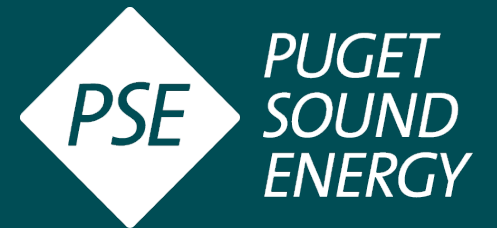


Equity Advisory Group Meeting

January 16, 2024

5 p.m. – 7 p.m.



Welcome and Introductions

Rose McKinney-James
Facilitator



Safety Moment

Jenny Harding
EAG Member



Emergency Preparedness

- Create and practice emergency response plan
 - Evacuation Routes
 - Meeting points if not able to get home
 - Emergency contact information
- Build (or update/maintain) your basic emergency kit.
 - Home Kit
 - “Go” bag
 - Vehicle Kit
- Register to receive emergency alerts
 - Wireless Emergency Alerts (WEAs)
 - NOAA Weather Radio All Hazards (NWR)
 - Emergency Alert System (EAS)
 - Puget Sound area alerts



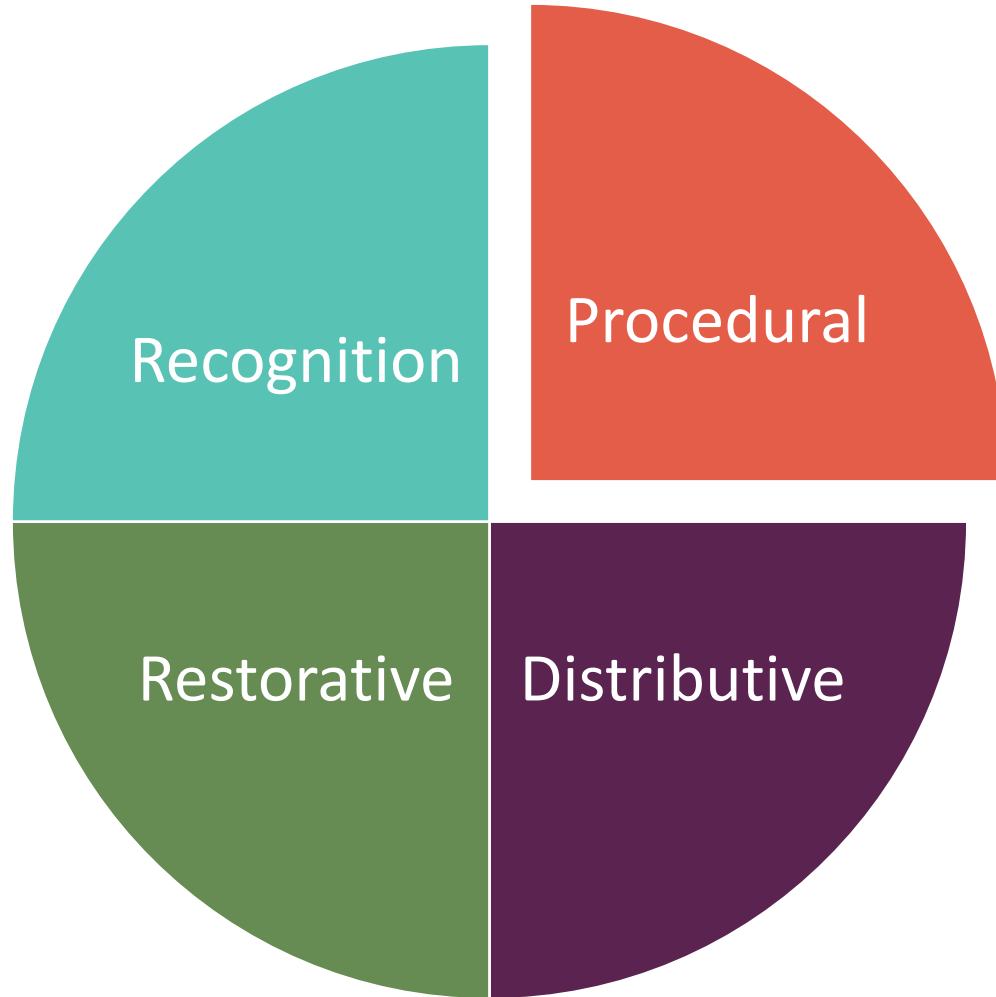
Equity Moment

Talysa McCall

Communications Initiatives Consultant, Clean Energy Strategy



Tonight's equity focus



Affordability guiding principle¹

Create, evaluate, and continuously improve programs that increase vulnerable communities' ability to afford the resources they need while providing additional opportunities for renters, multi-family residents, small businesses, and low-income households to participate.

