Utility Engagement Briefing for Mayors: Tackling Energy Burden

Why it is important to act now

Electricity prices are a concern for many communities across the nation. Over the last two decades, electricity bills rose 31% faster than inflation. The U.S. Energy Information Administration (EIA) predicts residential electricity rates will reach a 10-year high in 2026. Since the new federal administration took office, household electric bills have been up 10 percent nationally, and over 64,000 jobs have been lost or stalled in the clean energy sector.

This challenge is further exacerbated by the growing energy usage from the 3,955 data centers currently online. Research found that across two dozen utilities, an additional 700 GW of data center development is currently being proposed, enough to consume more than every unit of electricity produced in North America in 2024.

Because of rising prices, the EIA found that over 33.5 million households experience an energy burden, meaning they sacrificed food or medicine to pay for electricity, received disconnection notices, could not afford air conditioning or heating equipment, or left their homes at unhealthy temperatures to afford their bills. Rising electricity costs are also affecting local government operational bills and may be taking away from services that cities can offer their communities.

As federal clean energy tax credits and funding programs that support energy efficiency, clean energy, and energy assistance are dismantled or phased out, it is becoming increasingly crucial for mayors and city leaders to find alternative leverage points to address increasing electricity bills. One leverage point is engagement with electric utilities and public utility commissions. **Mayors are critical and underrepresented voices in important utility decisions** around electricity rates, grid reliability and resilience, utility investments in renewables, and energy efficiency programs and incentives. A majority of Americans also believe that their elected leaders have an impact on electricity and energy costs, so mayors are facing scrutiny as energy costs rise.

Why is electric utility and public utility commission engagement important

Electric utilities are fundamentally responsible for providing affordable, safe, and reliable energy to homes, businesses, and communities. However, through their operational choices, they can have a significant impact on community health, affordability, and overall quality of life. In turn, state energy regulatory agencies, often referred to as public utilities commissions (PUCs), are charged with ensuring that regulated utilities meet these obligations to the public. Just 200 PUC commissioners across the country oversee more than $200 billion a year in utility spending. Utilities and PUCs directly affect households through rate setting and play a crucial role in shaping future energy landscapes by planning for grid investments, power mix, and demand growth. **Much more is at stake** beyond these basic responsibilities, with utilities and public utilities commissions controlling decisions such as:

- Long-term investments in safety, reliability, and resiliency of electrical distribution and transmission systems.
- Policies and processes related to transportation and building electrification.
- Incentives, rebates, and clean energy programs, such as community solar, distributed generation, and energy efficiency.
- Compensation for services consumers provide to the grid, including net metering programs, which allow households and businesses with on-site clean energy systems to "sell back" excess power to the grid.
- Funding and implementation of consumer protection programs, such as low-income energy assistance programs.
- Siting and permitting decisions around energy infrastructure, such as transmission lines.

Without input from local government leaders, these decisions risk being made **without a full understanding of community needs and priorities**. Local leaders must engage with utilities and public utility commissions to ensure that the actions of these parties align with delivering clean, affordable, and reliable electricity for their residents.

Why is it important for mayors to engage

Currently, actors actively engaging with electric utilities and PUCs are typically utility attorneys, trade associations, large load customers (such as manufacturers, big-box stores, and data centers), and NGOs. While these parties may share the same priorities of residential and small business consumers, they do not have the intimate knowledge of a community's needs that local government leaders possess. Mayors and their staff have tremendous power when they show up to these conversations; they understand the energy, public health, and affordability challenges that face their communities, and without engagement with utilities and PUCs, there exists a significant gap between what these decision makers need to know and the challenges local leaders are hearing from their constituents. The technical nature of utilities and PUCs leads to a **missing community and consumer voice that mayors can fill.**

Mayors play a critical role in elevating the issues they are hearing from their communities to utilities and state energy regulators, including:

- Communicating whether residents are struggling to pay utility bills, facing energy reliability challenges, or seeking further access to energy efficiency, utility bill assistance, or distributed generation programs.
- Elevating the business community (particularly small businesses) and other major stakeholders, who likely represent a large portion of the utility's customer base, and discuss how the utility can best serve that community.
- Taking a **strong stance on energy affordability. Local governments can leverage their influence and the voices of their constituents so that utilities and regulators may be more apt to act.**
- Supporting the availability of customer-level energy data that can help households make more informed choices about their energy usage.

