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Docket Number:	24-OIIP-03
Project Title:	Informational Proceeding on Non-Energy Benefits and Social Costs
TN #:	259888
Document Title:	2024 DACAG Equity Framework Update
Description:	<p>The Disadvantaged Communities Advisory Group (DACAG) to the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC) adopted the 2024 DACAG Equity Framework Update. Subsequently, the DACAG requested that each agency considers the Framework within its work.</p> <p>In the past, the CEC has considered the DACAG's prior framework into three areas:</p> <ul style="list-style-type: none"> - Justice Access Equity Diversity & Inclusion (JAEDI) Framework (2022 Integrated Energy Policy Report Update) - Gas Research and Development (R&D) Program: Fiscal Year (FY) 2022–2023 and FY 2023–2024 Equity Framework Matrices - Electric Program Investment Charge (EPIC) 4 Investment Plan <p>Staff is adding this document to the docket in the Informational Proceeding on Non-Energy Benefits and Social Costs (24-OIIP-03) on behalf of the DACAG to encourage the continued consideration by CEC Commissioner and staff or the guidance provided in the 2024 DACAG Equity Framework in the development of CEC programs and proceedings.</p>
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CA DISADVANTAGED COMMUNITIES ADVISORY GROUP (DACAG) EQUITY FRAMEWORK

2024 Update

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Background

California Senate Bill 350, the Clean Energy and Pollution Reduction Act of 2015, called for the formation of a statewide Disadvantaged Communities Advisory Group (DACAG), consisting of members either from or representing disadvantaged communities, to advise the California Energy Commission (CEC) and the California Public Utility Commission (CPUC) regarding the development, implementation, and impacts of proposed programs related to SB 350 and other relevant clean energy programs and policies. Its purpose is to ensure that disadvantaged communities, including Tribal and rural communities, benefit from proposed clean energy and pollution reduction programs. A Charter was first approved in 2017 (later updated in 2020), and the DACAG held its first meeting in April of 2018.

That same year, the founding members of the DACAG developed an Equity Framework to ensure that equity was placed front-and-center when considering any climate investment/intervention administered by the CEC or CPUC. This 2024 document updates that Framework to reflect six years of learning and guidance through the DACAG process.

Guiding Principles

The following principles, as outlined in the [DACAG Charter](#), guide the DACAG's advisory function:

1. Increase *access* to clean energy technologies for disadvantaged communities
2. Maintain or enhance the *affordability* of energy service in disadvantaged communities by considering potential rate impacts of any proposed program
3. Increase the *benefits* of clean energy programs in disadvantaged communities (e.g., by supporting growth in local employment and small business development, as well as other non-energy benefits, including reducing pollutants and health risks).

Purpose

In alignment with those Principles, this Framework serves several purposes:

- To guide and focus the DACAG as it engages in discussing and commenting on proceedings and programs before the CPUC and CEC

- To guide agency staff and Commissioners as they determine how to embed and center equity within their efforts
- To prioritize funding and resources for the individuals and communities in California most impacted by climate change, recognizing that they have been underinvested
- To guide proceedings and decision-making processes, particularly those lacking the engagement of individuals and communities most impacted
- To guide agency staff and Commissioners on DACAG’s general position on specific equity-related considerations, including:
 - Non-Energy Benefits
 - Affordability
 - Access, Outreach, and Education
 - Community Engagement
 - Health and Safety
 - Financial Benefits and Economic Development
 - Workforce Development
 - Consumer Protection
 - Metrics, Evaluation, and Accountability

If there is a need for additional, more specific feedback beyond the guidance this Framework provides, staff may meet with DACAG Subject Matter Experts (SMEs) for their individual perspectives, or bring the topic to the full DACAG for further input and discussion. To support accountability, the DACAG requests the opportunity to learn from staff when and how this Framework and the DACAG’s overall guidance are applied, and any relevant outcomes.

Definitions

Disadvantaged Communities

The term “disadvantaged” as applied to individuals and communities has an inherently negative connotation that ignores the strengths, assets, resources, and resilience of those most impacted by climate change. The DACAG has received and agrees with the significant public comment on the harms associated with the utilization of this term “disadvantaged” which is used in statute to describe this advisory body: Public Utilities Code Section 400(g) states that the agencies shall “establish a disadvantaged community advisory group.” The DACAG is named as such in Section 1.1 of its Charter, and may consider changing its formal name with a revision of the Charter. Until that time, it will continue to be referred to as the DACAG, while encouraging the use of more accurate terminology when it comes to individuals and communities who have been underserved and disinvested. Examples of preferred language include “*priority populations*” or communities, as used by the [CA Air Resources Board](#) (CARB), or “*environmental and social justice (ESJ) communities*”, as established in the CPUC’s [ESJ Action Plan](#), or “*justice communities*”, as defined in the CEC’s [Justice, Access, Equity, Diversity, and Inclusion \(JAEDI\) Framework](#). It’s also important to recognize the diversity of experiences and perspectives within these communities, despite any of these categorizations.

