

Transforming Energy Decision-Making Spaces in the Midwest: Moving Beyond the Checkbox

*Laura Goldberg, Natural Resources Defense Council
Courtney Hanson, People for Community Recovery
Tanya Paslawski, Elevated Engagement
Kari Ross, Natural Resources Defense Council*

ABSTRACT

Energy efficiency and broader energy decision-making, regulations, and laws are too often made without the communities most impacted in the room. In recent years, advocates and community-based organizations are increasingly pushing Public Utility Commission (PUC) processes and decisions to be more inclusive, equitable and just. In particular, community members and organizations from low-income communities and communities of color need to be directly self-determining their own equitable energy programs and clean energy future.

This paper explores the ways in which energy efficiency and energy decision-making is beginning to transform in the Midwest, with examples from Michigan and Illinois PUCs and related forums. The authors will discuss emerging Midwest laws and regulations requiring procedural justice at PUCs and a new wave of working groups and advocacy spaces pushing for community voices to be justly heard and honored. Our current energy system needs transformation, and enhancing procedural justice at PUCs is one critical first step.

Introduction

“Indeed, we must work so that everyone understands that we must move forward together, or we will stall permanently, that we must merge our movements for human dignity or we will be shipwrecked by those who fear progress.” -Dr. Manuel Pastor (Pastor, Rosner, and Wander 2015)

“Energy equity”: the facile jingle of our industry’s time. But only those truly deprived of it know what it really means. Only those who have sat at the kitchen table with an energy bill in one hand and a medical bill in the other; those who were born into a world where housing was never a guarantee; those who don’t ponder energy issues as conceptual but have inherited certain unconventional methods of survival to stay warm in the winter. Those whose invitation to the proverbial energy decision-making table was not only cheekily lost in the mail, but the table itself was built to exclude them.

The following paper takes you on a journey of the important work that advocates, from both frontline community-based and heavily resourced organizations, are undertaking throughout the Midwest to not just bring under-served communities to our various energy decision-making tables, but to rebuild said tables entirely.

Often excluded from the shortlist of places leading on progressive energy issues in our country, the Midwest, distinctly Michigan and Illinois, is a hot bed passion in transforming the way Public Utility Commissions (PUCs) operate. In order to envision a world where energy policies prioritize the distribution of economic, health, and emissions-reduction benefits to

historically under-resourced peoples - particularly our Black, brown, indigenous, and rural brethren - we need to prioritize equity within the *processes* in which energy decisions are made.

Framing and Level Setting

The energy industry is undergoing a significant transformation. The legacy energy system was built around large coal, gas, and nuclear plants to provide electricity and predominantly natural gas and oil to heat homes and businesses. Those fossil fuel facilities and the supply chain needed to support them create pollution and public health hazards that are borne by people living in adjacent communities that are disproportionately Black, brown, indigenous, rural and live in poverty (Donaghy et al. 2023, 9).

In addition to shouldering more than their share of the harms, people in these communities also tend to pay a higher percentage of their income for energy, a measure called energy burden. The energy burden for Black households is 43% higher than that of white, non-Hispanic households and 20% higher for Hispanic households (Drehobl, Ross, and Syala 2020, 11). Households that are designated as low-income have a median energy burden that is three times higher than non-low-income households (Drehobl, Ross, and Syala 2020, 11). These realities are symptomatic of a history of oppression that impacts peoples' lives daily.

Today, however, the generation resource mix is changing rapidly to reduce the use of fossil fuels and take advantage of decreasing prices for renewable energy to combat climate change. Advancements in technology are bringing opportunities to produce energy increasingly closer to home and the need for efficient homes and buildings to reduce the amount of energy needed is now a recognized part of the generation mix. This energy transformation presents an opportunity to ensure that cleaner, more efficient resources are benefitting those who have been harmed by the legacy energy system, but it will not happen by accident or business as usual.

A state agency that most people have never heard of - the Public Utility Commission (PUC or Commission) - has the power to make decisions that determine a state's energy landscape, including the energy mix, infrastructure investment, funding for energy efficiency, and affordability. A recent report called PUCs "the entity that is quietly deciding how we live" (Patterson and Hua 2022, 4). While critical decisions are made at Commissions, the processes and forums in which they are made are largely inaccessible to anyone outside of the energy industry. While accessibility is a larger problem, the impact is particularly acute for disadvantaged communities¹ due to a lack of resources and institutional oversight. Without the needs and voices of disadvantaged community members and organizations in decision making spaces, the vision of a just energy transformation cannot be realized.

¹ Note this paper uses terms like under-resourced, disadvantaged, low-income, and low-income Black Indigenous People of Color (BIPOC) somewhat interchangeably to all refer to low-income communities and low-income communities of color that have been historically and intentionally left out of energy decision-making and harmed by pollution, climate change, energy burden, and other environmental, economic, and racially unjust harms.

Public Utility Commissions 101

Overview. PUCs are government bodies that regulate investor-owned or private utilities.² PUCs were established by and receive their authority from state legislatures and are generally charged with regulating power generation, transmission, and distribution. Although in some states, (since the late 1990s) there is competition for generation, so PUCs only regulate distribution (Cleary and Palmer 2020). All 50 states have a PUC composed of three to seven Commissioners and an office of support staff. Most Commissioners are appointed by the governor and approved by the state legislature. PUCs could be considered one of the most influential players in the clean energy transition, as they serve almost 75% of the nation's customers (EIA 2019).

