE has published two editions of its *Utility Scorecard*, one in 2017 and the other in 2020. Both editions contained a single equity-focused metric: low-income program implementation. Under this metric, utilities earned points for offering a range of low-income programs, spending

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[1] Park, A. 2014. *Equity in Sustainability: An Equity Scan of Local Government Sustainability Programs*. San Francisco: USDN (Urban Sustainability Directors Network).
usdn.org/uploads/cms/documents/usdn_equity_scan_sept_2014_final.pdf.

money on low-income programs, and achieving savings through low-income programs.[2] This metric was worth 3 points out of 50, accounting for 6% of the total points a utility could earn.

Leading with Equity Process and Priorities Alignment

As established in the _Leading with Equity Initiative: Key Findings and Next Steps_ report, the 2023 edition of the _Utility Scorecard_ will increase the share of points awarded for equity achievements from 6% of total points to at least 20%. Through the initiative, CBOs, advocates, utilities, and energy efficiency program implementers collaborated to recommend a robust list of action categories and metrics that should be considered for inclusion in the _Utility Scorecard_.[3] _Utility Scorecard_ project staff converted those recommendations, which were published in the _Leading with Equity Initiative_ report, into a list of equity actions, descriptions, and sample questions that could be asked in a data request to assess utilities' progress on achieving equitable outcomes.

Project staff initially designated action categories as high priority for adding to the scorecard if the actions were deemed necessary to make the energy efficiency program comprehensible, relevant, or accessible to customers. Actions like ensuring programs were communicated in customers' preferred languages and providing on-bill financing received this designation. Actions received medium priority if staff determined they enabled effective programs but were not strictly necessary to realize them; actions like tracking health benefits of EE programs and providing executive accountability for equity goals received this designation. Equity actions were categorized as low priority if staff determined they were tangential to utility responsibilities, such as community wealth building. A separate group of ACEEE senior staff reviewed these preliminary action categories in January 2022 and provided feedback, primarily on action categories' appropriateness for inclusion, priority ranking, and data request question examples.

Using feedback from _Leading with Equity_ workshop participants, composed of CBOs and energy equity experts, the _Utility Scorecard_ team discussed each recommendation and sought to strike a balance between ensuring the data request was robust enough to faithfully capture progress utilities are making to advance equity through their EE efforts and keeping our utility data request to a manageable length.[4]

Proposed Equity-Related Scoring Breakdown

The _2023 Utility Scorecard_ evaluates utilities across a range of "action categories" related to the

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[2] Utilities use varying definitions of "low income" and "limited income." They may also employ different methods of calculating incomes or include types of customers (e.g., age-qualifying or commercial customers).

[3] Examples of "action categories" include stakeholder engagement, energy affordability, and access to financing. Each action category may contain multiple objectives related to a particular equity issue.

[4] Historically, several ACEEE staff have observed an inverse relationship between the size of our data request and utility response rate. Utilities often receive numerous data requests, including mandatory requests from regulators. As such, limiting the burden of responding to our voluntary questions is important to receiving the information needed to complete the _Scorecard_.

delivery of energy efficiency. These categories span a range of activities, including achieved savings, programs offered, business models, equity, and more. Some cover conventional energy efficiency customer-funded programs and initiatives, while others relate to energy efficiency more broadly, such as through customer rates. Most action categories are evaluated using scoring metrics. The combination of scoring metrics is diverse enough to allow flexibility in how utilities can earn points, and it represents our vision of a well-rounded, high-performing energy-saving utility. The number of points associated with each metric are scaled to represent the research team's assessment of their relative importance in the utility energy efficiency ecosystem.

In table 1 we summarize the equity-related action categories we plan to include in the *2023 Utility Scorecard*. The project team has introduced six new equity-related metrics in this edition to ensure that we are capturing the impacts of energy efficiency policies and programs on customers who have been historically underresourced, including communities of color, low-income communities, immigrant communities, and rural communities. In addition, we split the single equity-related metric in the previous edition of the *Utility Scorecard*—low-income program implementation—into three metrics that separately evaluate a utility's low-income program performance: low-income program offerings, low-income program spending, and low-income customer savings achieved. Together, these metrics have increased the equity-related share of our scoring from 6% to 22%. We also included a data request question on community wealth building in response to feedback from the Leading with Equity initiative participants. While we did not receive enough information to create a metric for this edition, we will use what we learned to inform future editions.