With that said, the DACAG aligns with the [CEC's Energy Equity Indicators](#) tool and uses the following definition of “disadvantaged” (including community residents, workers, and businesses) in its work:

- CalEnviroScreen, as defined by CalEPA,
- Tribal Lands,
- Census tracts where area median income is less than 80% of state median income
- Households with median household income less than 80% of Area Median Income (AMI).

The DACAG also recognizes and supports the utilization of the definition identified in the CPUC's Environmental and Social Justice Action Plan:

- “Disadvantaged Communities,” defined as census tracts that score in the top 25% of CalEnviroScreen, along with those that score within the highest 5% of CalEnviroScreen Pollution Burden, but which do not receive an overall CalEnviroScreen score,
- All Tribal lands,
- Low-income households (household incomes below 80% of the area median income), and
- Low-income census tracts (census tracts where aggregated household incomes are less than 80% of area or state median income).

Equity

The DACAG recognizes the importance of defining equity to ensure a shared understanding and foundation for all stakeholders involved. We acknowledge that there are many working definitions for equity; however, given that our engagement is primarily focused on energy-related policies and programs, we will focus on defining Energy Equity in alignment with the CEC's [JAEDI](#) Framework:

- “Energy Equity recognizes the historical and cumulative burdens of the energy system borne by Tribes and Justice Communities and by Black, Brown, and Native people in particular. To eliminate these disparities, energy equity centers the voices of Tribes and Justice Communities in energy planning and decision-making and ensures the fair distribution of clean energy benefits and ownership. Energy Equity includes multiple dimensions; the four key dimensions to consider are:
 - **Recognitional Equity:** Recognitional equity aims to identify the communities that have been harmed by the energy system and deserve a larger share of benefits and investments in the future.
 - **Procedural Equity:** Procedural equity aims to implement inclusive, accessible, authentic engagement and representation in policies, programs, projects, and operations. Decisions should be informed by those who will be affected by the decisions while recognizing historical, cultural, and institutional dynamics.
 - **Distributional Equity:** Tribes and Justice Communities have not received the complete suite of resources that ensure community success, especially those with the highest need. Resources for the energy system, including funding

allocations, must be distributed strategically to those communities with the highest need first and at a level that will adequately address needs. Distributional equity creates opportunities for people and communities to participate in the energy system supply/value chain, operations, service, and ownership and minimizes potential harm.¹

- Restorative Equity: Restorative equity aims to remedy past harms from the energy system and prevent future harms from occurring.”²

Given the disproportionate environmental and economic impacts of climate change on Black, Indigenous, and People of Color (BIPOC) communities, the DACAG also offers the following definition of Racial Equity:

- Racial Equity is realized when race can no longer be used to predict life outcomes and outcomes for all groups are improved.³

Framework: DACAG Equity Guidance and Considerations

The following topics are of particular importance when prioritizing equity and centering priority communities in the development, implementation, and impacts of programs related to SB 350 and other relevant clean energy programs and policies. Each topic includes foundational guidance and considerations for agency staff, decisionmakers, and other stakeholders.

1. *Non-energy benefits (NEBs)*

NEBs represent the array of diverse impacts of energy programs and projects beyond the generation, conservation, and transportation of energy. These include improved health, safety, and comfort to individuals, as well as NEBs that “accrue to society at large,” including local job creation, increased community resilience, improved air quality, and other environmental benefits, such as reduced water use and water quality improvements. Because the failure to consider these latter issues harms society at large, they are also often referred to as social costs. It is imperative to adequately value (either quantitatively or qualitatively) these benefits and costs and integrate them into all resource procurement and investment decisions in all energy programs. Consideration of NEBs and social costs must drive decision-making to avoid disproportionate impacts and maximize community benefits; indeed, California’s [SB 100](#) directs the CEC to “tak[e] into full consideration the economic and environmental costs and benefits of renewable energy and zero-carbon resources.” Many of the Guidance items in this Framework can be considered non-energy benefits or social costs.

2. *Affordability*

¹ Distributional equity also encompasses the reduction of disproportionate harms and environmental health burdens of the existing energy system.

² CEC [Justice Access Equity Diversity Inclusion \(JAEDI\) Framework](#), page A-3. February 2023.

³ Curren, Ryan, Julie Nelson, Dwayne S. Marsh, Simran Noor, and Nora Liu. 2016. “[Racial Equity Action Plans: A How-to Manual](#),” page 4. Haas Institute for a Fair and Inclusive Society. University of California, Berkeley.