PUCs hold proceedings and cases related to energy efficiency, rates, and integrated resource plans,³ which include intervening parties, witnesses, testimony, a case record, an administrative law judge, and final rulings. Intervening parties typically include utilities, PUC staff, consumer advocates, energy and environmental advocates, and other government agencies. Some PUCs are required to hold public hearings related to certain cases, and sometimes their regular meetings are open to the public as well.

PUC inaccessibility. Historically, PUCs have taken a limited view of their charge as regulators, focusing primarily on decision making related to approving utility costs and plans. One result of this narrow view is a lack of attention or resources dedicated to procedures that promote the inclusion of low-income residents and disadvantaged communities who are the most vulnerable to high energy bills, cost increases, utility shutoffs, and pollution impacts.

There are countless barriers to participation at PUCs. The structure of PUCs typically requires legal representation, and certain types of technical expertise are often valued over lived experience and community expertise. Commissioner and Commission staff backgrounds typically include engineering, data analytics, economics, and legal expertise. The diversity of Commissioners themselves in terms of education, background, and race is also limited. In terms of race, for example, of the 192 Commissioners across the country 65% Commissioners identify as men, and 82% identify as white (Patterson and Hua 2022, 12).

The start of the COVID pandemic was a glimpse into what could be possible if the PUCs reimagined their charge to be focused on protecting people and health first. There were utility shutoff moratoriums put in place by many states, cities, and PUCs to ensure everyone had access the power, PUC hearings were easier to access in virtual settings, extra time given in proceedings, dockets were opened to address the affordability crisis, flexibility to electronically submit documents, and many PUCs understood that they had a role to play in providing affordable and accessible power to all, and easier access to their decision-making. Unfortunately, all of this was short lived.

Transformation is Needed. The changes some commissions made during the COVID shutdown demonstrated the possibilities for building more inclusive processes at PUCs. However, a long-term shift will require commissions to prioritize equity in decision making and work together with community leaders to co-create new ways of operating that ensure all stakeholders can participate in decision-making, planning and implementation processes. One

² These utilities typically include electric, gas, water, and sometimes telecommunications.

³ Integrated Resource Plans determine the long-term energy mix in a utility's service territory.

useful model for considering equity in energy and sustainability defines four key elements of equity (Park 2014, 3) outlined in Figure 1 provided by ACEEE:



Figure 1. How can we achieve an equitable energy system? *Source:* ACEEE, 2021.

This paper primarily explores avenues to operationalize procedural equity in PUC spaces through case studies highlighting successful efforts in Michigan and Illinois. That said, advancing procedural equity at the regulatory level is considered only a starting point by many grassroots organizations and Environmental Justice (EJ) leaders (G. Norris, executive director, ACES 4 Youth, pers. comm., May 28, 2024). True transformation must ensure that communities don't just have a seat at the table but are considered expert partners with real and creative solutions. As we work to transform our energy system, it will be important to advance distributional and transgenerational equity in the context of policy development, allocating investments and implementing programs. The recommendations and calls to action at the close of this paper focus on suggestions on ways to further strengthen procedural equity while also building toward strategies to incorporate distributional, structural and transgenerational equity at the regulatory level and beyond

Procedural Equity in Energy Decision-Making in Michigan

Background

Michigan's PUC or the Michigan Public Service Commission (MPSC) can be seen as progressive in certain ways, but also is rooted in many traditional PUC norms and restrictions. Michigan's recent democratic trifecta has led to new state energy laws and a PUC that is working to take stronger approaches to climate and equity, but the MPSC's historic conservative or mixed politics has also led to some less progressive Commission approaches. The MPSC has three Commissioners who are appointed by the governor to serve six-year terms, and no more than two Commissioners may represent the same political party. For contested cases, certain entities have the right to intervene – the utility, MPSC staff, and the attorney general. Others have to ask for and be granted permission to intervene, typically environmental organizations and consumer

advocates,⁴ when they have the resources to do so. The MPSC sometimes holds public hearings related to a case, where testimony can be made by the general public. But these comments are not officially a part of the record, so they can't have a direct legal impact on the case outcome. Michigan is a state that is trying to move forward proactive change, especially in light of its recent legislative and political changes. Although the seeds of change originally began growing from the ground up and within the advocacy community.

Progress Towards Transformational Change: Coalitions, MPSC-led Workgroups, & Community Organizing

Coalition Progress: Michigan Energy Efficiency for All. Michigan's advocacy landscape is filled with organizations working on a variety of issue areas, but too often the advocacy is siloed by sector; groups have the opportunity to be stronger and more effective if they're able to work together. Michigan Energy Efficiency for All or MEEFA,⁵ seeks to change that by combining energy, housing, health, and environmental justice advocates, including through joint advocacy at the MPSC (MEEFA 2024). MEEFA's mission⁶ has expanded over its decade of work and now is more explicitly focused on energy affordability and making energy decision-making spaces more equitable, including at the MPSC. MEEFA's work includes a focus on energy efficiency, but specifically ensuring that programs are designed by and reaching Michigan's under-resourced communities and affordable housing owners and residents. This includes intervening in the MPSC's energy efficiency cases and dockets. MEEFA helped to create the first ever stand-alone low-income multifamily energy efficiency program offerings and has been advocating for more equitable budgets and program design ever since

Coalition Progress: Michigan Energy Affordability Workgroup. MEEFA's advocacy led to the formation of a broader MI energy affordability workgroup, that combined MEEFA partners and other community and advocacy groups working on energy affordability. The MI energy affordability group began its work together by drafting a letter to the MPSC through a docket created to assess how the MPSC should respond to the COVID pandemic. The group specifically noted that the MPSC needs to focus on long-term changes to address affordability. For example, the letter strongly urged the Commission "to seize this moment of crisis and shape Michigan's future by ensuring access to affordable utility service for all the Michigan residents you serve, not only for the current crisis, but as an ongoing and permanent necessity going forward" (MI Affordability Advocates 2020, 2). MEEFA and the MI affordability advocates are still working together to change who is influential in Commission cases and processes, and normalizing housing and community-based voices.