Table 1. Equity-related action categories and scoring. The 2020 Utility Scorecard evaluated utilities on a 50-point scale, so we normalized the 2020 points by doubling them before reporting the change in this edition. Categories in bold are new or substantially restructured in this edition.

Action category	Description	2023 points available	Change from 2020
Low-income savings	Net incremental low-income energy savings per residential customer (kWh)	5	+3
Low-income spending	Low-income spending as percentage of total spending	4	+2
Low-income program implementation	Implementation of various residential low-income energy efficiency programs	3	+1
Energy affordability	**Utility energy savings goals for low-income or energy-burdened customers**	2	+2
Language access	Actions taken to reduce language barriers to EE program participation	1	+1

Action category	Description	2023 points available	Change from 2020
Stakeholder engagement	Efforts undertaken to solicit and incorporate feedback from potential EE program participants	2	+2
Workforce development	Actions taken in support of a diverse and equitable EE workforce	2	+2
Financing	Utility actions to facilitate customer access to financing solutions to pay for EE upgrades	2	+2
Utility shutoffs	Steps taken to direct customers at risk of utility disconnection toward EE programs	1	+1
Community wealth building	Strategies to build community wealth, such as installing renewable energy resources owned by community members	0	0
Total		22	+16

Proposed Equity-Related Metrics

This section contains descriptions of each of the proposed equity-related action categories as well as the metrics that we will use to quantify utility progress in these areas.

LOW-INCOME SAVINGS AND LOW-INCOME SPENDING

Utilities can earn up to five points for savings achieved by low-income customers. While achieved savings demonstrate the actual performance of low-income programs, we feel it is important to consider spending as well. Therefore, utilities can earn up to an additional four points for spending on low-income energy efficiency programs. Table 2 shows the proposed scoring metrics for these two action categories.

Table 2. Proposed scoring for low-income savings and spending

Low-income kWh savings per residential customer	Score	Low-income spending as % of total EE spending	Score
13+	5	10.00+	4
11.78-12.99	4.5	9-9.99	3.5
10.56-11.77	4	8-8.99	3
9.33-10.55	3.5	7-7.99	2.5
8.11-9.32	3	6-6.99	2

Low-income kWh savings per residential customer	Score	Low-income spending as % of total EE spending	Score
6.89-8.10	2.5	5-5.99	1.5
5.67-6.88	2	4-4.99	1
4.44-5.66	1.5	3-3.99	0.5
3.22-4.43	1	0-2.99	0
2.00-3.21	0.5		
0-1.99	0		

LOW-INCOME PROGRAM IMPLEMENTATION

We propose significantly updating the metric associated with utility low-income programs. The 2020 edition of the *Utility Scorecard* did not measure low-income program offerings but instead used a composite metric of two factors: the utility offering more than one low-income program and those program measures going beyond direct install to address the whole building envelope.

The updated metric assesses the breadth of programs utilities are offering to underserved customers. We collected data on utility programs and efforts to reach these customers across various program categories: multifamily programs, increased rebates for low-income customers, income-qualified weatherization, manufactured housing programs, and other equity-based initiatives and programs. Utilities can earn points based on the number of those programs they offer, as summarized in table 3.

Table 3. Proposed scoring for low-income program implementation

Comprehensiveness of low-income program	Score (3 pts total)
Utility offers multiple low-income programs and measures beyond direct install	1.0 each
Utility offers either multiple low-income programs or measures beyond direct install	0.5 each
Utility offers neither multiple low-income programs nor measures beyond direct install	0

ENERGY AFFORDABILITY

To assess utility progress in reducing customer energy burden, we propose that utilities be scored on whether there is a formal energy affordability goal in legislation or regulation, whether there is an informal goal in the utility's own planning documents, and how the utility is tracking and delivering targeted solutions to energy-burdened customer groups. The goal is to capture utilities that are seriously tracking and implementing energy affordability solutions.

