



# The equitable utility: What it means and how executives are getting there

By Ben Nathan, Jamie Wimberly

June 28, 2023

---

Equity has always been an important topic of conversation. But the events of the past few years really solidified the importance of equitable systems and corporations, utilities included.

To successfully transition to a clean energy economy, it will be critical to maintain affordability and access for at-risk customers in the utility sector. Issues of [energy equity](#) touch every aspect of a utility's organization and operations and the communities it serves. To aid in this mission and keep the industry focused on the importance of energy equity, we've formed the E Source Equity in a Clean Energy Economy (ECEE) Collaborative.

Recently, chief customer officers of leading utilities and other senior executives from the collaborative came together to explore progress made. We conducted interviews with 15 leaders who represent different viewpoints and areas of expertise within the energy sector, seeking input on each company's energy equity journey. We shared our insights on a recent call and compiled some of the top priorities and biggest challenges in this newsletter.

---

## Join the Equity Executive Advisory Panel

The ECEE Collaborative, created in 2021, is made up of a unique group of more than 500 stakeholders focused on energy equity. It's guided by the E Source Equity Executive Advisory Panel, which provides a platform for utility industry leaders to:

- Engage with each other around this critical and strategic imperative
- Provide input on research
- Develop a business case for equity
- Test new ideas and concepts for a broader audience

We need your leadership and ideas! Join other senior executives and their teams as a member of the Equity Executive Advisory Panel. [Contact us](#) for more information.

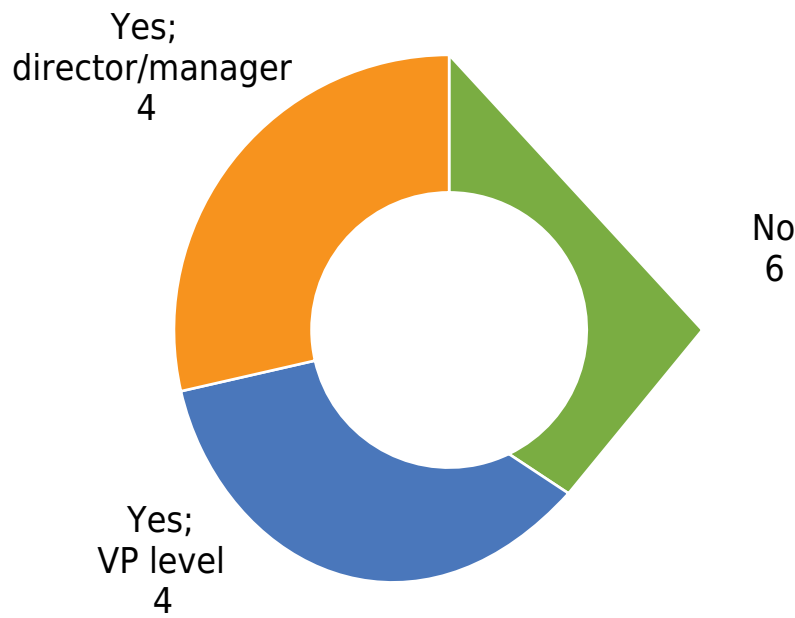
## How do utilities define equity and who are their target customers?

Through discussions, we've found that many utilities don't have a formal, established company-wide definition of energy equity. But participants emphasized the importance of ensuring no individual takes on an unfair or disproportionate share of costs. They also expressed the belief that no one should bear a greater [energy burden](#) than others. One participant stated, "All customers should have what they need, when and how they need it."

We also asked participants whether there was a leadership role within the organization that had explicit external responsibilities related to diversity, equity, and inclusion (DEI) (**figure 1**).

### Figure 1: DEI responsibilities at utilities

Many of those who responded mentioned that someone—or multiple people—had taken on these responsibilities even though they weren't explicit or acknowledged in their title.



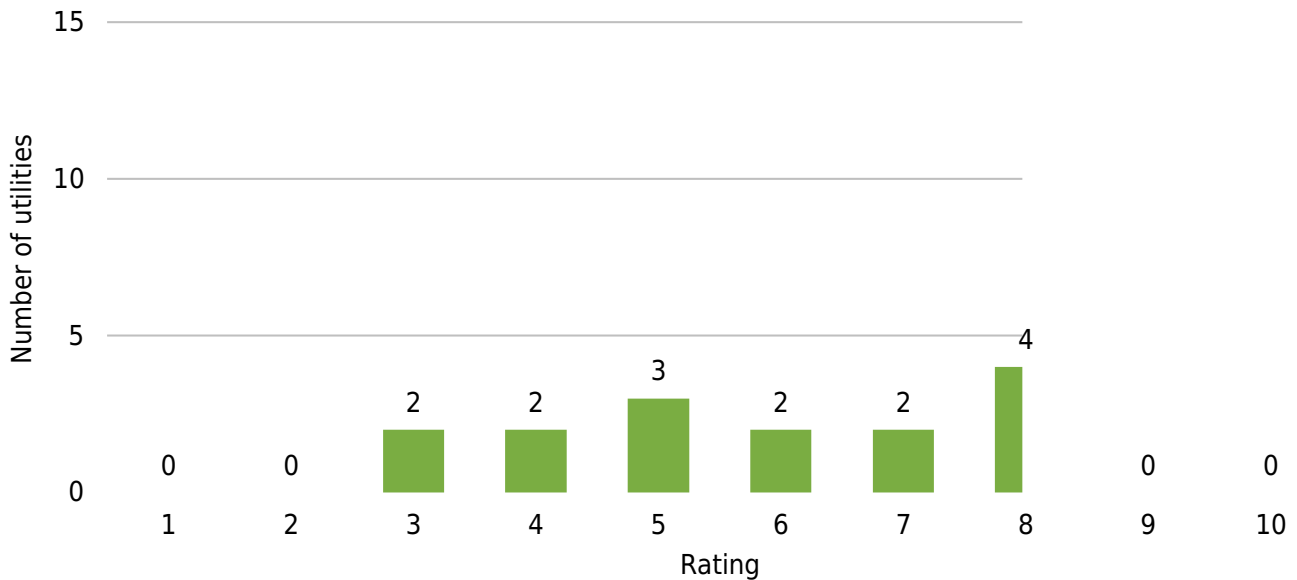
© E Source. Base: n = 14 utilities. Question: Does your organization have a leadership role with explicit, external diversity, equity, and inclusion responsibilities? Note: Use caution with small sample size.