The MPSC's Low-Income Energy Waste Reduction Workgroup (MPSC 2024a). MEEFA recognized the need to have space dedicated at the MPSC more explicitly to low-

⁴ Consumer advocates are not the same as community-based organizations. Consumer advocates can be independent state agencies, divisions of state attorney generals (AG), nonprofit organizations, or arms of the legislature. They are paid to represent consumer interests broadly at PUCs.

⁵ MEEFA is connected to a national effort called Energy Efficiency for All, which began in 2014 and includes state coalitions all over the country working together to make multifamily homes healthy and affordable through energy and water efficiency

⁶ MEEFA's mission is to eliminate high home energy burden in Michigan through the creation of a democratic, affordable, sustainable, equitable energy system that works for all people.

income energy efficiency programs. The coalition went to MPSC staff and requested a new, low-income-focused energy efficiency/energy waste reduction⁷ space be created. Commission staff agreed, and staff and the MEEFA advocates worked together to set-up the space, including initial meetings with other advocacy groups, agencies, and utilities to collectively figure out the purpose, what topics to discuss, and more.

In Spring 2018, the MPSC officially established its low-income energy efficiency workgroup. The group's first meeting included an overflowing room at the MPSC with over 60 people in attendance, showing the deep interest and built-up demand for the space. The group continues strong attendance with 70-80 people regularly attending monthly virtual meetings and with a listserv of over 400 members. The group has a mission "to coordinate and optimize energy efficiency and clean energy offerings, to improve energy affordability and quality of life for Michigan's low-income residents, and to improve program design, accessibility, and delivery" (MPSC 2024a). The group also explicitly has a focus on "ensuring that the needs of impacted communities are heard and addressed" (MPSC 2024a).

There are other states that have low-income energy efficiency collaboratives, but what makes Michigan distinct is the effort to bring more impacted communities and low-income focused organizations to the table and that it is run by MPSC staff directly. Although MPSC staff believe the Michigan low-income energy efficiency workgroup is successful because "it's not the MPSC telling stakeholders what to do, the stakeholders lead" (B. Banks, energy efficiency specialist & convenor of the MPSC LI EWR workgroup, MPSC, pers. comm., May 20, 2024). Staff also give the workgroup credit for the evolution of perspectives on low-income energy efficiency issues, noting that utilities are now designing their programs more around low-income issues. This workgroup shows the utilities and the MPSC "how passionate people are about low-income energy efficiency issues" (K. Gould, energy efficiency manager, MPSC, pers. comm., May 20, 2024). The workgroup provides an important space for sharing and collaboration across a variety of groups, and leaves room to talk about issues that intersect with energy efficiency. As a result, MPSC staff are also more focused on low-income and affordability issues in energy efficiency and related cases and proceedings.

The space tends to be focused on learning, but has led to material change – including securing health and safety funding to address issues in the home that would otherwise prevent energy efficiency measures from being installed (e.g. mold, wiring issues, etc.) and addressing gaps in serving affordable multifamily housing. There is room to grow in terms of getting more impacted community members and groups involved, which may require funding or meeting outside of regular workday hours to increase involvement.

The MPSC's Energy Affordability and Accessibility Collaborative (MPSC 2024b). The MPSC Energy Affordability and Accessibility Collaborative (EAAC), was created in February 2021, from a Commission docket on the COVID-19 pandemic that the MI energy affordability advocates submitted their letter into. Similar to the low-income energy efficiency workgroup, the purpose of the EAAC includes broadening the groups and people participating in discussions at the MPSC. The EAAC specifically seeks "broad and diverse input from residents, non-profits, utilities, and state agencies to address equity, the affordability of energy, access to low-income energy assistance, customer protections and low-income energy waste reduction

⁷ Michigan refers to its energy efficiency programs as energy waste reduction programs.

service.” The EAAC’s work primarily happens in subcommittees focused on definitions, affordability and assistance, outreach and education, and data analysis.

The MPSC-led workgroups have varying degrees of success getting impacted community groups to attend meetings and are still figuring out how to ensure that discussions and recommendations lead to direct changes. These MPSC-led spaces have room to continue to grow but are showing a new model for how community groups and members can participate directly in energy decisions in Michigan. MPSC staff supporting or running these workgroups see an opportunity for a greater focus on low-income issues across the entire MPSC, and a focus beyond the cheapest cost to more holistically include the needs of people and communities, including their affordability and health needs.

Community-led efforts While the MPSC workgroups are one place for education, those spaces include agency and utility staff – and as a result may not feel like the safest space for community members to share the full breadth of their questions and concerns. There are community-led efforts underway to help educate Michiganders about what the MPSC is and how to influence the decisions it makes.

