

Equity Advisory Group Meeting

September 15, 2025 – Hot Sheet



Note: Interested members from PSE’s Conservation Resources Advisory Group (CRAG) and Low-Income Advisory Committee (LIAC) have been invited as guests to this meeting.

Topic	Topic Primer
Distributed Equity Analyses (DEAs) for: 1. Net Energy Metering (NEM) Program Metrics 2. Distributed Energy Resource (DER) “80 MW” Portfolio Presenter: Michael Wehling, Energy Equity Program Manager – Data Analytics	<p><u>Why is this topic being presented to the EAG?</u></p> <p>PSE must complete a Distributed Equity Analysis (DEA) of our Net Energy Metering (NEM) program by year-end, as required by the UTC in Docket UE-231031. The current NEM program, mandated by legislature as designed in the 1990s, aimed to promote solar adoption. PSE and UTC now have an opportunity to evaluate the current program from an equity lens using the first four phases of DEA framework¹. PSE presented and sought feedback from EAG on this topic in previous EAG meetings in 2024 and 2025. PSE has been incorporating EAG feedback along the way. In the meeting today, PSE seeks EAG’s feedback for the fourth and final step. PSE plans to incorporate the final feedback, prepare the report, and will file the NEM DEA report to the UTC by the end of the year.</p> <p>PSE will also conduct a DEA on our Distributed Energy Resource (DER) “80 MW” Portfolio, as the UTC required in Docket UE-240004 <i>et al.</i> PSE conducted a Pilot DEA on two projects in Community Solar DER program in 2024, in compliance with UTC order in Docket UE-220066 <i>et al.</i> We received feedback from the UTC that we need to expand our pilot DEA to more projects in the DER 80 MW portfolio, and we want to collaborate with the EAG now on our approach for this analysis slated to start in earnest next year. Today’s meeting will provide a high-level overview of individual DER programs that comprise the 80 MW DER portfolio, and we seek initial thoughts and feedback from the EAG for future analysis.</p> <p><u>What will you be asked to advise on?</u></p> <p>NEM Metrics: PSE needs EAG recommendations on metrics to measure equity in the NEM program. Traditional metrics focus on participation rates, capacity installed, and individual bill savings. We're seeking advice on equity-focused metrics that capture community benefit, particularly for Named Communities who face barriers to participating in individual investment models. The core question: "Beyond participation rates, how should we measure if Named Communities are benefiting from NEM?"</p> <p>DER “80 MW” Portfolio: PSE is redeveloping our DEA approach for the distributed energy resources portfolio, exploring how to select the best sample of projects for assessment and how to make the analysis most beneficial to Named Communities. We are seeking early collaboration with the EAG as we develop the approach for the analysis.</p> <p>Your insights will inform both the required DEAs and PSE's broader distributed energy portfolio strategy.</p>

¹ The four steps are: 1) Establish community and stakeholder process.; 2) Articulate the DEA context; 3) Identify priority populations; 4) Develop DEA metrics . Source: U.S. Department of Energy’s “Distributional Equity Analysis for Energy Efficiency and Other Distributed Energy Resources: A Practical Guide”

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	<p><u>Key Terms & Acronyms</u></p> <p>DEA (Distributed Equity Analysis): A framework/approach to assessing how utility programs distribute costs, benefits, and impacts across different customer groups and communities. Focuses on who pays, who benefits, and how different demographics are affected.²</p> <p>DEA Metrics: DEA can use a range of quantitative or qualitative metrics to assess energy inequities. Examples include energy rates, bills, participation, energy burden, health, environmental impacts, and economic development in priority populations.</p> <p>NEM (Net Energy Metering): A program that allows customers with solar panels to receive bill credits for excess electricity they generate and send back to the grid.</p> <p>NEM Tariff Schedule (“Tariffs”): The rate structure and pricing mechanism that sets out how customers with solar panels in NEM program are credited for excess solar energy they send back to the grid. This tariff schedule shapes the financial benefits of participating in NEM.</p> <p>“80 MW DER Portfolio”: PSE’s project portfolio of Distributed Energy Resources (DER). The portfolio is comprised of a set of Net Energy Metering (NEM), Customer Connected Solar, Multi-Occupant Solar (MOS), Solar energy Credit Rate (SEC), Community Solar, Solar Grants, and RFP Grid Projects (Request-for-proposal-based distributed solar and storage projects) that together add up to an 80 megawatt (MW) renewable energy target set in the Clean Energy Implementation Plan (CEIP).</p> <p><u>Relevant context & details</u></p> <p>Regulatory Requirement: The UTC requires PSE to assess NEM for equity impacts by end of year, with specific requirement for EAG input on what metrics are used. NEM individual incentives required by 1990’s NEM law were achieved in March 2024, creating an opportunity to evaluate and potentially redesign the program with equity in mind.</p> <p><u>DEA on NEM compliance requirement:</u> Docket UE-231031 Order 02, September 27, 2024: 2)...PSE must conduct a territory-specific distributional equity analysis on its net metering program (Schedule 150) and file it in this docket. PSE must complete at least the first four (4) steps, as described in Figure 1. Key Stages in Distributional Equity Analysis Framework (or Framework), from the U.S. Department of Energy’s “Distributional Equity Analysis for Energy Efficiency and Other Distributed Energy Resources: A Practical Guide” no later than December 31, 2025. 3) At a minimum, PSE will invite members of its Conservation Resources Advisory Group, Equity Advisory Group, and Low-Income Advisory Committee to be part of its “Community and Stakeholder Involvement,” as described in the Framework.</p> <p><u>DEA on 80MW Portfolio compliance requirement:</u> 2024 GRC UE-240004 et al Order 09/07 (Jan 15, 2025) ¶174, 175</p>
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² The DEA approach comes from United States Dept. of Energy Office of Energy Efficiency and Renewable Energy, *Distributional Equity Analysis for Energy Efficiency and Other Distributed Energy Resources: A Practical Guide*, May 2024

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...If PSE cannot satisfy this 80 MW requirement as it agreed to in the 2022 GRC, we order PSE to notify the Commission of this inability, and to work with Staff and other interested parties to come to an agreement on an acceptable sample size for a DEA or submit a request to amend the requirements as set forth in the 2022 GRC Settlement Stipulation.

Previous times this topic has been presented to the EAG:

[July 16, 2024](#) - Distributed Equity Analysis

[Nov. 19, 2024](#) - DEA on NEM (DEA Steps 1 & 2)

[March 17, 2025](#) – DEA on NEM (DEA Step 3)

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

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.

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

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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). Required by the 2024 Decarb Bill (HB 1589). See [PSE's Clean Energy Planning webpage](#) for more information.

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. See [PSE's Clean Energy Planning webpage](#) for more information.

Named Communities (NCs): PSE's term for customers with the highest energy burdens, typically low-income households and communities of color who spend a disproportionate percentage of their income on energy bills. Named Communities includes Highly Impacted Communities (HIC) and Vulnerable Populations, defined in PSE's CEIP (see above).

Energy Burden: The percentage of household income spent on energy bills. Higher percentages indicate greater financial stress from energy costs. See [PSE's Energy Burden Analysis webpage](#) for more information.

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.