¹ [EAG Charter, last updated Oct. 10, 2022](#)



Mary Kipp

President & Chief Executive Officer



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Facilitator requests

Participants, please:

- Listen to and appreciate the diversity of views and opinions
- Actively participate in the group
- Behave constructively and courteously towards all participants
- Respect the role of the facilitator to guide the group process

Observers, please:

- Respect the Joint Advisory Group's time to discuss meeting topics

YouTube livestream and Public Comment for observers

Public Comment

- The public comment period will start at 7:00 p.m.
- Instructions to join will be presented during break.
- **Please do not join the meeting until then.** The first 5 individuals will have 2 minutes each to speak.

Livestream

- Observers can watch the meeting through the YouTube livestream link.
- Prepare to provide your verbal comments during the observer comment period on the agenda.

Agenda

5:00 p.m. – Welcome

5:10 p.m. – PSE and EAG Updates

5:30 p.m. – Climate Commitment Act Engagement Opportunity

5:40 p.m. – Distributed Energy Resources (DER) Selection Process

6:20 p.m. – BREAK

6:25 p.m. – 2023 Year in Review

6:55 p.m. – Next steps

7:00 p.m. – Public Comment

Objectives

- Receive relevant updates from PSE and EAG committees
- Learn about the Climate Commitment Act (CCA) engagement opportunity
- Inform Distributed Energy Resources (DER) application intake and project selection process
- Revisit 2023 EAG topics

PSE and EAG updates

Kara Durbin

Director Clean Energy Strategy, Clean Energy Strategy

Troy Hutson

Director Energy Equity, Energy Equity

Talysa McCall

Communications Initiatives Coordinator, Clean Energy Strategy



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End of year check-ins

Status

- 11 of 16 complete
- Working to schedule remaining 3
- Preparing a summary to distribute to EAG members

Looking ahead

- Plan to present results during February 2024 meeting
- Create space in breakout discussion for EAG to reflect during meeting

Climate Commitment Act update and engagement opportunity

Kelima Yakupova

State & Regional Policy Consultant, Regulatory Policy



Climate Commitment Act (“CCA”) Overview



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Climate Commitment Act (CCA) overview

WA Legislature passed a law in 2021 to reduce greenhouse gas (GHG) emissions statewide. Program began **Jan 1, 2023**.

Key elements of the “cap and invest” program



Establishes a GHG emissions allowance pricing mechanism and GHG emissions allowance cap to reduce GHG emissions



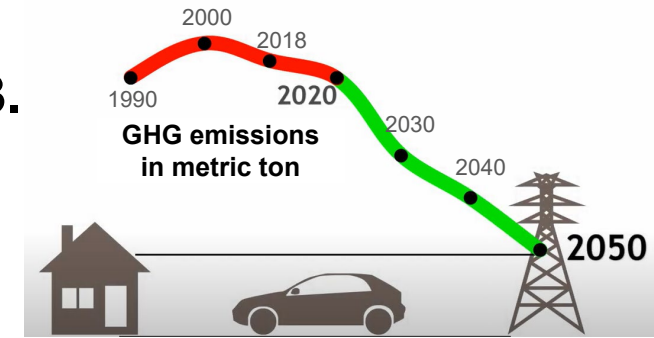
Allowance cap decline intended to meet the state's GHG emissions limits