For example, in 2018 the *Work for Me, DTE!* campaign was launched by Detroit environmental justice organizations and allies, including Michigan Environmental Justice Coalition (MEJC), Soulardarity, and more (Martinez and Vial 2021).⁸ The campaign focused on a new vision of energy democracy in Michigan and in 2019 worked on specific advocacy around DTE Energy’s Integrated Resource Plan (IRP).⁹, which determines the long-term mix of energy sources (e.g. solar, wind, energy efficiency, or fossil fuel sources) a utility will use to provide energy to the communities in its service territory. In order to prepare community members and environmental justice groups to engage in the IRP process, the *Work for Me, DTE!* campaign created energy democracy fellowships and trainings. The campaign members and fellows were successful in getting the MPSC to hold a public hearing in Detroit related to DTE’s IRP (Allnutt 2019). Campaign members held a press conference outside of the hearing space to raise awareness, brought over 200 attendees to the hearing, and flooded the case docket with over 3000 public comments. MEJC and Soulardarity also intervened directly in the case to raise health, justice, and equitable climate issues. Together the campaign, community efforts, and case intervention by a variety of advocates led to the MPSC denying DTE’s proposed IRP. The health and environmental justice considerations, while not accepted by the MPSC in this case, were eventually brought into the state’s climate action plan – the MI Healthy Climate Plan -¹⁰ and into recent legislative changes. *Work for Me, DTE!* and energy democracy efforts are still underway, taking similar inside and outside tactics to push for community benefits through environmental justice and community experts in these critical MPSC decision-making spaces.

⁸ Additional *Work for Me, DTE!* groups include Citizens’ Resistance Against Fermi Two, We Want Green, Too, Michigan Welfare Rights Organization, East Michigan Environmental Action Council, the Ecology Center, Empower Michigan, Engage Michigan, EcoWorks, Sierra Club and others.

⁹ DTE Energy is the largest investor-owned utility in Michigan and is a dual-fuel natural gas and electric utility. DTE Electric generates, transmits and distributes electricity to 2.3 million customers in southeastern Michigan. DTE Gas is engaged in the purchase, storage, transmission, distribution and sale of natural gas to approximately 1.3 million customers in Michigan.

¹⁰ MI Healthy Climate Plan: www.michigan.gov/egle/about/organization/climate-and-energy/mi-healthy-climate-plan

MEEFA partners were also supportive of the *Work for Me, DTE!* efforts and helped train a broad community of EJ and community experts about the MPSC and its various critical cases. For example, MEEFA partner NRDC put out a series of primers on each of the main 3 cases at the MPSC, energy efficiency, IRPs, and rate case primers (Gonzalez 2019). Additionally, in April 2019, MEEFA partners, with leadership from MEJC, Soulardarity, National Housing Trust, Ecology Center, and NRDC held a MPSC 101 event in Detroit with over 50 people. Advocates, community groups, and community members were invited, as well as staff from the MPSC itself. This forum, and others like it, are important because it provides a space outside of the MPSC to understand why the agency is important and brings PUC staff to the communities in which it serves, rather than the other way around.

These coalition, community, and MPSC-led efforts are all new, emerging ways to build power, awareness, and direct access to energy-decision making spaces in Michigan and to push for community expertise to be heard, considered, and valued.

Progress Towards Transformational Change - State Legislation

The work of coalitions, MPSC-led workgroups, and community organizing served as part of the foundation for related changes in the law in Michigan. In November 2023, as part of a package of clean energy legislation, known as the Clean Energy and Jobs Act, the State of Michigan incorporated several aspects of the types of policy and procedural change needed to make greater participation for frontline communities possible.

Utility Consumer Participation Board (UCPB). Michigan now has one of the most accessible intervenor compensation structures in the country. Established in legislation in 2016, the UCPB is a five-member governing body appointed by the Governor to oversee the funds available to pay for legal and technical support for parties to participate in cases at the MPSC. Changes made to the law in 2023 expanded the type of cases that the funds can be used for and now cover most major proceedings at the MPSC, including energy waste reduction and fuel procurement proceedings that were not included previously. More importantly to the topic of this paper, the charge of the UCPB now requires it to, “encourage grant making to nonprofits representing environmental justice communities and communities with the highest energy burdens” and allows for advanced funding if necessary (Public Act 231 of 2023, 6m (14)).

Integrated Resource Plans and Environmental Justice. Michigan utilities have been required to file Integrated Resource Plans since 2016, but the 2023 legislation added a number of additional considerations to assess impacts on frontline communities and provide opportunities for their needs and priorities to be elevated. Among other things, the MPSC is required to identify environmental justice communities and utilities must incorporate affordability and rate impact into their filings as considerations the MPSC must take into account in its decision. Further, if the utility proposes a new natural gas plant or retirement of a fossil peaking plant, it must include an environmental justice impact assessment (Public Act 231 of 2023).

Public Engagement at the MPSC. The Michigan legislature recognized the need for greater engagement in processes and proceedings through two sections of the new law. First, the MPSC was directed to conduct at least four public meetings across the state to “take comments from and encourage meaningful participation by low-income residential customers, residential customers who experience high energy burdens, and individuals and communities likely to be impacted by the outcome of commission proceedings.” (Public Act 231 of 2023, 6aa (1)). In

addition, the commission is required to conduct a proceeding to specifically explore options that will increase public participation in decision-making processes and procedures in the following ways: accessibility and transparency, opportunities to hear from and respond to communities experiencing high energy burdens and low income, and improve the process used to review rate case applications (Public Act 231 of 2023).