The affordability of energy resources is a significant equity issue. Advancements in clean energy and climate infrastructure cannot come at the expense of low-income ratepayers and priority communities; this is an unacceptable tradeoff. As the CPUC recognizes, Californians “need affordable utility services to ensure health, safety, and participation in society,” and offers an [Affordability Ratio Calculator](#) for measuring the affordability of essential utility services. Energy resources are a basic need and must be clean, affordable, *and* accessible to all; we cannot accept tragic tradeoffs that deepen inequity.

3. Access, Outreach, and Education

In order to benefit from climate investments and programs, priority communities need equitable access to them. Providing that access includes removing barriers to participation (i.e., making participation easy); providing and prioritizing targeted, culturally-relevant outreach; offering solutions and interventions *with and for* these communities that address local needs and interests; meeting people where they are; and providing clear, relevant, transparent, and convenient information. Best practices can include things like providing information and services in-language, including American Sign Language (ASL), and through trusted messengers (including paid, local residents); minimizing eligibility requirements and the burden of proof; offering low-or-no-cost services; streamlining multi-lingual, multi-modal application processes across programs; providing information in multiple modalities, including ADA-accessible modalities, and outside of working hours; and offering food, childcare, and/or stipends, as well as access measures such as ASL interpretation, closed captioning, and/or ADA-accessible documents when workshops are required. The [SB 350 Low-Income Barriers Study, Part A: Overcoming Barriers to Energy Efficiency and Renewables for Low-Income Customers and Small Business Contracting Opportunities in Disadvantaged Communities](#) addresses this topic in detail.

Trusted community-based organizations (CBOs) and educational institutions rooted in priority communities can and should play a significant role in providing access, outreach, and education. Meaningful engagement with these organizations and lifting up their leadership is important, as is funding, training, and other resources to allow them to be effective, build capacity, and be competitive in the market. Marketing, outreach, and education should be appropriately funded and compensated, and additional considerations should be made for outreach to underserved and hard-to-reach populations, which is often more costly.

Finally, priority communities are the experts on their own needs and experiences. While education about available resources may be necessary, knowledge about the impacts of climate change in their daily lives or on the solutions needed are often embedded within the communities themselves. *See also: Community Engagement.*

4. Community Engagement

Community engagement, participation, and leadership are critical to ensure equitable development of programs and policies. While the DACAG can provide guidance and perspectives, community engagement should extend well beyond the DACAG. There are three helpful mantras to remember:

- “Nothing about us without us” - Priority communities should be centered and included in conversations and decisions that involve or impact them.
- “Equity in, equity out” - Processes, programs, and decisions that center equity will result in equitable outcomes, and the reverse is also true.
- Ask: “Who’s most impacted?” - To avoid unintended consequences and ensure that the right individuals and communities are engaged, start by asking who’s most impacted? Who stands to benefit and who might be harmed by any given decision?

Due to the State’s focus on equitable engagement, priority communities are being approached more often, and at times, may be overwhelmed with the many engagement requests. At times, these requests come late in the process with little time for review and meaningful engagement. To avoid putting such pressure on communities, and to ensure authentic and meaningful engagement, agency staff must look to engage with communities early and often, while building community capacity and expertise if needed. Agencies should also be clear on the type of engagement requested. The [Spectrum for Public Participation](#) identifies various levels of engagement, from providing information to empowering communities. Agency staff should be clear with the community on the type of engagement they are looking for, how the engagement is relevant to the community and its interests, if and how their feedback will be incorporated, and how decisions will be made. The engaged parties should be compensated for their time and expertise and a feedback loop should be planned in advance to let communities know where their feedback went and what the impact was. Finally, communities should have the opportunity to lead on solutions and program implementation when those programs impact them directly. *See also: Access, Outreach, and Education.*

5. Health and Safety

Climate change directly threatens the health and safety of individuals and communities, and environmental and social justice communities are hit first and worst. Investments that perpetuate the use of fossil fuels and rely on carbon combustion continue to worsen climate change and have direct, negative human health and safety impacts, threatening the State’s goal of achieving a zero-carbon economy. Appropriately-designed climate and energy policies and programs have the potential to address and mitigate the disproportionate public health impacts of climate change on priority communities and to optimize the health, well-being, energy resiliency, and safety of California’s most vulnerable people. Public health impacts should be identified and evaluated in program design and investment, and health should be considered and valued as a non-energy benefit of climate policies, investments, and programs. Doing so can build resiliency; reduce climate-related illnesses, injuries, and deaths; reduce climate-related healthcare costs; and advance State climate and air quality goals.

