



**ASPEN TECH
POLICY HUB**

POLICY



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with support from
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Identifying and Supporting Underserved Communities through State Energy Assistance

EXECUTIVE SUMMARY

The Washington State Department of Commerce State Energy Office should require consumer-owned utilities (COUs) to report, identify, and support underserved communities of color to alleviate racial disparities in energy burden.

More specifically, the Washington State Department of Commerce State Energy Office should:

1. Request that COUs collect and report demographic data – such as race, ethnicity, and/or highly impacted community status (as already defined by the State Department of Health) – of their customers;
2. Aid COUs in identifying these underserved racial, ethnic, and/or highly impacted communities and require that COUs create participation plans that detail how the COU will improve outreach and increase energy assistance application rates within them;
3. Approve COU participation plans through a public comment period or public hearing on the participation plans;
4. Collaborate with the State Auditor's Office to enforce these new reporting requirements and develop a clear metric to measure success; and
5. Evaluate every 2 years whether these reporting requirements and participation plans have decreased racial disparities in energy burdens.

BACKGROUND

Nationwide, Black, Indigenous, and Hispanic households shoulder a larger energy burden than the average American household.¹ Yet Washington State does not require utilities to engage in outreach to underserved communities of color, nor does the State know how many households of color receive energy assistance, such as utility discount programs.

Current reporting requirements for COUs are not sufficient to target racial disparities in energy assistance needed or energy assistance received. Currently, COUs collect data on whether an energy assistance recipient is low-income, is energy burdened, is renting, has limited English, or is older than 65 years old, which are reported in the [biennial Energy Assistance Report](#) required of all utilities and submitted to the Department of Commerce.² They do not explicitly collect any data on the race or ethnicity of recipients.

COUs currently are not collecting data on race, ethnicity, or high-impact community status because of disparate reporting requirements in the State's Clean Energy Transformation Act (CETA). CETA allows the Department of Commerce to request "[any \[...\] information related to the utility's low-income assistance programs,](#)" subject to availability, and requires the utilities to demonstrate progress toward serving any identified underserved community. CETA defines highly impacted communities as census tracts at high risk and vulnerable to environmental health disparities using the [Washington Environmental Health Disparities Map](#) maintained by the Washington Department of Health, creating a broad and easy-to-utilize metric. Though CETA allows the Department of Commerce to request data from utilities on low-income assistance programs, it does not require utilities to collect these data. Because of this, highly impacted community analysis has only been conducted by privately owned or investor owned utilities (IOUs) through the state's Utilities and Transportation Committee (UTC).

RECOMMENDATIONS

Recommendations for how the Washington State Department of Commerce State Energy Office can encourage COUs to identify and allocate funds toward underserved racial, ethnic, and/or highly impacted communities are outlined below.

1. Increase the reporting requirements of COUs for data regarding racial, ethnic, and/or highly impacted communities.

- a. In addition to current reporting requirements from CETA, the Department of Commerce should request that COUs report the race and ethnicity of each energy assistance recipient as well as whether the recipient lives in a highly impacted community, subject to availability and in accordance with CETA Section 120(3)(b) in the biennial [Energy Assistance Report](#).

Current reporting requirements allow COU energy assistance programs to target predominantly white, low-income communities while remaining in compliance with CETA. Including race, ethnicity, and highly impacted community data will help COUs and the Department of Commerce target high-need communities in line with the energy assistance and environmental justice targets in CETA and the Washington Healthy Environment For All (HEAL) Act, respectively. See Appendix A (Implementation Plan) for more details.

The [Washington Health Disparities Map](#) is a robust tool for COUs to determine how many energy assistance recipients live in highly impacted communities so long as COUs record the recipient's zip code. Therefore, adding highly impacted community data to the report should not pose a substantial technical burden on COUs since the data is readily available.