Expansions and Equity in Energy Waste Reduction.¹¹ The important partnership of Michigan advocates, lawmakers, and MPSC staff prevailed too in the climate package with a much-needed update to the state’s energy efficiency law. Though advocates have tirelessly pushed Michigan’s electric and gas utilities to grow their energy efficiency programs over the years, progress has been stifled by the legacy of outdated state law. Those incremental wins on energy efficiency offerings sparked advocates to push for the expansion of the boundaries of the existing energy efficiency statute to include the following:

First, the law increases electric efficiency savings requirements and goals to 1.5%, with incentives that will get the utilities to 2% annually, making Michigan a leader in energy efficiency nationally. It also included the first ever codified low-income¹² energy efficiency spending requirement for the state. Paired with that, health and safety measures, like asbestos and mold remediation, are now specifically allowed and encouraged for low-income programs, helping Michiganders make more holistic improvements to their homes while making them more energy efficient. Under the new law building electrification programs are allowed under the EWR standard, an ambiguity in the prior law that prevented progress on electrifying homes and moving Michiganders away from reliance on unhealthy gas. On the gas side, there are new incentivized shifts in energy efficiency spending to focus more on building envelope improvements, rather than continuing to prioritize gas appliances (Public Act 229 of 2023).

These types of historic, progressive policy improvements would not have been possible without the generational work that frontline community and resourced advocates have dedicated to procedural justice in energy decision-making spaces. Michiganders, and financially challenged Michiganders in particular, are modeling how building a movement that prioritizes the voices of the most energy burdened people in the room, elevates positive outcomes for everyone.

Procedural Equity in Energy Decision-Making in Illinois

Background

The Illinois Commerce Commission (ICC), the state’s PUC, functions similarly to Michigan’s. The ICC is composed of five Commissioners, each appointed to a five-year term and no more than three Commissioners can belong to the same political party. Historically, given the relationship between state legislatures and PUCs, when Illinois has had more conservative governors or leadership, Commission rulings have tended to be more favorable to the utilities. Today, with Illinois’ progressive governor and state legislature, ICC decisions are beginning to shift to favor consumer and public interests. But the state’s politics are not the only thing driving change at the ICC - coalition efforts, community expertise, and legislative changes are also

¹¹ Reminder that Energy Waste Reduction (EWR) is Michigan’s term for energy efficiency.

¹² At or below 80% Area Median Income

helping to pave the way to a more equitable and accessible energy decision-making body in Illinois.

Progress Towards Transformational Change - Coalition-Level

Illinois Energy Efficiency for All. The Illinois Energy Efficiency for All Coalition, or IL EEFA,¹³¹⁴ has served an important role in the advocacy landscape, bringing together advocates, technical experts and community leaders in the environmental justice and housing justice movements to coordinate and unify efforts aimed at increasing access to energy efficiency and solar in the affordable housing sector. In Illinois, coalitions like IL EEFA and the Illinois Clean Jobs Coalition (ICJC)¹⁵ have provided coordination infrastructure, technical support and funding to support community participation in legislative and regulatory processes that would otherwise be inaccessible to many organizations, community leaders and residents. This support is a short-term stopgap to larger transformation needed at PUCs. However, it was an important first step for bringing more community-based, environmental justice, and housing organizations into the work and enabling them to advocate for procedural equity at PUCs and beyond. IL EEFA partners have been instrumental in bringing more equitable investments in low-income and low-income multifamily energy efficiency to Illinois communities, and improving program design to best ensure dollars are spent in the most impactful ways.

Utility Energy Efficiency Planning. One example of what this work has looked like is IL EEFA’s collaborative work to negotiate utility energy efficiency plans, which go through an extensive and robust negotiation process before final approval through the ICC.

After the Illinois General Assembly passed the Energy Efficiency Portfolio Standard (EEPS) in 2007, requiring electric investor-owned utilities to offer ratepayer-funded efficiency programs, the ICC created the Illinois Energy Efficiency Stakeholder Advisory Group (SAG). Gas EEPS passed two years later, with programs beginning in 2011. Originally, the SAG was designed for “reviewing final program designs; establishing agreed-upon performance metrics for measuring portfolio and program performance; reviewing Plan progress against metrics and against statutory goals; reviewing program additions or discontinuations; reviewing new proposed programs for the next program cycle; and reviewing program budget shifts between programs where the change is more than 20%” (IL EE SAG 2024). Over the years, the ICC has increased the SAG’s authority and shifted its purpose to give the public a more proactive review and critique of utility efficiency offerings. The first big change charged the SAG with developing a Technical Reference Manual (TRM) for approval by the ICC - a state-wide document that outlines how much energy can be expected to be saved for a given appliance or weatherization measure. In 2014, the ICC issued that the SAG’s responsibilities include “reviewing new program designs, further discussing issues that remained unresolved in litigation, and the

¹³ IL EEFA partners include ACES 4 Youth, Community Investment Corporation, Citizens Utility Board of IL, Elevate Energy, Midwest Energy Efficiency Alliance, Natural Resources Defense Council, People for Community Recovery, Public Health Law Center, and additional allies. Like MEEFA, IL EEFA is also a part of the broader national Energy Efficiency for All project.

¹⁴ IL EEFA’s mission is to advance energy and housing justice through a focus on affordable, clean, efficient, and healthy whole-home upgrades in underserved communities and affordable housing across IL.

¹⁵ Illinois Clean Jobs Coalition is a larger clean energy-focused coalition. Find more information here: ilcleanjobs.org. The coalition is also described in more detail further in the Illinois section of this paper.

creation of an Illinois Energy Efficiency Policy Manual¹⁶.” Then in 2015-2016, the SAG facilitated stakeholders in an energy efficiency portfolio planning process to reach agreement between interested parties on utility plans before filing for approval with the ICC.

