

Topic	Topic Primer
Integrated System Planning: Decision Framework Presenters: Brian Tyson, Manager, Clean Energy Planning & Implementation Uche Nwude, Energy Equity Initiatives Manager	<u>Why is this topic being presented to the EAG?</u> This discussion builds upon several years of EAG engagement related to equity in Integrated System Planning (ISP), including work to define deepest need customers, identify customer priorities, develop customer benefit indicators, and advise on approaches to measuring equitable outcomes. As PSE moves closer to developing a preferred portfolio and Draft ISP, the conversation is expanding beyond how equity is measured and into how equity considerations can inform planning, portfolio design, and specific actions, including for deepest need customers. This meeting will provide an overview of how equity has been incorporated into ISP analysis to date, introduce the emerging decision framework used to evaluate planning options, and demonstrate how deepest need benefits are being incorporated within that broader framework. <u>What will you be asked to advise on?</u> This meeting primarily serves to provide transparency and accountability regarding how equity has been incorporated throughout the ISP development cycle. You will have the opportunity to ask clarifying questions and share any additional thoughts and considerations as the team prepares the plan for public comment and filing. <u>Key Terms & Acronyms You Will Hear</u> Portfolio: A potential long-term combination of energy resources, programs, and investments designed to meet customer and system needs. Cost Test: State-required tool that compares clean energy portfolios across multiple impact categories (financial, environmental, societal) Decision Framework: A state-required process used to inform the selection of a preferred portfolio. The framework considers multiple types of information, including costs, system impacts, equity considerations, and other factors. Preferred Portfolio: The recommended path forward for meeting future energy needs. PSE will propose a preferred portfolio in its Integrated System Plan after evaluating alternatives using the cost test, equity considerations, reliability impacts, customer benefits, and other decision criteria. <i>The preferred portfolio is not a commitment to acquire specific resources; acquisition occurs through separate formal processes.</i> <u>Relevant context & details</u>

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	Legal Requirements: CETA requires utilities to ensure the equitable distribution of clean energy benefits to named communities (highly impacted communities and vulnerable populations) and customers with deepest need through specific programs and measurable outcomes. Commission Expectations: Washington's ISP requirements include consideration of customer benefits, public interest, and the equitable distribution of benefits and reduction of burdens. The UTC emphasized meaningful advisory group participation in ISP development.
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The slide deck and agenda are available on the [website](#).

Additional questions or concerns? Please reach out to EAG@PSE.com

Frequent Acronyms & Key Terms

PSE's Energy Glossary is [here](#).

Relevant Policy & Legislation

UTC (Utility and Transportation Commission): The state agency that regulates utilities in Washington, setting rates and ensuring companies follow state energy laws.

CETA (Clean Energy Transformation Act): Passed in 2019 and commits WA state to a carbon-neutral electric supply by 2030 and 100% clean electricity by 2045 (RCW 19.405)

CCA (Climate Commitment Act, "Cap and invest"): Passed in 2021, state law that seeks to reduce greenhouse gas emissions from the largest emitting sources and industries, to work towards the state's greenhouse gas limits set in state law, through a market-based carbon allowance compliance cap-and-invest program. (RCW 70A.65)

HB 1589 (Decarb Bill for Large Combined Investor-Owned Utilities) – passed in 2024, it streamlines the planning processes by requiring PSE to prepare a first in the nation Integrated Systems Plan (ISP), to support the future energy choices of our customers in alignment with the Washington state's clean energy goals.

Energy Equity Tenets: Identified by the University of Michigan [Energy Equity Project](#) and adopted by the Washington Utilities and Transportation Commission in [Docket UG-210755, Final Order 09](#), they are: Recognition Justice, Procedural Justice, Distributional Justice, and Restorative Justice.

PSE Terms

ISP (Integrated System Plan): a plan that considers gas and electric systems as a whole, which includes electric integrated resource plan (IRP), gas integrated resource plan, transportation electrification plan (TEP), and clean energy implementation plan (CEIP).

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CEIP (Clean Energy Implementation Plan): PSE's detailed plan for achieving CETA requirements and clean energy goals. The CEIP is essentially the clean energy details of the larger ISP.

Named Communities (NCs) are a combination of Highly Impacted Communities and Vulnerable Populations. Customers in highly impacted communities as outlined in CETA.

Highly impacted communities (HICs) are areas identified by the Washington State Department of Health as facing high environmental and health risks or located on tribal lands. Census tracts scoring 9 or 10 on a cumulative impact scale are included.

Vulnerable populations (VPs) are communities facing greater cumulative risks from environmental burdens due to socioeconomic challenges (like unemployment, high living costs, limited access to food and healthcare, and language barriers) and health sensitivities (such as low birth weight and higher hospitalization rates).

Customers and communities with deepest need are those living in areas identified as clusters of severe energy burden (10% and higher) and multiple compounding factors hindering the ability to access adequate resources

Energy Burden: The percentage of household income spent on energy bills. Higher percentages indicate greater financial stress from energy costs. Households spending 6% or more of their income on energy costs are considered energy burdened.

Community Terms

CBO (Community Based Organizations): Community-led groups that serve local communities and understand their unique needs.

Suggest new acronyms/terms you'd like to see on the hot sheet list by emailing them to EAG@pse.com.