## What does equity in a clean energy economy mean to utilities and what would it look like if achieved?

We wanted to get a sense of how utilities felt they were doing in [the journey to equity](#). Across the board, utilities rated themselves somewhere in the middle—no one thought their utility was completely behind, but no one thought they were close to achieving perfect equity (**figure 2**).

### Figure 2: Progress toward equity in a clean energy economy

We asked ECEE leaders to rate their company's status on the journey to equity in a clean energy economy. Respondents used a 1-10 scale, where 1 meant haven't even started and 10 meant utopia.



© E Source. Base: n = 15 utilities Question: On a scale of 1-10, where 1 means haven't even started and 10 means utopia, rate your company's status on the journey to equity in a clean energy economy. Notes: For the purposes of this chart, if respondents selected a range of two values, we rounded up to the highest value. For example, if a respondent chose "2-3," we included that response as a 3 rating. Use caution with small sample size.

When considering how they'd define equity in a clean energy economy, most participants shared sentiments about:

- Being inclusive
- Addressing historical inequalities
- Distributing benefits equitably
- Making access to clean energy affordable
- [Leaving no one behind](#)
- Educating communities about the health impacts of climate change and decarbonization

Here are some verbatims from utility leaders:

Meeting people where they are and providing them with what they need, while acknowledging that different people need different things.

Addressing practices that are centuries old and still impact community lives today.

Helping all customers access clean energy to the extent they want in an affordable way.

All communities, especially the underserved and underrepresented communities, are educated and understand the health impacts of climate change and decarbonization.

## What are utilities' top priorities related to energy equity?

Utilities are focusing on several priorities. Many aim to complete necessary projects, often related to compliance or regulatory requirements, while also initiating and expanding programs and pilots.

One participant said their utility's main priority is to ensure underresourced customers have access to support programs. Many utilities are also actively working to remove any barriers that hinder program participation.

Utilities also recognize the importance of listening to customers and [engaging in community outreach](#) to build trust. They're also forging partnerships with various agencies, vendors, community-based organizations, and government departments to maximize their impact.

Implementing carbon-reduction plans is a noteworthy aspect of utilities' efforts, alongside building internal capacity through staffing, recruitment, training, and alignment of their workforce.

Lastly, obtaining funds to support these initiatives remains a crucial task to effectively carry out plans and projects.

## What are the biggest challenges utilities face in this journey toward equity in a clean energy economy?

Some of the biggest challenges utilities are facing include needing funding to support [clean energy transitions](#) and address affordability concerns; reaching at-risk customers; and navigating the hindrance of data sharing by privacy policies and security restrictions.

Here are some of the challenges we heard about most.

**Costs.** Pursuing the clean energy transition will be costly for all involved, including utilities, ratepayers, and—most hazardously, if not done equitably—at-risk customers.

**Despite the universally recognized benefits of electrification, utilities worry that phasing out natural gas could have disproportionately negative financial impacts on vulnerable populations.**

**Prioritization.** Utility leaders will be faced with many trade-offs when pursuing the transformational change required by energy equity. They may have to choose between prioritizing spending budgets on equity efforts versus critical infrastructure; focusing on wealthier customers representing growth versus customers needing help; and balancing the demand for green energy and electrification versus better serving disadvantaged communities.

**Electrification.** Despite the universally recognized benefits of electrification, utilities worry that phasing out natural gas—the least expensive heating fuel—could have disproportionately negative financial impacts on vulnerable populations.

**At-risk customers.** There may be industry-wide underestimation of the challenges, conflicting priorities, and time- and resource-intensive work involved in bringing all customers, especially at-risk ones, along on this clean energy journey.

**Data sharing.** Privacy policies and security restrictions hinder utilities' ability to work cooperatively with public and private organizations to identify, engage, and enroll customers in utility programs and to personalize and streamline internal program administration processes.

**Politicization.** Utilities will have to carefully navigate these subjects—equity, social and racial justice, and redistribution of benefits—using the right language and engaging with key stakeholders or risk support for these efforts drying up.

**Urgency and speed.** Many customers, consumer advocates, and other key utility industry stakeholders may have a desire to move quicker on equity than may be possible. Moving toward a more equitable clean energy economy is transformative. It will be a lengthy, deliberative process, requiring patience and perseverance from all involved.