Given Illinois utility energy efficiency plan periods are now four years in length, the process kicked off again in 2020 for the 2022-2025 cycle. Historically, intervenors have included local municipalities, large and well-funded environmental organizations, and consumer advocates. During this last four-year cycle, IL EEFA coalition members and allies helped to bring several community-based organizations to the negotiating table - a first in state history. Those groups included Community Organizing on Family Issues (COFI), People for Community Recovery, Green Power Alliance/Blacks in Green and ACES for Youth. Because community leaders and folks with lived energy insecurity experience were directly at the table, the plans included a greater focus on equity and affordability than ever before. In 2021, the ICC approved final plans with key community-driven priorities, including a \$50 Million increase in funding to low-income and low-income multifamily programs. Other achievements included a focused investment into whole-building efficiency work - such as air sealing, insulation, and expanded heat pump technology in low-income homes and buildings; increased health and safety budgets to help address pre-weatherization issues; increases in contracting and workforce opportunities for diverse businesses; and improvements in data reporting (IL EEFA 2021).

While the ICC approved plans were considered a win among environmental justice organizations, they were only a first step. Cheryl Johnson of People for Community Recovery explained (pers. comm., May 27, 2024): “People forget that a policy is only as good as its implementation. In my community we rarely see the benefits from the policies that were designed to benefit us and when we try to do something about it, we run into one brick wall after another.” As such, throughout said 2022-2025 energy efficiency plan cycle, stakeholders part of the SAG have been tasked with holding utilities accountable to the implementation of the historic offerings won. This is done through various working groups and sub-committees.¹⁷ Now, in early 2024, SAG participants are embarking in yet another energy efficiency portfolio planning process, this time for the upcoming 2026-2029 plan cycle.

With the ample procedural opportunities that the SAG brings, there are also many challenges. Although meetings and processes are technically open to the public, uneven power dynamics are present among participants, especially pertaining to those who are paid to attend SAG processes as part of their full-time job versus those residents who join in their spare time. While the SAG information is posted online, very limited resources are invested in marketing or outreach to ensure community participation (G. Norris, executive director, Aces 4 Youth, pers. comm., May 28, 2024). For those who are able to connect to the SAG, a complicated structure with several working groups and sub-committees, also proves to be a barrier to entry in understanding how the SAG structure works and how to meaningfully contribute to real change. Finally, an unclear structure of accountability when challenges arise has proven to be a barrier for retention for many community-based organizations (C. Johnson, executive director, People

¹⁶ Illinois Energy Efficiency Policy Manual Version 3.0, most current version www.ilsag.info/wp-content/uploads/IL_EE_Policy_Manual_Version_3.0_Final_11-3-2023.pdf

¹⁷ Committees of the SAG include the Steering Committee, Technical Advisory Committee, Equity Subcommittee, Policy Manual Version 3.0 Subcommittee, Reporting Working Group, Non-Energy Impacts Working Group, and Market Transformation Savings Working Group, among others.

for Community Recovery, pers. Comm., May 27, 2024). The limited resources for outreach, time, technical expertise, and opaque processes have all been barriers to participation for frontline community-based organizations.

Progress Towards Transformational Change - State Legislation

Legislative Progress. Illinois has passed two big climate packages in recent history, the Future Energy Jobs Act (FEJA) in December 2016 and the Climate and Equitable Jobs Act (CEJA) in Sept 2019. Both were huge cross-sector efforts, including leadership by the ICJC¹⁸ While Illinois is known for its climate and energy goals and progress from these two legislative packages, the laws also have a couple examples of change focused on procedural justice in energy decision-making.

Consumers Intervenor Compensation Fund. CEJA opened the ICCs proceedings to more groups by enabling intervenor compensation for consumer interest entities that provide significant contributions to a case and that would otherwise face significant financial hardship from participating (CEJA, 220 ILCS 5/9-229). Specifically, CEJA creates a “Consumers Intervenor Compensation Fund” which is meant to “increase public engagement, encourage additional transparency, expand the information available to the Commission, and improve decision-making.” Types of consumer interest representations include: “a residential utility customer or group of residential utility customers represented by a non-profit, a representative of non-for-profits or organizations with residential utility customer members, or representatives of not-for-profit groups or organizations whose membership includes Illinois residents and that address the community, economic, environmental, or social welfare of Illinois residents.” There are efforts underway to fix a provision in this section that requires the ICC to adopt “a material recommendation” in order for groups to be compensated.¹⁹ This added provision, which was not supported by advocates, has the possibility of putting groups that may already be financially vulnerable at risk of not being fully compensated for their efforts. In order for this fund to be truly equitable and expand access to the ICC, this provision needs to be removed. The fund is held within the Illinois State Treasury office, which is required to hire an independent 3rd party administrator to oversee the fund. Utilities are required to contribute levels of funding to the Consumers Intervenor Compensation Fund at a range between \$20k-\$225k annually, depending on utility type and size.