- b. To identify whether a specific racial, ethnic, or highly impacted community is underserved, the Department of Commerce should amend the CETA Section 120(3)(b) biennial energy assistance report to include an analysis that compares the percentage of energy assistance recipients within a specific demographic (i.e., race, ethnicity, highly impacted community status) to the percentage of residents in the COU service area or LIHEAP office zip code within that demographic.
- c. The Department of Commerce should provide technical assistance – for example, assisting in securely collecting and housing data or purchasing missing data – to COUs that lack the tools to securely collect demographic data through public and public-private partnerships. Providing technical assistance to COUs through these public-private partnerships will increase the availability of demographic data, thus removing a barrier for COUs to comply with these new reporting standards. COUs will also be less likely to claim that race and ethnicity data are not available if the Department of Commerce provides accessible technical assistance to collect these data.

Additionally, COUs will need assistance to collect the newly requested data because it often takes a consid-

erable amount of money and staff time to securely collect demographic information from energy assistance recipients. Some public and private agencies, such as existing LIHEAP offices and IOUs, already collect these data and can serve as a model for COUs collecting these data. Thus, the Department of Commerce should establish partnerships between COUs, LIHEAP offices, and IOUs to help COUs collect these data.

More information on setting up these offices can be found in the Implementation Plan in Appendix A.

2. Assist COUs in identifying underserved racial, ethnic, and/or highly impacted communities, and require them to develop a participation plan for outreach.

The Department of Commerce should use the reported data to identify any and all underserved demographics in the COU service area and require the COU to create a participation plan to engage in outreach in these communities. An underserved community or demographic is one where the percentage of energy assistance recipients within that demographic is less than the percentage of residents within that demographic in the service area. A participation plan should include information about which demographics or communities are underserved and a strategy to increase outreach to those demographics or communities in a way that is culturally informed. This could include plans to create outreach materials in other languages, social media campaigns, or even listening sessions in impacted communities.

Since COUs are not experts in community engagement or data science, the Department of Commerce should take an active role in helping COUs identify underserved demographics. It is important that the Department of Commerce require participation plans, not only to ensure that COUs have a plan to increase energy assistance in underserved communities but also to increase communication between COUs and impacted communities. Essentially, participation plans are a tool that communities and the Department of Commerce can use to hold COUs accountable for future actions.

3. Approve COU participation plans through a public comment period or public hearing on the participation plans.

The Department of Commerce should approve participation plans by first allowing public comment and ensuring that COUs sufficiently reply to public comments. COU participation plans should be subject to either a public hearing or a public comment period such that the community as well as advocacy

groups can evaluate how effective and equitable the participation plan is. The COUs should submit updated participation plans in response to public comments.

Subsequent energy assistance reports submitted by the COU should indicate whether the participation plan from the previous year was successful. Success would be measured by whether the percentage of that demographic in the service area and the percentage of energy assistance recipients within that demographic are equal to or more than the previous year.

By requiring a public comment period or public hearing on COU participation plans, advocacy and community groups can formally provide their feedback and informally enforce their standards on COU outreach in communities of color. Advocacy groups such as [Front and Centered](#) and the [Northwest Energy Coalition](#) have already been a part of the legislative, rulemaking, and participation plan process and will continue to provide substantive feedback on COU participation plans in communities of color.³ In this way, COUs can be held accountable by both the State Auditor's Office and the community itself.

The public comment process will provide informal oversight over COUs while continuing to engage the community at each step of this process. Seeking feedback from the community itself will greatly improve participation plans to ensure that COUs' outreach efforts are effective. For more information, please see Appendices A and B.

4. Enforce the reporting requirements via a clear metric.

- a. The Department of Commerce should collaborate with the State Auditor's Office to enforce these proposed reporting guidelines and requirements for COUs so that they can support underserved racial, ethnic, or highly impacted communities. They should develop a clear metric for determining whether COUs are making progress in assisting highly impacted communities, which will aid the State Auditor's Office in formal oversight. The State Auditor could more easily determine whether a COU is in or out of compliance with CETA when "demonstrating progress" specifically means that the COU is approaching a proportionate distribution of energy assistance funds in underserved communities.