How Mayors Can Engage

Mayors can play a pivotal role in overcoming the challenges associated with energy affordability and climate in their communities. The following outlines steps to create a deeper relationship with the key players in the energy regulatory space and advocate for programs and policies that serve your community.

1) **Begin direct discussion with the utility:** Most electricity utilities will have a designated liaison for local governments. Engaging with the liaison is a way to start the relationship with the utility. Come prepared with stories from the community, impacts you are seeing, and any new projects that may require utility engagement. This is also a space to share your climate and energy priorities.

   These meetings also create a space to hold the utility accountable for the work they are doing to improve the community's access to reliable and affordable energy. Investments in renewable energy, distribution system upgrades, and rebate incentive programs will directly impact the community, so it is important to get information on these to share.

2) **Start engaging with your public utility commission,** much like you would engage with your electric utility provider. While their specific roles and authority can differ by state, PUCs are generally responsible for providing oversight of the utility. Along with utility rate cases, a key function of PUCs in many states is the review and approval of Integrated Resource Plans (IRPs). These plans outline long-term strategies for utilities to meet future energy demands in a manner they deem cost-effective, and they also determine how much of their energy supply will come from renewable energy. By participating in PUC meetings and engaging with their regulatory proceedings, you can ensure community

representation in these vital long-term energy planning processes. This is a tangible way for mayors to engage for maximum impact.

3) **Partner with other local governments to unite around shared needs and goals**. This can be particularly helpful if there is limited capacity to dedicate to utility engagement. By coming together, you can pool resources to engage in regulatory proceedings.

   For example, Michigan local governments came together to create the Michigan Municipal Association for Utility Issues. This group gives the space for local governments in Michigan to influence utility rate cases and other energy regulatory decisions. In California, the Local Government Sustainable Energy Coalition works to demystify the energy regulatory process for local governments and represent local interests on clean energy and climate resilience at the state level.

4) **Reach out to local organizations that are easing the energy burden in their communities.** Organizations like solar installers, energy efficiency companies, and energy project developers play a key role in this space. Work with these organizations to represent distributed energy solutions that can reduce the amount of dependence the community has on utilities and utility commissions. They can also offer alternatives to the traditional utility models.

5) **Lean on your sustainability staff for support.** Sustainability staff may already be working on energy projects and energy priorities. Empowering these staff to be involved, particularly in the details and technical aspects, can be a helpful way to expand the capacity of local governments to engage in energy affordability with utilities and PUCs.

How mayors can get involved in the regulatory process

Mayors can play a pivotal role in the regulatory process by speaking up about their communities' needs and aligning their climate goals with utility programs. There are a number of ways to engage based on legal capacity. Some formal participation may require legal representation, whereas other types of activity may not. Mayors could also direct staff or contract with legal representation to have more ongoing engagement and reserve their time for formal participation.

Formal participation can include:

- Intervening in a utility proceeding, such as a rate case,
- Submitting public comments or participating in a public hearing, or
- Participating in stakeholder convenings.

More informal ways to engage that can still be effective include:

- Developing a relationship with regulators to stay informed. Of note, this avenue may be limited if one is looking to discuss issues in an active or pending proceedings; some states have "ex parte" rules that prevent regulators from discussing outside of the formal docket process topics at issue in an active or pending regulatory proceedings.
- Monitoring regulatory dockets,
- Forming partnerships with coalitions and industry experts to amplify their voices and recommendations,
- Hiring or working closely with specialists who can shape policy and rulemaking, and
- Elevating issues and concerns around energy affordability in local media.