To do this, the metric will comprise two sub-categories, as summarized in table 4. One will look at whether utilities are tracking energy burdens and marginalized customer groups in their service area. The other will consider whether an energy affordability, spending, savings, or participation target is in place through either legislation or regulation. If a utility has indicated an internal goal, it will receive half a point.

Table 4. Proposed scoring for energy affordability

Points	Condition
1	Utility tracks energy burdens and marginalized customer groups in its service territory
1	Utility has an energy affordability, spending, savings, or participation target in place through legislation or regulation. Utility may earn 0.5 points if targets are in place as part of internal goals.

LANGUAGE ACCESS

Utilities can earn credit for actions that expand language access in a variety of ways. These include running advertising campaigns with prominent non-English-language news outlets or with the assistance of an agency that specializes in reaching populations that speak languages other than English; participating in long-form, in-language television or social media interviews on a program that serves as a prominent resource for communities whose primary language is not English; or offering in-language presentations as part of community events to reach customers who speak languages other than English in person. A summary of how points are awarded is presented in table 5.

Table 5. Proposed scoring for language access

Points	Condition
0.5	Utility institutes a process to determine in which languages energy efficiency information needs to be communicated to customers to maximize equitable access to programs.
0.5	Utility takes at least two of the following actions to expand access to its customers: • Publish information in service territory's 4 most-commonly spoken primary languages or in enough languages to cover primary language of 98% of customers • Create bespoke campaigns designed to resonate with speakers of languages other than English • Partner with CBOs to leverage the benefits of culturally appropriate communication channels in languages other than English • Establish customer language access goals, identify barriers, and develop a plan to better deliver services speakers of languages other than English

Examples of qualifying actions under the final bullet in table 5 include customer journey maps that reveal how English-isolated customers interact with energy efficiency programs and training workforce candidates with fluency in multiple languages. While this Scorecard has established thresholds for adequate language access (i.e., four most-commonly spoken primary languages or 98% coverage of customers' primary language), we acknowledge that the appropriate thresholds are up for debate.

We propose awarding no points to utilities for publishing in languages based on requests from their internal marketing teams unless those marketing teams were identified as employing at least one of the qualifying actions listed above. We also propose not awarding points for basing language coverage on incomplete information such as one-off customer requests or requests from individual CBOs. Many utilities reported providing language access in English and Spanish, often with no further explanation. On its own, this did not meet our minimum threshold for ensuring equitable access and was awarded no points. We also did not award points for translation services that were available only upon customer request or that required working through a call center.

STAKEHOLDER ENGAGEMENT

The scoring conditions for the stakeholder engagement action category, shown in table 6, are an attempt to live up to the principles of trust, credibility, and agency for communities in the

decision-making process. Utilities can earn points by demonstrating that they have taken actions to better understand how to deliver energy efficiency solutions effectively to low-income or disadvantaged customers. Utilities can earn additional points by taking steps to actively facilitate robust representation from members of those communities and by proving that they have incorporated stakeholder feedback into their energy efficiency program offerings.

Table 6. Proposed scoring for stakeholder engagement

Points	Condition
0.5	Utility holds or attends meetings whose purpose is to better understand how to deliver EE solutions equitably to low-income or disadvantaged customers. Utility commissions a comprehensive survey of customer needs.
0.5	Utility facilitates active representation from members of the communities the meeting intends to serve.
0.5	Utility demonstrates it has incorporated input from stakeholder feedback sessions into a plan to facilitate more-equitable delivery of EE programs.
0.5	Utility enacts plan to facilitate more-equitable delivery of EE programs based on incorporated input.

Regarding facilitating active representation from communities, examples of qualifying actions taken by the utilities we scored include:

- Holding meetings at locations/events that are easily accessible to members of the community.
- Compensating underserved community members for their participation.
- Providing funding or in-kind support to municipal or nonprofit organizations to facilitate more-equitable EE delivery.
- Inviting community members or CBO representatives to present as panelists or advisory board members.
- Using an independent monitor to ensure adequate representation of stakeholders.
- Leveraging CBOs with existing relationships with community members to enhance participation.