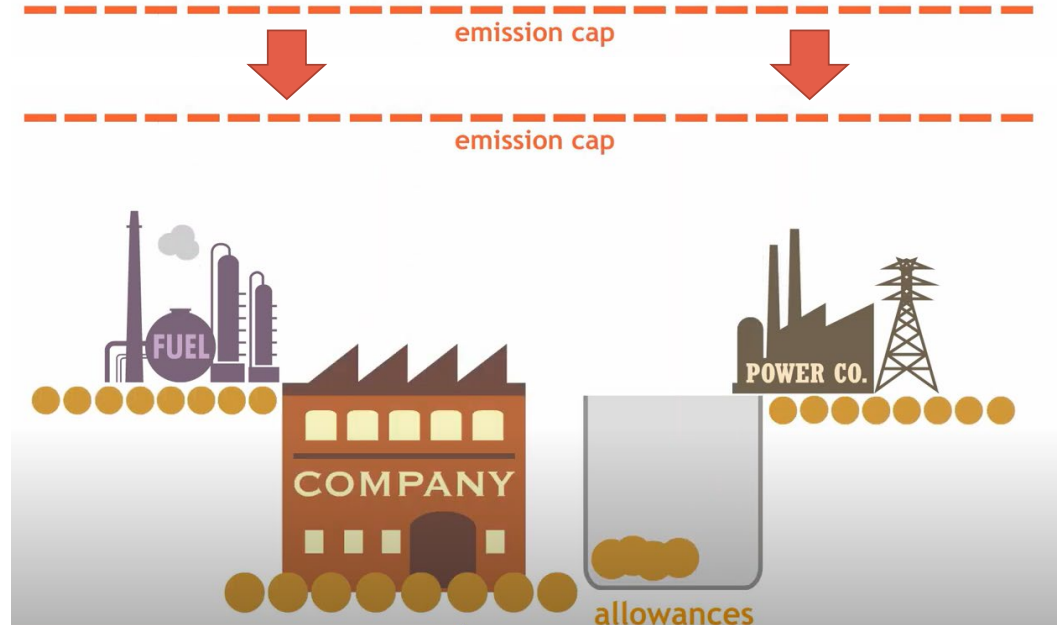
State invests revenues from sale of GHG emissions allowances in GHG reduction activities prioritizing overburdened communities



Equity provisions: aligns with HEAL Act, reduce criteria air pollutants, invest to address issues of environmental justice and health inequity



By 2050,
95% below
1990 level
& net zero

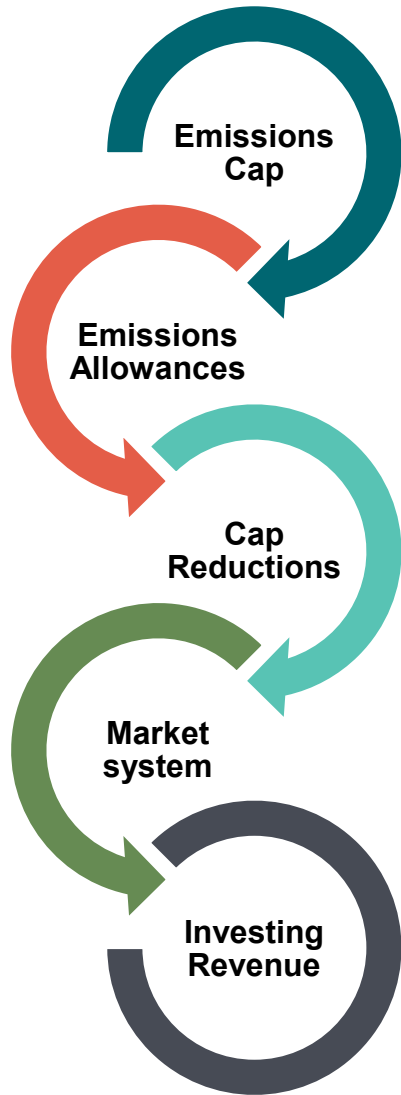


Source: Department of Ecology

References: Climate Commitment Act RCW 70A.65 and Reporting on Emissions of GHG RCW 70A.45.020



Climate Commitment Act (CCA) overview



Emissions cap will be set for all GHG emissions under CCA (based on a CO₂ equivalency) and will be reduced incrementally – tied to state GHG emissions limits

Covered entities must either reduce their emissions, or obtain compliance instruments (allowances or offsets) to cover any remaining emissions, or combination of these actions (utilities and Energy Intensive Trade Exposed Industries (EITEs) given a set amount of free allowances)

With cap reduction, **allowances will become more scarce and more valuable over time** which is expected to send a price signal to incentivize decarbonization

The market is a **system for trading allowances and offset credits** that can link with other trading regimes like California and Quebec

Revenue generated by the allowance auctions will be invested by the state in critical climate projects, with specific percentages dedicated to projects that **ensure benefits to overburdened communities and tribes**

Reference: Climate Commitment Act RCW 70A.65

CCA Implementation Update and engagement opportunity

January 2024



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CCA gas system implementation: 2023 and 2024 compliance costs and credits

- Estimated 2023 CCA compliance costs are in customer rates
 - Recovery over Oct. 1, 2023 – Sept. 31, 2024
- Estimated 2024 CCA compliance costs are in customer rates
 - Recovery over Jan. 1, 2024 – Dec. 31, 2024
- Identified Low-Income customers receive a credit for the full amount of the CCA charge
 - As of today, there are over 70,000 gas customers receiving the CCA LI credit
- All other eligible customers also receive fixed monthly credits

Gas Residential bill with and without CCA compliance:

January 2024 Typical Monthly Bill (using 64 therms, at current rates eff. Jan. 1, 2024)	Without CCA compliance	With CCA compliance
Residential Gas Total Monthly Bill	\$72.46	\$79.38
Change due to CCA compliance (net impact of CCA charges and credits)		\$6.92
Percentage change due to CCA compliance		9.55%

CCA gas system implementation: 2024 no-cost allowance proceeds

PSE proposed to allocate \$23 million of 2024 no-cost allowance auction proceeds for 2024-2026 Low-Income and Named Community decarbonization projects

UTC approved: \$23 million over three years, up to \$7.7 million in 2024

Program design details to be finalized through collaboration with interested parties in Q1 2024

EAG members are invited to join (stipend provided) –
if you are interested or for any questions, please contact Kelima Yakupova, State & Regional Policy Consultant, Regulatory Policy, at Kelima.Yakupova@pse.com
(or contact PSE EAG team)
ASAP

Tentatively, plan one meeting per month in Jan, Feb, and March.

First meeting (1.5 hours)
• Jan. 23 or Jan. 24

Customer journeys for upcoming solar and battery product launches

Mackenzie Martin

Clean Energy Product Manager -- Equity



Past interactions on this topic

October 2022: Sought feedback on DER community engagement planning

June 2023: Presented on community engagement outcomes that helped inform these products

Solar Buy Back



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Solar benefits and barriers for customers

Benefits

- Energy burden reduction
- Resiliency
- Self-sufficiency
- Participation in clean energy transition
- Increased education on clean energy topics
- Reduced exposure to future rate increases

Barriers

- Cost
- Installation and maintenance
- Infrastructure upgrades
- Time to spend on the process

Program overview: Solar Buy Back

- Approved by WUTC on November 9, scheduled to launch to customers in first half of 2024.
- Provides customers with system sizes above 100 kW and less than or equal to 1,000 kW financial compensation for the energy returned to the grid.
- Provides additional upfront financial incentives towards installation costs for CBOs, Tribal entities and government agencies who serve historically marginalized communities.
- Customers are referred to PSE's list of Recommended Energy Professionals who can act as trusted advisors throughout the process.



Example of a 200 kW system at Olympia High School

Current review process

- Applications are taken on a rolling basis and reviewed at the beginning of each month
- Applications are ranked high, medium, low based on:
 - *Community impact*
 - *Education and awareness*
- High priority applications are approved until annual budget is committed
- If budget remains, medium and low priority applications are waitlisted and reviewed again the following month against any new applicants

Scoring and prioritization

Community impact (85%)

- How and to what magnitude will the applicant use their utility bill savings to benefit historically marginalized community members? (45%)
- Does the applicant demonstrate a commitment to diversity, equity and inclusion? (40%)

Education and awareness (15%)

- Does the project provide educational opportunities that raise awareness of renewable energy in the region?

Extra credit: Does the project provide any workforce development opportunities to historically marginalized community members?

Residential batteries



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Battery benefits and barriers

Benefits

- Resiliency
- Self-sufficiency
- Participation in clean energy transition
- Increased education on clean energy topics

Barriers

- Cost
- Installation and maintenance support
- Infrastructure upgrades
- Time to spend on the process
- Single family home
- Renter vs owner
- Best paired with solar or Time-of-Use (TOU) rates

Program overview: Residential Batteries

- Approved by WUTC on November 9, scheduled to launch to customers in first half of 2024
- Provides a limited number of upfront purchase and installation incentives for the following customer segments:
 - Up to \$10,000 for vulnerable populations
 - Up to \$5,000 for reliability-focused customers
- Additional enrollment and annual participation incentives to customers who allow PSE to access their battery during peak energy times.



Current customer journey

- Application sourcing
 - Customers can apply individually but PSE also plans to partner with affordable housing providers
- Customers are pre-screened for eligibility
 - Vulnerable populations
 - Income self-attestation or existing Bill Discount Rate enrollment
 - Identified as Deepest Need customer
 - Medical device flag
 - Referral process for customers with other vulnerability factors
 - Reliability-focused
 - Customer located in area of greatest concern
- Customer is referred to and must use a contractor in PSE's list of Recommended Energy Professionals
- PSE accepts project
- Contractor provides bid with instant rebate to customer

Key questions

Question	Current approach
How are rebates awarded?	On a first-come, first-served basis.
How long will funds be reserved for?	Rebate funds will be available for up to one year from when PSE sends a 'reservation of funds email'.
What happens once all annual funding is reserved?	Reservation forms that are received after all funding has been awarded will be placed on a waitlist, to be reviewed in the order that they were received, as additional funds become available.
How will we approach geographic diversity of rebates?	In the initial roll out stage, although geography will be tracked, PSE will not withhold funds based on counties. PSE may change this in the future.
What if a customer qualifies as both a vulnerable population and a reliability-focused customer?	The customer would receive the highest rebate they are eligible for.