Specific asks to the utility

- **Expand their customer engagement campaigns.** Utilities often have energy efficiency and weatherization programs that support customers in making their homes more energy efficient, thus reducing energy bills. Asking for the creation/expansion of these programs, particularly targeting communities most in need, supports energy justice. This could also include increased customer participation, like public hearings or community events. For example, Mass Save is a partnership between Massachusetts' electric and natural gas utilities and energy efficiency service providers. The program helps residents, businesses, and communities improve energy efficiency through a variety of services, rebates, incentives, training events, and resources.

- **Eliminate or limit disconnections during extreme weather events.** During extreme weather, it is particularly important to eliminate disconnections. For example, during extreme heat, there is an increased incidence of preventable illnesses and death. Ensuring access to air conditioning during these times is crucial to prevent these illnesses and deaths. While this can be done unilaterally by a utility during an emergency, long-term changes require approval through PUC orders or rulemaking policies.

  The Los Angeles Board of Water and Power Commissioners passed a motion to stop shutting off water and electricity during extreme weather events to support residents. Many other areas have policies similar to this; the State of Arizona has a policy that says regulated utilities must either not disconnect electricity between June 1 and October 15, or they must not disconnect electricity when temperatures reach 95 degrees or higher.

- **Set up tracking measures for vulnerable populations and urge for data transparency.** Utilities can set up ways to document disabilities, health concerns, and other special conditions that may make these populations vulnerable to shut-offs. With these populations tracked, the utility can then offer assistance to these populations. Con Edison runs a tracking program that can serve as an example of this. Asking for data transparency to see the location and duration of power outages can be helpful to target support for vulnerable populations.

- **Promote utility engagement and local government partnerships:** Utilities often serve multiple cities, but the level of engagement and relationships can vary significantly. To ensure equitable support and streamlined services across all cities, utilities should be encouraged to adopt best practices for local government partnerships. A successful example of this approach is the California Climate and Energy Collaborative. In this initiative, the Public Utilities Commission (PUC) has mandated that utilities collaborate with local government partners to enhance services and programs, thereby strengthening relationships within local communities. Similarly, Colorado has an interim order that directs the PUC to directly engage with cities on building codes and incentives related to electrification to ensure collaboration and input from the city.

- **Prepare for clean energy communities.** Mayors and city governments know the goals and work happening in their community to convert buildings and transportation to clean energy. Some of this work requires additional utility connections and buildout, so discussion on this work can facilitate a smoother transition to clean energy. They may also discuss ways to ensure all-electric projects benefit underserved communities. Another ask related to this is to improve grid planning across the transmission and distribution systems. Transmission and distribution costs are a large driver of rate increases.

- **Engage in ways to streamline permitting.** With the passage of H.R. 1, incentives for clean energy will be phased out. Many local governments will need to work quickly to meet new deadlines for clean energy tax credits, and much of the speed will depend on the utility's cooperation. Streamlining interconnection is one way the utility can support quicker development.

- **Encourage the deployment of distributed energy resources (DERs) within their communities**. These are small-scale energy systems that generate and store energy close to where it will be consumed, supporting resiliency during high-demand periods. This can include on rooftops, brownfields, and at commercial and industrial rooftops.

Climate Mayors would like to thank the following individuals for their input on this briefing: Camille Kadoch, Regulatory Assistance Project; Charles Hua, Powerlines; Craig Perkins, Energy Coalition; Derek Chernow, Coalition for Community Solar Access; Jody London, Contra Costa County; Louisa Eberle, Regulatory Assistance Project; Tremaine Phillips, Third Coast Strategies and Tanya Paslawski, Elevated Engagement.

Questions? Reach out to jessica@climate-mayors.org or info@climate-mayors.org.