Therefore, including race, ethnicity, and highly impacted community data in the CETA Section 120(3)(b) survey would encourage COUs to increase engagement with communities of color.



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b. Enforceability is an insufficient reason to exclude race, ethnicity, and highly impacted community data from the energy assistance report. Through [CETA section 120\(3\)\(b\)](#), Commerce can compel COUs to provide only demographic data beyond estimated low-income and energy burdened households, subject to availability. However, including race, ethnicity, and highly impacted community data in the CETA Section 120(3)(b) report will encourage COUs to properly report demographic data to the State. In the 2022 energy assistance report, the Department of Commerce requested demographic data on the age and language skills of energy assistance recipients. While some utilities stated these data were not available, several voluntarily collected and reported these data. Therefore, the “subject to availability” clause is not a sufficient reason for Commerce to avoid requesting race, ethnicity, and highly impacted community data, especially after providing technical assistance and working with the State Auditor’s Office. Finally, COUs will be less likely to claim that race and ethnicity data are not available if the Department of Commerce provides accessible technical assistance to collect race, ethnicity, and highly impacted community data, as described above.

5. Evaluate every 2 years whether these reporting requirements and participation plans have decreased racial disparities in energy burdens.

The Department of Commerce should evaluate every 2 years whether these reporting requirements and participation plans have decreased the energy burden in communities of color.

An evaluation of the statewide success of increased reporting requests and participation plans in communities of color may require a statewide assessment of energy burden. With all COUs providing sufficient data on their service area and energy assistance recipients, the Department of Commerce should be able to create a statewide assessment. However, a statewide assessment may require additional budgetary resources or full-time staff. The Department of Commerce should consider hiring additional staff in data analysis if necessary.

See the Appendices for more detail on implementation.

Appendix A: Draft Implementation Plan

1. TIMELINE

See below for a proposed timeline for implementing the above recommendations. This timeline is centered around the deadline for 2024 COU energy assistance reports.⁴ Based on that deadline, COUs would have 17 months from the new Department of Commerce reporting request in February of 2023 to the deadline for the 2024 COU energy assistance reports, which should be sufficient time for COUs to collect relevant demographic data and seek technical support. In the timeline below, 5 months are allocated to the Department of Commerce State Energy Office for selecting a data consultant to provide technical assistance to the COUs to collect these data, leaving 12 months to actually provide technical assistance.

Additionally, there is a 30- to 90-day public comment period on COU participation plans as well as a 30-day period for COUs to respond to public comments in preparation for the 2025 implementation of participation plans. This extended timeline from early 2023 to early 2026 should relieve additional burdens on COUs.

- ▶ **February 2023:** Washington Department of Commerce State Energy Office announces new reporting request in the CETA Section 120(3)(b) Report.
- ▶ **March 2023:** Washington Department of Commerce State Energy Office issues a public procurement (i.e., a request for proposal) for a data consultant partner to provide technical assistance to the COUs.
- ▶ **July 2023:** Washington Department of Commerce State Energy Office selects a data consultant partner and announces the process through which COUs are provided technical assistance.
- ▶ **July 2024:** COUs must submit energy assistance reports and participation plans, which will be subject to a 30- to 90-day public comment period.
- ▶ **October 2024:** Public comment period on COU participation plans ends.
- ▶ **November 2024:** COUs respond to public comments.
- ▶ **January 2025:** COUs implement their participation plans.
- ▶ **January 2026:** Washington State Department of Commerce State Energy Office evaluates whether energy burden has decreased in communities of color.