Small group discussions – battery and solar customer journey

Members will self-select into one of two breakout rooms:

- 1.) Batteries
- 2.) Solar

Each group will answer the same questions as it relates to each topic:

- Do you have any concerns or suggestions for improvement?
- Do you have suggestions for how to market the program?

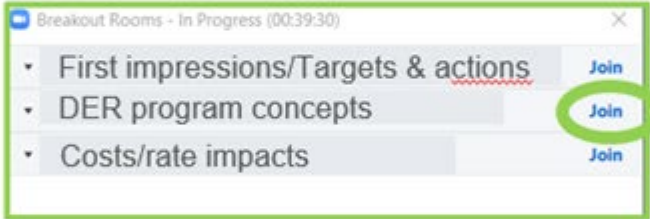
EAG Members are currently in breakout rooms

Breakout Room Zoom Tips

Step 1: Click the 'Breakout Rooms' icon at the bottom of your screen

Step 2: Click 'Join' to choose your Breakout room

***Repeat Steps 1 and 2 to jump from one Breakout Room to another**



The screenshot shows a Zoom window titled 'Breakout Rooms - In Progress (00:39:30)'. It contains a list of breakout rooms with 'Join' buttons next to each. A green circle highlights one of the 'Join' buttons. A green arrow points from the 'Step 2' text box to this button. Below the screenshot is a Zoom toolbar with icons for Participants, Chat, Share Screen, Record, Breakout Rooms, and Reactions. A blue circle highlights the Breakout Rooms icon, with a blue arrow pointing from the 'Step 1' text box to it. A red 'Leave' button is on the right.

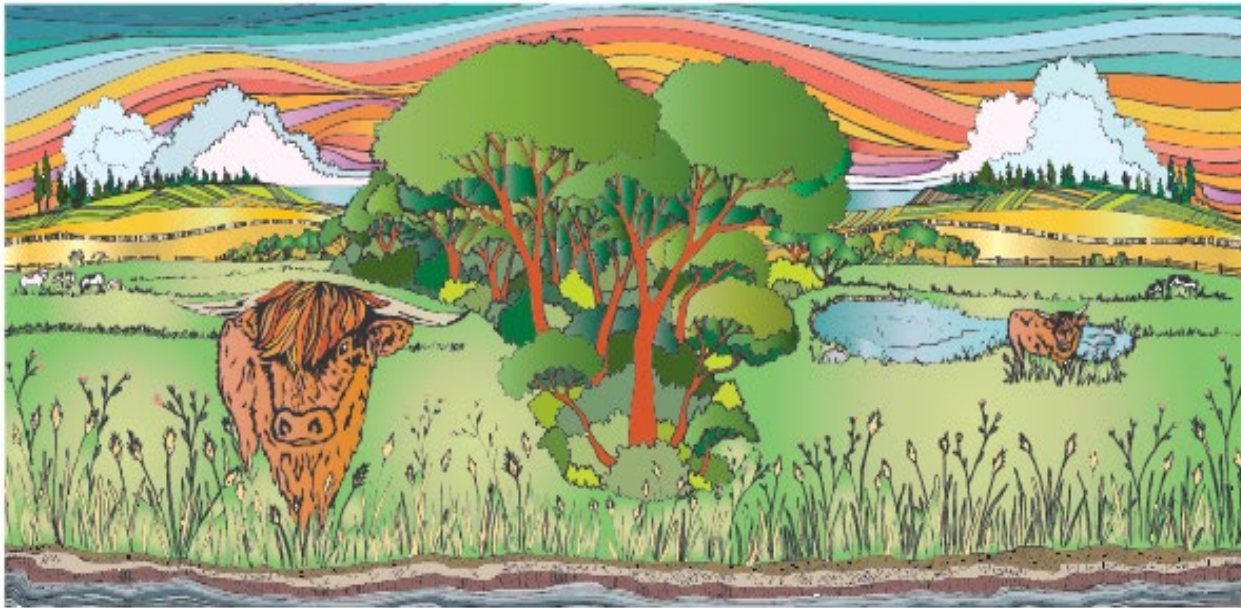
*This session is being recorded by Puget Sound Energy.
Third-party recording is not permitted*

Guiding questions – customer journey

- Do you have any concerns or suggestions for improvement?
- Do you have suggestions for how to market the program?