Low-Income Energy Efficiency Accountability Committee. FEJA and CEJA also explicitly created in state law a low-income energy efficiency collaborative space, similar to the MPSC-led low-income energy efficiency workgroup in Michigan. In FEJA, the low-income energy efficiency workgroup in Illinois was required to be set-up and run by the utilities. In CEJA, there was a change to have the workgroups led by and be more explicitly inclusive of community-based organizations and environmental justice groups, with compensation for groups in the form of stipends or grants to participate and be paid for their expertise. The updated

¹⁸ The ICJC is made up of hundreds of organizations from environmental advocates, businesses, community leaders, consumers advocates, environmental justice groups, faith-based groups, student and youth-led groups, and more working together to improve public health, the environment, protect consumers, and create equitable, clean jobs across the state. More on the ICJC: www.ilcleanjobs.org

¹⁹ This added provision was not supported by advocates and added late in bill negotiations/amendments by parties who were not supportive of the expansion of the fund.

language in CEJA also now requires the utilities to track and report how input from the committee has led to new approaches and changes in their energy efficiency plans, in order to ensure the feedback is leading to meaningful changes (CEJA, 220 ILCS 5/8-103B). There have been some implementation challenges related to the community-group focused changes in CEJA's low-income energy efficiency committee language, but the policy is still an important step to point Illinois in the right direction for more community expertise in energy and energy efficiency spaces.

Additional CEJA Priorities. FEJA and CEJA have explicit carve-outs and benefits of clean energy and energy efficiency programs going to disadvantaged communities, broader utility affordability and accountability components, and critical clean energy job provisions. The above-described procedural equity provisions help to ensure that the communities meant to receive those benefits are able to also help oversee the design and implementation of those programs and policies.

Progress Towards Transformational Change - Community Expertise

Community Expertise in Illinois rate case testimony. Implementation of CEJA led every gas and electric utility to file a major rate case at the ICC in the beginning of 2023. These cases were designed to set the baseline for application of the new law.

Either directly or through coalition partners, the voices of impacted communities were on the record in the cases as expert witnesses. For example, in an effort to address the largely inaccessibility of ICC processes, Environmental Defense Fund with Blacks in Green, developed a training program called Community Voices in Energy that described the basics of utility regulation to a group of community leaders interested in being heard at the ICC. Those participants then shared their inherent expertise and recommendations on aspects of the cases that were relevant to them and their community as testimony in the cases (Community Voices in Energy 2024). This was a direct result of the relationships developed among ICJC members.

Thanks in part to community testimony, the ICC issued historic decisions in the cases that included rejecting utility proposals that were not compliant with CEJA (State of Illinois 2023), rejecting significant portions of utility requested rate hikes, requiring low-income discount rates, and requiring gas utilities to participate in Future of Gas proceedings, which are collaborative spaces open to all stakeholders to participate (Semanisin 2023).

These coalition, community, and legislative efforts in Illinois are starting the state down a different path for energy decision-making, one that is more intentionally inclusive and equitably focused on the needs and priorities of disadvantaged communities. There are more efforts underway than this paper has time to outline, and there is definitely more work to be done. Illinois will only be able to lead on energy issues if the community experts are not only heard, but also leading the way to a new, just, and affordable clean energy future for everyone.

Conclusion

Recommendations. The above examples from Illinois and Michigan represent the beginning of transformative change in energy decision-making in the Midwest but are not exhaustive of everything happening in this region. These steps alone cannot be an equity checkbox or seen as full transformation in themselves. The rules and players of energy decision-

making need to change to be focused on the people that these decisions impact and to ensure affordability, equity, and climate are core to what Commissions and their decisions do. Here are some additional recommendations to consider in state PUC work in order to drive equitable participation and community-driven change in energy decision-making:

1. Require PUCs to create functional definitions of equity, racial justice, and affordability and incorporate these into the PUCs mission, purview, and/or statutory authority directly.
2. Advocate for equitable and accessible PUC hearings and meetings to ensure that EJ, BIPOC, under-resourced, community-based groups and community members can participate, and require more public hearings and opportunities for public participation.
3. Advocate for PUC records and data to be more publicly available and accessible, e.g., by making PUC websites more user-friendly and easier to navigate.
4. Add goals and reporting requirements to assess procedural equity and other dimensions of equity at PUCs.
5. Cultivate champion Commissioners, Commission staff, and decision makers to push models of transformation from within and across PUCs.
6. Consider making public comments a part of the official PUC case records.
7. Lean on advocates that have participated in PUCs previously to support education efforts, be a bridge, and help provide resources for broader community expert engagement.
8. Consider requiring community-based and EJ focused internships and fellowships, payment for community experts and advisors, community witnesses, and more.
9. Diversify the people on PUCs and their staff directly (e.g. race, background, areas of expertise) to be representative of the communities they serve.
10. Require that EJ, BIPOC-led, and other community-based organizations have equitable access and resources to participate in PUC cases and forums directly, and ensure their expertise is fairly listened to, valued, and compensated.

Call to Action. What we know is that not any one group of people can do this alone. The energy transition on our doorstep will require an all-of-us approach. Both because it's just, and because it's the only way to bring true lasting change. As this paper has discussed, if the people closest to our energy problems are, in tandem, closest to the solutions, this energy industry needs them. This isn't a checkbox or a body of work outside your scope - it's a shift of mindset. It's a re-prioritization of *how* we do this work and *who* has access to influence it.

For the utilities, philanthropists, researchers, implementers, lawmakers, Commissioners, advocates - we urge you to ask yourselves, not "is your work perpetuating inequities in the energy decision-making space," but "how?" Be open to new ways of thinking; be open to getting it 'wrong'; be open to your personal proximity to power and sharing it, instead of keeping it. This movement demands procedural justice in our energy decision-making spaces and this movement demands your expertise to make it happen.