6. Financial Benefits and Economic Development

Investments in clean energy, energy efficiency, and other climate investments should benefit priority communities directly, providing financial benefits, incentives, and cost savings, maximizing affordability and minimizing rate impacts on those communities. Considerations should also be made to support local, small, BIPOC, and people of underrepresented genders-owned businesses, allowing them to grow and offer sustainable, local employment. In addition,

renters often face barriers to accessing funding opportunities due to their status as non-owners, and so special consideration should be given to support their ability to access programs and resources.

For example, 2016's CA [Assembly Bill 1550](#) directed the CA Environmental Protection Agency (CalEPA) to establish the following *minimum* funding allocations of California Climate Investments:

- "At least 25 percent of funds must be allocated toward disadvantaged communities (DACs)
- At least 5 percent must be allocated toward projects within low-income communities or benefiting low-income households
- At least 5 percent must be allocated toward projects within and benefiting low-income communities, or low-income households, that are outside of a CalEPA-defined DAC but within ½ mile of a disadvantaged community"

Similarly, [AB 523](#) (Reyes, 2017, sunsetted in 2023 but extended through CPUC decision D. 23-04-042 beyond AB 523 timeline) required *at least* 25% of the CEC's available Electric Program Investment Charge (EPIC) funds for clean energy projects be located in and benefit disadvantaged communities, with an additional 10% to low-income households. [AB 126](#), (Reyes, 2023) requires at least 50% of the moneys appropriated to the program on programs and projects that directly benefit or serve residents of disadvantaged and low-income communities and low-income Californians.

From an equity perspective, public funding should activate resources for the most in-need and most impacted communities. Locating investments within priority communities that don't benefit those communities is counter to the principles of the DACAG and this Framework.

7. Workforce Development

Workforce development refers both to the training and preparation of workers (supply-side), and to the career opportunities available to those workers (demand-side). Climate policies and programs can invest in both by:

- Promoting and funding workforce training pathways and wraparound services, including pre-apprenticeship, apprenticeship, and other industry-recognized training programs, to high-quality careers in the construction, climate infrastructure, and clean energy industries
- Providing opportunities to train the next generation of climate leaders and workers for the clean energy economy
- Setting and tracking hiring goals (local, regional, and targeted hire) across career levels for low-income and underrepresented populations who've been locked out of prosperity, to increase access to and representation in the climate workforce
- Including labor standards, such as prevailing wage and industry-appropriate standards beyond wages (benefits, etc.), in publicly-funded programs and contracts

- Prioritizing careers that offer economic mobility and advancement pathways, not just one-off jobs
- Recognizing that utilizing a high-quality, well-compensated workforce ensures quality work, which advances CA's climate goals.
- Prioritize workforce programs that are accessible to underserved communities, emphasizing the need for programs with reduced time commitments and offer services tailored to trainees with limited English proficiency.
- Advocate for workforce programs that specifically support re-entry populations (justice-impacted/formerly incarcerated individuals).

The CA Workforce Development Board (CWDB) offers a strong framework for creating and sustaining quality jobs and careers, referred to as the [High Road](#). Both the CPUC and CEC hold Memoranda of Understanding (MOU) with the CWDB to align their shared climate goals with workforce development and economic justice:

- [CEC MOU](#)
- [CPUC MOU](#)

Finally, the University of California Berkeley Labor Center's report, [A Jobs and Climate Action Plan for 2030](#), lays out the connection between climate and careers, and how to advance job quality through climate action.

8. Consumer Protection

Climate-related policies and programs should not create incentives for predatory lending or exploitation of communities for financial gain. Programs must have adequate consumer protection measures, disclosures, and accountability measures to ensure that financially-vulnerable customers are not taken advantage of or otherwise compromised.

The CPUC, during the COVID-19 outbreak, established various [consumer protection](#) provisions to protect consumers from potential financial harms during difficult economic times. Agencies and staff should seek to ensure that the type of protections provided during this time are also considered and embedded into energy programs and policies.

9. Metrics, Evaluation, and Accountability

Policies and programs must establish metrics to measure their success, gauge efficacy, learn and improve, and determine whether they are delivering equitable outcomes. Metrics should go beyond the investment, program, or resource itself; beyond geographic location; and beyond the intended beneficiary. Evaluation should consider the results of the investment, who contributed, who was impacted and to what extent, and any unintended consequences. Metrics can and should include properly-valued NEBs.

In addition, clear equity requirements, incentives, and metrics should be included from the beginning - again, "put equity in, get equity out" - whether it's in program design, or in a solicitation or scoring process. Progress towards goals should be measured throughout implementation and not just reported upon conclusion. Data collection should be transparent,

easily accessible, and up to date. For the sake of accountability, outcomes should be reported and the significance of meeting, not meeting, or exceeding those outcomes should be clear from the outset.