Break

Please return at 6:35 pm



"Farmscapes" by Tia Savedo of Whidbey Island, WA

The public comment period will start at 7:00 p.m.

Please do not join the meeting until then. The first 5 individuals will have 2 minutes each to speak.

1. Join the Zoom meeting:
 - a) Visit <https://zoom.us/join>
 - b) Insert Meeting ID: 819 5803 4613
2. Call in to the meeting:
 - a) Call number: +1 253 215 8782
 - a) Insert Meeting ID: 819 5803 4613

EAG 2023 year in review



2023 Biennial CEIP Update - year in review

Key discussion topics	PSE actions / outcomes
How should we engage customers in the biennial update?	<ul style="list-style-type: none">• EAG informed outreach approaches, tactics, and audiences• Next steps: Engage EAG in planning for 2025 CEIP
What factors do we consider to define “Deepest Need” Define factors for the definition of Deepest need?	<ul style="list-style-type: none">• EAG and other advisory group feedback fundamentally influenced factors used to define deepest need• Recommendations informed related minimum designations• Next steps: Collaborate with EAG to improve understanding of this new customer segment and deliver engagement, programs, and services

Resource planning - year in review

Key discussion topics	PSE actions / outcomes
How do we consider customer benefits for named communities in electric utility resource planning?	<ul style="list-style-type: none">• Refined methodology to embed equity considering in selecting the 2023 electric preferred portfolio• Provided initial recommendations for equity considerations in the Gas Utility IRP• Next steps: Evolve electric portfolio selection process
How do we consider equity in gas utility resource planning?	<ul style="list-style-type: none">• Provided initial recommendations for equity considerations in the Gas Utility IRP• Next steps: Dive deeper into equity considerations in the Gas Utility IRP

Delivery system planning - year in review

Key discussion topics	PSE actions / outcomes
How can we better consider equity in our infrastructure investment model?	<ul style="list-style-type: none">• Calculated equity benefit only for projects in a program that directly impacted the named community• Assessed equity separate from benefit cost analysis to ensure achievement of desired targets• Evaluated the number of benefits for all program• Piloted a customer engagement framework to better understand the impacts and customer energy burdens from power outages• Next steps: Continue to evolve public and community engagement methodology to support delivery system planning

Distributed Energy Resources - year in review

Key discussion topics	PSE actions / outcomes
How can we better consider equity in our green power solar grant award process?	<ul style="list-style-type: none">• EAG members participated in grant award selection process• Participate feedback used to refine selection process• Next steps: New selection cycle in process, EAG members invited annually going forward
How should we shape our program design process for the needs of named communities?	<ul style="list-style-type: none">• Feedback informed approach, audiences, and delivery of comprehensive engagement effort in named communities• Resulted in program changes and new programs• Next steps: Engagement on new programs and public engagement pilot

Infrastructure Investment and Jobs Act - year in review

EAG discussion	Actions / outcomes
How can we collaborate with the EAG to receive a formal letter of support for our IJA grant application?	<ul style="list-style-type: none">• Collaborated to create and joint letter of support• In doing so, created a process for future, similar formal endorsements if warranted• Demonstrated willingness to go above and beyond to respond to schedule demands outside all our control• Next steps: Currently evaluating future grant opportunities and requirements

The equity forum - year in review

Key discussion topics	PSE actions / outcomes
How can we increase awareness of the EAG's activities with PSE?	<ul style="list-style-type: none">• Engaged nearly 50 community members, many representing the interests of community-based organizations
What challenges do communities face in the Puget Sound region?	<ul style="list-style-type: none">• Trust/power dynamic between staff and communities• Resources for language needs• Community comfort, skills and access• Immediate priorities and available time• Unstable jobs and residences
What are the opportunities to collaborate and address challenges related to PSE's areas of influence?	<ul style="list-style-type: none">• Affordability is key• Benefits must be relevant to challenges• Access makes it real
What are different community perspectives on the definition of "equity"?	<ul style="list-style-type: none">• No responses received – evaluating the delivery of this activity
How can we build relationships and networks between event participants?	<ul style="list-style-type: none">• Considering tools and practices for ongoing communication