References

- ACEEE (American Council for an Energy-Efficient Economy). 2021. “Energy Equity Topic Page.” www.aceee.org/topic/energy-equity
- Allnutt, B. 2019. “Detroitters Pack Hearing on New DTE Energy Plan.” *Planet Detroit*. July 24. www.planetdetroit.org/2019/07/detroitters-pack-hearing-on-new-dte-energy-plan
- CEJA (Climate and Equitable Jobs Act), Public Act 102-0662. 220 ILCS 5/8-103B (energy efficiency) 220 ILCS 5/9-229 (intervenor compensation). (2021) www.ilga.gov/legislation/102/SB/PDF/10200SB2408enr.pdf
- Cleary, K., & Palmer, K. 2020, March 3. *U.S. electricity markets 101* (Updated March 17, 2022). Resources for the Future. www.rff.org/publications/explainers/us-electricity-markets-101
- Community Voices in Energy. 2024. www.communityvoicesinenergy.org, www.communityvoicesinenergy.org/toolkit/#testimonies
- Donaghy, T., Healy, N., Jiang, C., and Pichon Battle, C. 2023. *Fossil fuel racism in the United States: how phasing out coal, oil, and gas can protect communities*. Energy Research and Social Science. www.sciencedirect.com/science/article/pii/S2214629623001640#:~:text=A%202012%20study%20led%20by,national%20averages%E2%80%9D%20%5B210%5D.
- Drehobl, A., L. Ross, and R. Ayala. 2020. *How High Are Household Energy Burdens?* Washington, DC: American Council for an Energy-Efficient Economy. www.aceee.org/research-report/u2006
- EIA (Energy Information Administration). 2019. *Electricity market activity rises as temperatures climb*. Today in Energy. www.eia.gov/todayinenergy/detail.php?id=40913
- Gonzalez, A. 2019. *Michigan energy efficiency plan: A primer. Michigan integrated resource plan: A primer. Michigan rate case: A primer*. Natural Resources Defense Council. www.nrdc.org/bio/ariana-gonzalez/michigan-energy-efficiency-plan-primer, www.nrdc.org/bio/ariana-gonzalez/michigan-integrated-resource-plan-primer, www.nrdc.org/bio/ariana-gonzalez/michigan-rate-case-primer.
- Illinois Commerce Commission. 2022. "Citizens' Guide to the Illinois Commerce Commission." icc.illinois.gov/api/web-management/documents/downloads/public/Citizens%20Guide%20to%20ICC.pdf.
- IL EEFA (Illinois Energy Efficiency for All). 2021. “Illinois Approves Substantial Investments in Energy Efficiency & Energy Affordability.” www.energyefficiencyforall.org/updates/illinois-approves-substantial-investments-in-energy-efficiency-and-energy
- IL EE SAG (Illinois Energy Efficiency Stakeholder Advisory Group). 2024. “SAG Background” www.ilsag.info/background/#

- Martinez, M., & Vial, B. 2021. *Work for Me, DTE! Campaigning for Community Power in Michigan*. Little Sis Campaign Story. www.powerlines101.org/wp-content/uploads/2021/05/LittleSisCampaignStory_DTE.pdf
- MI Affordability Advocates. "Comments Ask MPSC to Prioritize Energy Affordability and Integrate It across MPSC Decision-Making." *Michigan Energy Efficiency for All*, 4 Nov. 2020. www.energyefficiencyforall.org/resources/michigan-public-service-commission-case-u-20757-energy-affordability/.
- MEEFA (Michigan Energy Efficiency for All). Energy Efficiency for All. www.energyefficiencyforall.org/states/michigan/. Accessed 4 March 2024.
- MPSC (Michigan Public Service Commission). 2024a. *Low-Income Workgroup*. www.michigan.gov/mpsc/commission/workgroups/low-income-workgroup.
- MPSC (Michigan Public Service Commission). 2024b. *Energy Affordability and Accessibility Collaborative*. www.michigan.gov/mpsc/commission/workgroups/energy-affordability-and-accessibility-collaborative. Accessed 17 May 2024.
- Park, A. 2014. *Equity in Sustainability: An Equity Scan of Local Government Sustainability Programs*. Urban Sustainability Directors Network. www.usdn.org/uploads/cms/documents/usdn_equity_scan_sept_2014_final.pdf
- Pastor, M., Rosner, R., Wander, M. 2015. *Linking In the Lab: Innovating Cross-Movement Leadership and Learning*. USC Program for Environmental and Regional Equity. dornsife.usc.edu/eri/wp-content/uploads/sites/41/2023/01/2015LinkingintheLabPERE.pdf
- Patterson, J., and Hua, C. 2022. *Who Holds the Power? Demystifying and Democratizing Public Utilities Commissions*. Baltimore, MD. The Chilholm Legacy Project. www.thechilholmlegacyproject.org/wp-content/uploads/2022/11/Who-Holds-the-Power-1.pdf
- Public Act 229 of 2023 (An Act to amend 2008 PA 295). 2023. Michigan 102nd Legislature. www.legislature.mi.gov/documents/2023-2024/publicact/htm/2023-PA-0229.htm
- Public Act 231 of 2023 (An Act to amend 1939 PA 3). 2023. Michigan 102nd Legislature. www.legislature.mi.gov/documents/2023-2024/publicact/htm/2023-PA-0231.htm
- Semanisin, M. 2023. *Illinois Gas Rate Cases Victory for Illinois Consumers and Communities*. Natural Resources Defense Council. www.nrdc.org/bio/madeline-semanisin/illinois-gas-rate-cases-victory-illinois-consumers-and-communities
- State of Illinois. 2023. "ICC Rejects ComEd and Ameren Illinois' Multi-Year Integrated Grid Plans." December 14. <https://www.illinois.gov/news/press-release.29425.html>.