2. DATA COLLECTION

a. Public Partnerships

The Department of Commerce State Energy Office should facilitate partnerships with COUs, LIHEAP vendors, and Community Action Partnership (CAP) agencies to securely collect customer demographic data. LIHEAP offices already report the race, ethnicity, and gender of energy assistance recipients to the U.S. Department of Health and Human Services. Thus, there is an excellent opportunity for partnership.

b. Public–Private Partnerships

To establish public–private partnerships for technical assistance, the Department of Commerce should consider contracting a data consulting firm through typical procurement processes. IOUs have hired data consulting firms to collect, secure, and analyze customer demographic information.

The Department of Commerce should begin offering technical assistance by targeting COUs that had missing data from their 2022 Energy Assistance Reports. Several COUs in 2022 were missing demographic data on renters, seniors, or recipients with limited English. These COUs should be prioritized in providing technical assistance.

After these priority COUs have received assistance, Commerce can consider extending technical assistance to other COUs that request it. Technical assistance can include assistance on how to collect and store demographic data securely, how to purchase missing demographic data, how to analyze collected demographic data, and/or how to anonymize and aggregate data for public release.

3. Budget

While parts of this plan are low to no cost, such as simply requesting additional demographic reporting from COUs, other recommendations such as providing technical assistance and additional data analysis may require additional funding. Given that there are [28 public utility districts](#) in Washington, the Department of Commerce should aim to provide technical assistance to 10–25% of all COUs each year (approximately 2 to 7 COUs). Each COU would receive technical assistance over 2 to 6 months, depending on the size of their service area. Providing technical assistance to 1 COU at a time is likely a part-time appointment. Thus, the annual labor estimates and costs (from data to administrative) to complete this plan are below:

Responsibility	Full-time equivalent (FTE)	Cost
Technical assistance	50% FTE	\$50,000/year
Data analysis	50% FTE	\$50,000/year
Administrative costs	20% FTE	\$20,000/year
TOTAL COST: \$120,000/year		

This is an annual budget, but note that technical assistance to COUs might not be necessary every year — and in-house data analysis of energy assistance demographics is certainly not necessary every year. After the 2024 COU energy assistance reports, the Department of Commerce can evaluate whether technical assistance to COUs will need to continue in perpetuity.

The Department of Commerce can consider implementing just the no cost portions of this plan, such as the increased reporting request to utilities, or the low cost portions, such as technical assistance to COUs but not the in-house data analysis. Potential sources of funding include remaining CARE Act or American Rescue Plan Act funding allocated to utilities for low-income energy assistance, the [Department of Commerce Clean Energy Fund](#), [USDA grants for rural utilities development](#), and/or [nonprofit technical and financial assistance for rural Indigenous communities](#).

Appendix B: Race, Ethnicity, and Highly Impacted Community Data

1. RACE AND ETHNICITY DATA

a. Populations in Need versus Populations Receiving Assistance

While people of color are more likely to be low income, energy burdened, or renting, people of color are *not* the most likely recipients of government benefits. A new study out of Princeton University, *Measuring Social Equity in Urban Energy Use and Interventions using Fine-Scale Data*, found that energy intensity inequities exist across race even when controlled for income. However, [white, non-Hispanic men are the most likely recipients of government benefits](#). Therefore, Washington should expand their demographic reporting beyond economic metrics, such as income and energy burden, toward socioeconomic demographics such as race and ethnicity.

b. National Racial Disparities in Energy Burden

While we lack data for Washington state, Washington is *not* an exception to nationwide racial disparities. In the Biden–Harris Report *Advancing Equity Through the American Rescue Plan*, the White House calls for coordinated efforts to ensure that Black, Indigeous, and People of Color (BIPOC) households receive energy assistance, since nationwide [Black, Indigenous, and Hispanic households have 43%, 45%, and 20% greater energy burdens, respectively, than the median household](#). Therefore, Washington State should work to identify and reduce energy burden disparities in communities of color, in line with federal priorities.