Other topics of interest - year in review

Key discussion topics	PSE actions / outcomes
Bill Discount Rate	<ul style="list-style-type: none">• EAG members informed process at multiple steps and supported roll-out• Next steps: Ongoing to deliver program to customers; no direct EAG engagement planned at this time
Climate Commitment Act	<ul style="list-style-type: none">• EAG members participated in parallel advisory process, informing implementation approach• Next steps: PSE beginning next phase of engagement as discussed earlier
Operational Equity	<ul style="list-style-type: none">• Systemic incorporation of stipends/compensation• “Meet them where they are”• Next steps: Increased engagement with Energy Equity team
Energy Efficiency	<ul style="list-style-type: none">• Disparities analysis and improving outreach to named communities• Next steps: TBD

EAG – 2022/2023 key lessons

**Remember the difference
between 'equality' and 'equity'**

**Stipends and compensation are
critical**

Make it meaningful

**Allow everyone equal access to
each other**

**Connect directly with affected
communities**

**Document and report back
feedback and how it was used**

Next steps

- Meeting follow-up & action items

- Next EAG meeting on February 20, 5-7 p.m.
- Next Steering Committee Meeting February 5, 5-6 p.m.
- CCA engagement:
Kelima.Yakupova@pse.com
or Lysa

Public comment period



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Public comment – how to join

The first five individuals will each have 2 minutes to speak.

There are two ways to join.

Option 1: Join the Zoom meeting

- a) Visit <https://zoom.us/join>
- b) Insert Meeting ID: 819 5803 4613

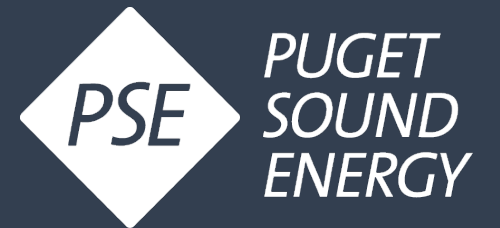
Option 2: Call-in by phone

- a) Call number: +1 253 215 8782
- b) Insert Meeting ID: 819 5803 4613

Appendix

CCA Overview

Appendix slides



CCA Confidentiality



Pursuant to Chapter 173-446-317 WAC, an entity approved for auction participation shall not release any confidential related to its auction participation, including:

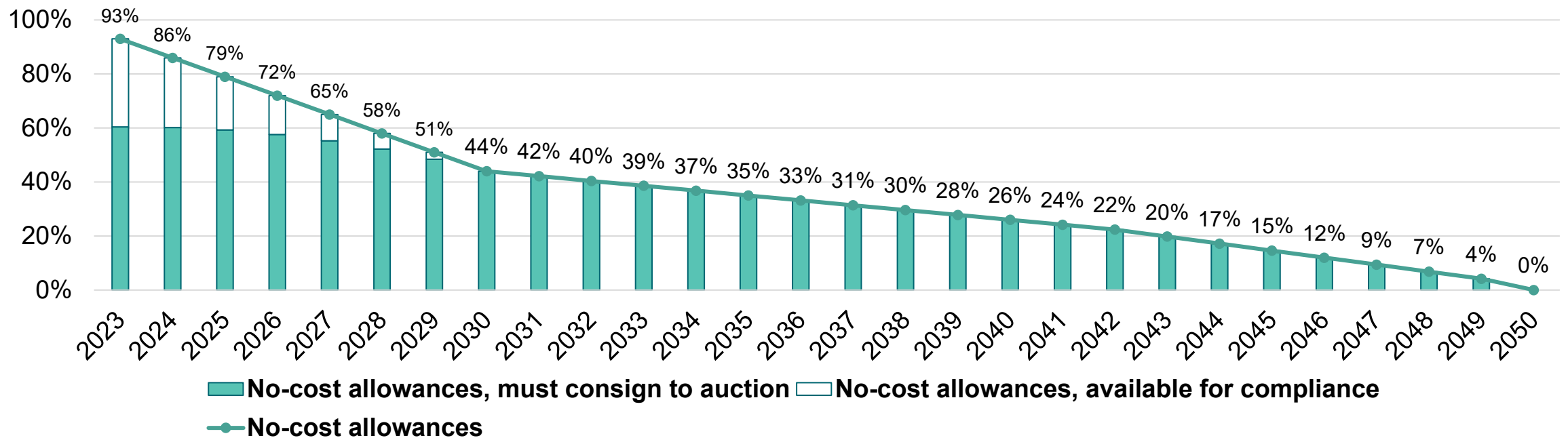
- Intent to participate, or refrain from participating in an auction.
- Bidding strategy at any auctions, including the specification of an auction settlement price or range of potential auction settlement prices at which an entity is willing to buy or sell allowances.
- Bid price of bid quantity information at past or future auctions.
- Information on the amount of any bid guarantee provided to the Financial Services Administrator.