We propose that no points be awarded for one-way communications from utilities to community members, advertisements, or similar forms of outreach that specifically target disadvantaged communities.[5] We also propose not awarding points for receiving feedback via

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[5] These actions are rewarded as part of other action categories on this Scorecard, including language access and other low-income program performance metrics.

the regulatory process, as that is a de facto standard for most utility actions and does not, in our view, live up to the standard of equitable stakeholder engagement.

WORKFORCE DEVELOPMENT

We propose scoring utilities on four workforce-related characteristics: data, requirements setting, supplier and contractor initiatives, and other workforce initiatives. An important component of equitable action is understanding the regional workforce well enough to set goals surrounding it. We reward utilities for analyzing and publishing data required for that purpose. These data including demographic statistics on utility employees and energy efficiency contractors. Utilities may also earn credit for significant participation in working groups or similar initiatives purposed with developing strategies to improve workforce diversity.

For setting requirements, we reward any requirements or targets the utility establishes that serve to improve the strength and diversity of the energy efficiency workforce associated with utility efforts. Utility requirements can send a clear signal to the labor market, to which companies, workforce educators, and the utility itself can respond. Utilities can earn points in this area in several ways, including establishing workforce program goals with metrics and minimum performance thresholds; requiring that traditionally underrepresented workers be adequately represented in trainings, internship cohorts, and hiring pools; establishing a minimum diverse-certified supplier spend goal; and linking executive compensation to meeting diversity, equity, and inclusion (DEI) targets.

The third way utilities can earn points in the workforce category is supplier and contractor initiatives. Utilities' massive purchasing power with respect to energy efficiency provides them tremendous influence over how outside parties embed equity into their own efforts. Qualifying activities in this area would include:

- Launching a supplier diversity initiative designed to support utility business units in increasing access to, procurement opportunities with, and use of underserved businesses.
- Creating and expanding strategic partnerships with certified diverse-owned companies[6].
- Requiring that suppliers or subcontractors submit business plans that include a list of their proposed diverse suppliers.
- Offering incentives to suppliers for hiring candidates that meet diversity criteria.
- Offering diverse contractors education and training on the utility's EE offerings.
- Offering diverse contractors one-on-one assistance with certification applications and business growth plans, building relationships with project financing lenders, and identifying and resolving barriers to building a successful business in the energy efficiency field.
- Requiring that EE implementors require DEI training for trade allies.

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[6] In this context, "diverse" refers to people in demographic categories that have been historically underrepresented in the sector. Examples of diverse-owned companies include those owned by women or minorities.

- Requiring that suppliers or subcontractors calculate the percentage of work that will be done through diverse suppliers.
- Maintaining a list of diverse business contractors for interested vendors for any program solicitation efforts.

The final way utilities can earn points in this workforce category is through other workforce initiatives not involving suppliers or third-party contracts. Qualifying actions in this sub-category would include:

- Developing a school-to-industry pipeline through partnerships with vocational high schools, prioritizing schools in environmental justice communities (e.g., providing instructors and students with EE training and curricula).
- Lowering barriers for diverse candidates to up-skill (e.g., paid training, grants, interpersonal skills, job readiness).
- Preferring local job candidates who will be able to serve their own communities.
- Offering fast track pathway into internships or job placement for diverse candidates who meet minimum criteria.
- Supporting programs that benefit disadvantaged workers, with the goal of ultimately placing them in jobs where they can apply EE skills.
- Facilitating creation of or supporting employee resource groups that offer support and professional development opportunities to historically underrepresented workers.
- Running a formal executive sponsorship program that encourages a diverse mix of high-potential employees by connecting them with leaders who will act as advocates.
- Distributing job marketing materials designed to appeal specifically to workers from underrepresented communities.

These scoring criteria are summarized in table 7.

Table 7. Proposed scoring for workforce

Points	Condition
0.5	Utility publishes workforce diversity data or participates in or significantly leverages research purposed with developing strategies to improve workforce diversity.
0.5	Utility institutes minimum diversity, equity, and inclusion workforce requirements.
0.5	Utility strengthens workforce diversity through supplier/contractor initiatives.
0.5	Utility institutes workforce development initiatives not involving suppliers or third-party contractors.

FINANCING

This metric is designed to evaluate whether the utility facilitates financing solutions to help customers pay for home energy efficiency upgrades and improvements. Financing can occur via customers' energy bills (i.e., on-bill financing) or through a separate billing mechanism. The utility might provide this financing itself or facilitate it through a third party such as a bank or green bank. A summary of proposed scoring criteria is provided in table 8.

Table 8. Proposed scoring for financing

Points	Condition
1	Utility offers a financing solution to assist customers with EE improvements or upgrades
1	Utility offers on-bill financing

UTILITY SHUTOFFS

We propose awarding one point to each utility that has a program or process that directs customers at risk of utility disconnection for nonpayment to energy efficiency measures that could lower their energy burden, as shown in table 9. Examples of qualifying actions include connecting customers who miss payments with energy efficiency program information, offering case management services (including connection to EE services) for customers who miss payments, and including EE measure solutions as part of bill assistance programs.

Table 9. Scoring for customer shutoffs

Score	Description
1	Utility directs customers at risk of electric service disconnection due to nonpayment to energy efficiency programs of measures
0	Utility does not direct customers at risk of disconnection to EE programs

COMMUNITY WEALTH BUILDING

In response to feedback from ACEEE's Leading with Equity workshop, the *Utility Scorecard* team decided to add a question about community wealth building to the data requests for utilities. We asked utilities if they had explicit strategies to build wealth in communities, such as installing renewable energy resources owned by community members, clean energy investments that build homeowner wealth, and upgrades to community-owned affordable housing. Few utilities responded to this question, and the ones that did provide an answer lacked clear-cut or detailed strategies to build community wealth. For these reasons, we decided to not score this action category in this edition of the *Utility Scorecard*.

Process for Soliciting Feedback

We are proposing the timeline presented in table 10 to transform the current list of action categories into new equity metrics.

Table 10. Utility Scorecard timeline

Time	Activity	Actions to develop and adopt equity metrics
April 11, 2022	*Leading with Equity* workshop	Share updated equity roadmap for *Utility Scorecard* with community-based organizations and experts in energy equity during first of three *Leading with Equity* workshops in 2022. Collect and process feedback.
May 16, 2022	Internal feedback session	Senior ACEEE staff and subject matter experts join the *Utility Scorecard* staff to discuss the full slate of proposed methodological changes to the *Scorecard*, including equity scoring categories and metrics.
May 2022	Data request development	*Utility Scorecard* staff translate feedback into updated action categories and propose questions in preparation for a draft utility data request.
June–September 2022	*Utility Scorecard* data request	Utilities complete data request, sending available equity data back to ACEEE.
August–November 2022	Metric calibration	*Utility Scorecard* staff process results of utility data request to revise proposed equity metrics and develop point allocations for each.
January 2023	Scoring	*Utility Scorecard* staff score utilities on equity using newly developed and calibrated metrics.
March 2023	Leading with Equity stakeholder feedback	Leading with Equity stakeholders have the opportunity to offer feedback on proposed equity-related action category and metric changes on *2023 Utility Energy Efficiency Scorecard*.
April–May 2023	*Utility Scorecard* external review	Share external review draft of *2023 Utility Energy Efficiency Scorecard* with an expanded list of local, regional, and national organizations focused on environmental justice.
May 2023	Equity scoring revision	*Utility Scorecard* staff consult with ACEEE Low-Income Utility Working Group, Equity Working Group, and *Leading with Equity* stakeholders and community-based organizations to address equity metric scoring issues coming out of external review.
June 2023	*Utility Scorecard* 2023 complete	*2023 Utility Energy Efficiency Scorecard* contains a detailed breakdown of the equity metric points that utilities are and are not earning. Authors create a summary of the feedback from the *Leading with Equity* workshops, changes made, and reasoning for metric decisions.

For more information about the Utility Energy Efficiency Scorecard, please reach out to Mike Specian at mspecian@aceee.org. For more information about ACEEE's Leading with Equity initiative, please reach out to Amanda Dewey at adewey@aceee.org.