c. Potential for Washington Racial Disparities in Energy Burden

While Washington lacks necessary data to target underserved communities of color, we can still identify potential racial disparities in the state. Using available [Washington State data](#) comparing the racial demographics of zip codes against arrearages, the Energy Project found that people of color serviced by IOUs still had higher energy burdens after LIHEAP and COVID-19 benefits were disseminated, highlighting an additional need for energy assistance within these communities.⁵ Figure 1 examines the percentage of the population that is impoverished and comprises people of color as well as their proximity to LIHEAP offices in Washington. Figure 1 demonstrates 2 conclusions: first, there are low-income, predominantly white census tracts where a COU energy assistance program could disproportionately place funds; second, that tribal reservations are significantly less likely to be near a LIHEAP office. Therefore, based on COVID-19 relief funds and geographic demographic information, we can see that solely targeting low-income communities is not sufficient to decrease racial disparities in energy burden.

Figure 1: Demographics of Washington State compared to energy assistance access and eligibility

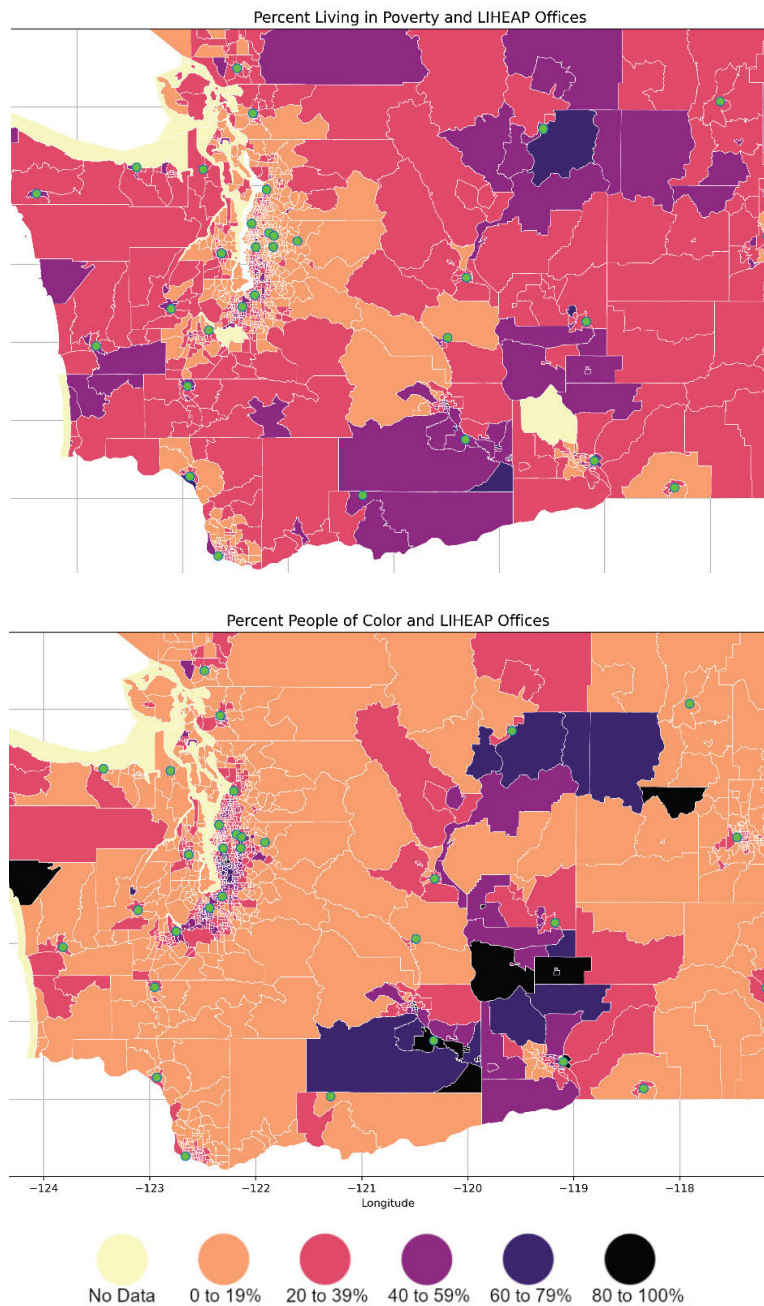


Figure 1 shows: (a) the percentage of the population below 200% of the federal poverty level (FPL) per census tract (top panel); and (b) the percent of the population that is non-White (bottom panel). The LIHEAP office locations are in green. Data come from the [Washington Geospatial Open Data](#) from February 2022.

2. Highly Impacted Community Data

While the highly impacted community metric considers income, this broad metric also considers exposure to climate impacts and other socioeconomic factors such as rent burden and increased health risks. Therefore, the highly impacted community metric can identify geographies with risk factors *beyond* income. Additionally, since the highly impacted community metric includes climate and environmental risk, including this metric in COU reporting will increase climate resilience in Washington.

An energy assistance program can potentially disseminate state and federal funds to exclusively low-income households and still exclude highly impacted communities, without accountability. For example, PSE, an IOU, found in their geographic equity analysis that 25% of their service area was in highly impacted communities, while residents in highly impacted communities accounted for 35% of low-income energy assistance recipients (Figure 2). There are 2 conclusions to draw from this statistic: first, that PSE’s energy assistance is geographically equitable, and second, that a substantial portion of low-income residents within their service area reside outside of highly impacted communities. Therefore, economic metrics such as income and energy burden are insufficient to target underserved geographies in need of climate resilience.

In Highly Impacted Community	% of Total Contract Accounts	% of Contract Accounts who Received Energy Assistance
No	72.9%	61.1%
Yes	27.1%	38.9%
Total	100%	100%

Figure 2: A table from the PSE 2022 CETA Energy Assistance Report. This table shows a comparison of the difference between the percentage of their customer base and the percentage of energy assistance recipients who reside in highly impacted communities in the PSE service area.

Appendix C: Barriers to Community Engagement

Though reporting requests on COUs could create an additional barrier to energy assistance applicants, these additional burdens are no more than what the federal government mandates for LIHEAP data collection. COU energy assistance customers who do not wish to disclose their race or ethnicity, have privacy concerns, or distrust COUs may avoid the application process altogether. To alleviate this burden, the Department of Commerce should allow applicants to choose not to disclose their race. Since LIHEAP customers are already asked to provide race, ethnicity, and gender data as mandated by federal LIHEAP reporting requirements, Washington State is not imposing any additional barrier. In addition, according to the LIHEAP Program Coordinator, asking LIHEAP applicants for their race and ethnicity data did not decrease the application rate if the question was voluntary.⁶

To alleviate any of these barriers, COUs should create or maintain existing partnerships with community organizations such as CAP agencies to engage in community trust building. IOUs were required to interface with local communities before creating their clean energy implementation plans. COUs can consider looking at the process IOUs went through to better understand community concerns. Interacting with local community members will allow COUs to understand what barriers exist to underserved populations, which organizations the underserved populations trust, and what type of outreach best speaks to them.

ENDNOTES

1. Energy burden is defined as the percentage of annual income spent on annual utilities (such as electricity and/or gas) for a given household. In Washington, a household is considered energy burdened if they spend more than 6% of their income on utilities, and extremely energy burdened if they spend more than 10% of their income on utilities.
2. See “Other materials: 2022 submitted energy assistance program reports” on the [Energy Assistance webpage](#) for more information on what utilities report to the Department of Commerce.
3. Note: Author Alyssa Poletti has previously partnered with Front and Centered on separate projects.
4. The [Department of Commerce RCW 19.405.120\(4\) Reporting Template](#) states that the energy assistance reportings were due February 1, 2022.
5. The Energy Project, *Summary of the Effects of COVID-19 on Washington’s Investor-Owned Utility Residential Customers* (Docket U-200281), 2022.
6. Brian Sarensen, Phone discussion, August 3, 2022.



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