No-cost allowances decline over time

The number of no-cost allowances Ecology allocates to gas utilities **decreases over time**.

The percentage of allocated no-cost allowances gas utility must consign to auction **increases over time**.

Percent of no-cost allowances Gas utility must consign to auction



Use of Auction Revenue

- ◆ PSE will use no-cost allowance revenue consistent with the legal requirements **for the benefit of its customers.**
- ◆ **Electric utilities** with revenue from consignment of no-cost allowances required by law to prioritize mitigation of low-income burden.
- ◆ **Natural gas utilities** with revenue from auction of no-cost allowances required by rule to eliminate low-income burden.
 - Additionally, the utility may provide non-volumetric credits on customer bills, **and/or**
 - Invest in other activities to minimize cost impacts on low-income, residential, and small business customers through actions such as weatherization, decarbonization, conservation and energy efficiency, and bill assistance

Glossary

Referred to as:

Climate Commitment Act (CCA) RCW 70A.65 or Cap-and- Invest (C&I)

Term	Meaning
Allowance	An authorization to emit up to one metric ton of carbon dioxide equivalent. Allowances are created by Ecology and may be obtained through direct distribution, purchase at auction, or trading with others in the program. Allowances are a compliance instrument – covered entities must obtain allowances equal to their covered greenhouse gas (GHG) emissions.
Auction	The process of selling allowances by offering them up for bid, taking bids, and then distributing allowances to winning bidders. Quarterly auctions will be hosted by Ecology.
Cap	Program established limit on overall GHG pollution in the state that is steadily reduced over time. Cap is set and maintained by the distribution of a controlled volume of allowances.
Cost burden	Means the impact on rates or charges to customers of electric utilities in Washington state for the incremental cost of electricity service to serve load due to the compliance cost for the GHG emissions caused by the program.
CO2e	Carbon dioxide equivalent.
Consignment	Re-investment of revenue from the sale of allowances for a specified set of purposes.
GHG	Greenhouse gas emissions.
Invest	Revenue generated by quarterly auctions will be invested by the state in critical climate projects throughout WA. Proceeds will be used to increase climate resiliency, fund alternative transportation grant programs, and help Washington transition to a low-carbon economy. The CCA requires that a minimum of 35% (with a goal of 40%) of auction-generated revenue be used for projects that provide a direct benefit to vulnerable populations within overburdened communities. In addition, 10% of auction funds must be used for projects with Tribal support.

PSE CCA meetings with Interested Parties in 2023

PSE CCA Meetings with Interested Parties in 2023:

- Meeting #1 (CCA Overview) (February 21, 2023):
<https://www.youtube.com/watch?v=mkslwWQvWvI>
- Meeting #2 (March 17, 2023):
<https://www.youtube.com/watch?v=3GSIjQQks8g>
- Meeting #3 (April 12, 2023):
<https://www.youtube.com/watch?v=uXRyG9inm3o>
- Meeting #4 (May 2, 2023):
<https://www.youtube.com/watch?v=ACrjJTonkHc>
- Meeting #5 (October 30, 2023):
<https://www.youtube.com/watch?v=KvIDxc9EghI>

If you have any questions, please contact:

- Kelima Yakupova, State & Regional Policy Consultant, Regulatory Policy, at Kelima.Yakupova@pse.com, and
- Wendy Gerlitz, Manager of Regulatory Policy, at Wendy.Gerlitz@pse.com

CCA Resources

- **Washington State Utilities and Transportation Commission (UTC) Docket U-230161, Commission-led workshop series on the Climate Commitment Act:** <https://www.utc.wa.gov/casedocket/2023/230161/docsets>
- **Climate Commitment Act (CCA) RCW 70A.65:**
 - Reporting on Emissions of GHG RCW 70A.45.020:
- **Washington State Department of Ecology:**
 - **Ecology CCA webpage:**
 - Understanding Washington's CCA video: <https://www.youtube.com/watch?v=oUIEASHrnt0&t=6s>
 - **Ecology CCA Program Rules WAC-173-446:** <https://ecology.wa.gov/Regulations-Permits/Laws-rules-rulemaking/Rulemaking/WAC-173-446>
 - Ecology website on GHG reporting WAC 173-441:
 - **Ecology presentations to Interested Parties during CCA rulemaking process:**
 - November 8, 2021:
 - December 16, 2021:
 - January 11, 2022:
 - **Ecology public hearing meetings:**
 - June 21, 22, 27, 28, 2022 public hearings:
 - Video recording: