

Submission to Energy Equity Framework

Department of Climate Change, Energy, the
Environment and Water

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About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality, and is the peak body for the community services and civil society sector. ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metro, regional and remote areas. Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

Climate change and an inequitable and non-inclusive transition to a clean economy and more resilient society is a threat to our vision.

Climate change disproportionately impacts people who face disadvantage including people on low incomes, people with disability, people with chronic health issues and Aboriginal and Torres Strait Islander peoples.

A rapid transition to net zero emissions, consistent with limiting global warming to 1.5 degrees C, is therefore critical to reducing the impact on people facing disadvantage. This will require Australia prioritising emission reductions this decade and aiming for net zero emissions by 2035.

However, to achieve benefits for everybody, the transition to net zero emissions must be fair and inclusive. Putting people with the least at the centre of policy design means we can rapidly reduce emissions, poverty, and inequality in Australia.

Acknowledgements

This submission was prepared in consultation with the ACOSS Climate and Energy Policy Network, comprised of member organisations with an interest in climate and energy policy.

Summary

ACOSS welcomes the opportunity to make a submission to the [Draft National Energy Equity Framework](#).

ACOSS and our members welcome the initiative by jurisdictions to develop a National Energy Equity Framework. An energy equity framework is crucial to address existing harms and inequities within the energy system and to achieve an equitable and inclusive energy transition for all people in Australia.¹

However, we do not believe the current draft Framework provides an appropriate framework to achieve energy equity, for reasons we will outline in the submission.

Unfortunately, given the short time-frame for consultation, ACOSS and our members have not been in a position to provide the necessary detailed feedback to shape an appropriate energy equity framework. We do not consider the current consultation process to be inclusive or adequate.

In the time available, we have developed recommendations to guide further development of an energy equity framework and stand ready to work with government to achieve this.

Recommendation 1: More time should be provided, and a process put in place, to undertake a genuinely inclusive public engagement process including people and communities experiencing multiple forms of disadvantage and marginalisation who are most impacted by energy inequity.

Recommendation 2: A clear statement of purpose and scope should be developed for inclusion in the Framework.

Recommendation 3: In identifying the problem, the Framework should recognise the essential nature of energy, the right to access clean, affordable dependable energy and the impact of energy inequity on exacerbating harm and injustice.

Recommendation 4: The Framework should include a vision or outcome statement. Further consultation should be undertaken to build consensus on the final statement.

Recommendation 5: The definition of energy equity should be broadened to include for example, structural, distributional, intergenerational and procedural equity. Further consultation should be undertaken to build consensus on the final definition.

Recommendation 6: Subjective terms like energy hardship should be avoided and alternate wording should be considered. Clear definitions and the inter-relationship between energy equity, vulnerability and hardship/harm should be provided.

Recommendation 7: Review the ABATE (Acute, Battle-on, Transient, and Extreme states of hardship), D-I-O (Drivers, Indicators, Outcomes), and P-S-R (Prevention, Support, Relief) models in line with a greater and broader focus on energy equity,

¹ The Energy Equity Framework should avoid referring to 'Australians' as not all people residing in Australia are Australian citizens.

vulnerability and hardship/harm, and reconsider how they would inform a broader energy equity framework.

Recommendation 8: Undertake inclusive consultation on the development of energy equity dimensions, guiding principles, and measurements.

Discussion and Recommendations

1. An inclusive consultation and engagement process should be undertaken to inform the development of an energy equity framework

While the development of this framework has been ongoing since 2020, there has not been a public engagement process undertaken to inform its development until this point. Stakeholders have only been given 4 weeks to provide written feedback. The time restriction and form of consultation is not inclusive or accessible, especially for people on low-income and experiencing disadvantage.

We recommend that an inclusive public engagement process be designed, that includes people and communities experiencing multiple forms of disadvantage and marginalisation and most impacted by energy inequity, with adequate time to support meaningful engagement.

Recommendation 1: More time should be provided, and a process put in place, to undertake a genuinely inclusive public engagement process including people and communities experiencing multiple forms of disadvantage and marginalisation who are most impacted by energy inequity

2. The purpose and scope of the energy equity framework is not clear

The draft Framework does not provide clear purpose and scope.

The framework was informed by extensive research (undertaken by GEER Australia). However, we note that the researchers were tasked with better understanding and developing tools and metrics around **energy disadvantage or hardship**, which is very different to developing an **energy equity framework**.

At the bottom of page 2 (under a better practice principle), the draft Framework states that “individual programs and policies should be aligned with broader strategic goals of:

- energy equity;
- reducing energy hardship; and
- an equitable transition to Net Zero.”

These are three different goals, that are not defined, with the research focused primarily on reducing energy hardship.

The draft Framework is designed to inform the development of government policies and programs, yet equity frameworks typically also include an examination of systems, structures, technology, procedures, and services.

A comprehensive energy equity framework for example, would also consider how the energy market structure and design, and energy objectives and regulatory design, contribute to inequity and examine and address how institutions and systems impact equity.

The draft Framework also notes that “the framework is designed to help improve energy equity outcomes and is not intended to be a guide for policies or programs beyond energy”. However, as noted in the GEER research, some of the drivers of energy inequity and vulnerability and solutions to achieve energy equity sit outside of pure “energy”, and include adequacy of income support, housing efficiency, and overcoming other forms of discrimination and marginalisation. The GEER research recommended a holistic perspective. We will not achieve energy equity without addressing a range of drivers and solutions across portfolios. The next iteration of the framework should identify how it integrates holistically across sectors and portfolios.

We recommend further consideration is given to what this framework is (and isn’t), its scope and purpose. For example, is it a harm reduction framework **or** an energy equity framework, or both an energy equity and harm reduction framework? It is a seeking to address systems and policies that impact equity, or just government policies?

Recommendation 2: A clear statement of purpose and scope should be developed for inclusion in the Framework.

3. Better define the problem, outcome, and common language around definitions

Problem

The draft Framework suggests the problem is that:

“Affordability and wellbeing challenges for many Australian households have become increasingly prominent due to high energy prices and rising costs of living [and] a growing number of Australians are finding themselves less able to engage with and benefit from our energy system, and without action are at risk of being left behind in the transition to Net Zero.”

There are a few problems with the above statement, especially around ‘engaging with the energy system’. What’s missing is the following acknowledgement, that:

Energy is an essential services. It is essential to people’s daily lives, jobs, health and wellbeing and we generally cannot choose not to consume energy.

Everyone has a right to access clean affordable, dependable energy they need to sustain health, wellbeing, financial and social inclusion.

Along with high energy prices, energy inequity (in structures, systems, technology, policies, programs and procedures) is creating harm and injustice.

Growing complexity, lack of inclusion, unfair distribution of energy transition costs and benefits, and inadequate and inequitable supports and relief measures, are exacerbating the problem.

It is important to recognise that some people and communities, like First Nations people and communities, face multiple systemic injustices, disadvantage and harm from inequitable energy systems, structures, policies, measures and services. Prioritisation should be given to address this and explicitly recognise the importance of First Nations people and communities participating in and sharing in the benefits of the clean energy transition.

Recommendation 3: In identifying the problem, the draft Framework should recognise the essential nature of energy, the right to access clean, affordable dependable energy and the impact of energy inequity on exacerbating harm and injustice.

Outcome

The draft Framework does not outline the end state or outcome the energy equity framework is aiming for, such as:

All people can affordably access the energy they need to sustain household health, wellbeing and financial and social inclusion.

We note that further consultation should be undertaken to settle on agreed terminology.

Recommendation 4: The Framework should include a vision or outcome statement. Further consultation should be undertaken to build consensus on the final statement.

Common language and definitions

The draft Framework rightly suggests we should aim for common language around definitions. However, the draft Framework fails in its attempt to achieve this.

Energy Equity

The definition of energy equity on page 3 in the draft Framework is too narrow.

“Energy equity exists where all consumers can fairly access and benefit from the energy system.”

The American Council for an Energy-Efficient Economy (ACEEE),² for example, includes four dimensions of energy equity in their energy equity framework that could be considered:

- Structural equity – Decision makers recognise the historical, cultural and institutional dynamics that have led to energy inequities.
- Procedural equity – decision makers create inclusive and accessible processes to achieve energy equity.
- Distributional equity: policies and programs fairly distribute the benefits, costs and burdens across all segments of the community.

² <https://www.aceee.org/topic/energy-equity>

- Intergenerational equity – decision makers consider the impact on future generations.

The school for Environment and Sustainability University of Michigan, Energy Equity Project,³ includes a Restorative equity dimension.

Further consultation is needed with stakeholders to consider the appropriate definition of energy equity in Australia.

Recommendation 5: The definition of energy equity should be broadened to include for example, structural, distributional, intergenerational and procedural equity. Further consultation should be undertaken to build consensus on the final definition.

Energy hardship and vulnerability

The draft Framework talks about reducing energy hardship and vulnerability, but without providing clear definitions of either.

Many ACOSS members consulted noted that 'energy hardship' is too subjective and prejudicial. Especially in the context where energy retailers are required to provide 'energy hardship programs' but the definition and assessment of hardship varies within and between energy retailers. For example, a report by the Essential Services Commission Victoria in 2016 was quite critical of the term energy hardship. In the report they note:

- "The inquiry found that there is no objective definition of 'hardship'." The definition of who is in 'energy hardship' and entry into energy hardship programs were subjective and varied between energy retailers.
- "Throughout the inquiry many stakeholders highlighted that customers do not consider themselves as being in 'hardship', much less refer to themselves in these terms. Stakeholders also observed that such labels can stigmatise customers, discouraging customers in need from engaging with their retailer."

In Victoria, the move away from energy 'hardship framework' to 'payment difficulty framework' was seen as away of being more objective.

Given the problems existing around the term energy hardship, alternate more neutral or objective language would be beneficial, for example energy harm, could be used as an alternative to hardship. Whatever the term a clear definition is critical. Further consultation on wording and definition would be required.

Similarly, there is no definition of energy vulnerability in the draft Framework and in some cases the draft Frameworks seem to use hardship and vulnerability interchangeable.

The reference to 'vulnerability states' (alert, alarmed, apprehensive) at the top of page 5, does not appear to be consistent with the literature on vulnerability, and is not clear how it informs an energy equity (or a hardship/harm reduction) framework.

³ https://energyequityproject.com/wp-content/uploads/2022/08/220174_EEP_Report_8302022.pdf

Further, our view is vulnerability should be about people's 'experience' of vulnerability, rather than 'facing'. An actual definition of vulnerability included in the Framework is warranted.

Also warranted in the draft Framework is recognition that the experience of vulnerability can be temporary, sporadic or permanent.

And finally, a recognition that anyone can experience vulnerability, but equally some people or groups are at greater risk of experiencing vulnerability to energy harm and energy inequity because they already experience disadvantage, whether based on ethnicity, gender, disability, poverty, violence, homelessness or housing tenure etc. This needs to be more explicit in the draft Framework.

Understanding the drivers of energy inequity and experiences of vulnerability are crucial.

Recommendation 6: Subjective terms like energy hardship should be avoided and alternate wording should be considered. Clear definitions and the inter-relationship between energy equity, vulnerability and hardship/harm should be provided.

4. Rework the ABATE, D-I-O and P-S-R models

The draft Framework draws on three models developed by the researchers to address energy hardship (disadvantage) and inform development of policies, programs and measures.

However, we believe the models should be reviewed based on all the above comments.

Acute, Battle-on, Transient, and Extreme states of hardship (ABATE)

The ABATE model aims to demonstrate four states of hardship depicting varied household experiences based on duration and severity of suffering. It also includes three states of vulnerability, as well as pathways through which consumers move between vulnerability states.

With the focus of the ABATE model on individual experience of hardship/harm, it's hard to see how the ABATE model informs a broader energy equity framework. Though it could be useful to understand people's experiences in a hardship/harm reduction framework.

Consideration should be given to replacing 'hardship' with a more appropriate term (as suggested further above), dropping the reference to vulnerability 'states', and shifting this model to an appendix.

Drivers, indicators, outcomes (D-I-O)

The D-I-O model is described as a tool to measure the extent and distribution of hardship and vulnerability, design targeted policies and programs, and monitor success.

The model should be revamped to better depict the interrelationships between energy inequity, vulnerability and hardship/harm, as well as inform design of energy market, regulation, services, policies and programs, monitor success.

The **Drivers** should focus on drivers of vulnerability and inequity. The drivers should include market and regulatory structures and design, energy price, level of income, costs along the supply chain, transition costs, technologies, consumer protection frameworks, retailer behaviours, energy services, energy performance of housing, home ownership/rental and other forms of social and economic disadvantage etc.

The **Indicators** should remain but refer to direct measures of harm or inequity.

The **Outcomes** should be expanded to include impacts of energy inequity as well as hardship/harm. Review the outcomes to include energy equity specific measures.

Prevention, Support, Relief (P-S-R)

Again, the P-S-R model is narrowly focused on energy hardship and would need to be reviewed to consider energy equity.

While the P-S-R is useful to think about designing solutions in the order of prevention, support and relief, we do not consider it a problem-solving model on its own.

We would recommend the problem-solving process outlined in OurPower.⁴ A good problem-solving process is one that brings together a range of stakeholders to codesign solutions, uses human-centred design principles, and aims to jointly agree on the vision, problem, objectives, guiding principles, requirements and evaluation criteria to find an optimal solution. The OurPower problem solving process suggests using human-centred design activities (such as brainstorming, workshops, interviews, questionnaires, story boards, use-cases) to inform the development of the stages. It should be iterative, and at any point, participants may need to go back and revisit steps.

Prevention, support, relief, could for example form part of the 'requirements' to be considered in the problem-solving evaluation criteria.

Recommendation 7: Review the ABATE, D-I-O, and P-S-R models in line with a greater and broader focus on energy equity, vulnerability and hardship/harm, and reconsider how they would inform a broader energy equity framework.

⁴ <https://ourpower.org.au/the-solution/>

5. The Gap - Energy equity model and/or principles

What is missing from the energy equity framework is the guiding model or guiding principles to achieve energy equity.

The 'better practice principles' outlined in the draft Framework are too broad to drive energy equity outcomes and guide the design of more equitable energy system, market, regulation, services, policies and programs.

Consideration could be given to using the dimensions of energy equity identified in section 3 as a basis to build on and under each dimension develop guiding principles and identify measures.

The table below, drawn from the school for Environment and Sustainability University of Michigan, Energy Equity Project, provides an example of what energy equity dimensions, descriptors and measurements could look like.

Further consultation would need to be undertaken to consider the appropriate energy equity dimensions, guiding principles and measurements for Australia.

Recommendation 8: Undertake inclusive consultation on the development of broader energy equity dimensions, guiding principles, and measurements.

DIMENSION	Sub-Dimension	DESCRIPTION	SAMPLE MEASURES
Recognition	<i>Historical</i>	Captures historic disinvestment, discrimination, disenfranchisement, and environmental justice burdens that continue to impact present circumstances.	<ul style="list-style-type: none"> - Proportionate disparities in historic program spending and savings by race, income - Historic presence of toxic facilities / superfund sites / cancer clusters - Anti-equity / anti-clean energy lobbying expenditures - Redlining and housing discrimination
	<i>Identity</i>	Captures demographic, social-economic, and geographic variables that are closely correlated with energy and climate vulnerability and disproportionately high burdens and low benefits from the energy system	<ul style="list-style-type: none"> - Climate vulnerability score - Housing access / stress - Demographics - Pollution burden - Health measures (e.g. asthma rates) - Economic indicators (e.g. % HH below 50% AMI)

	Security	Captures data that indicate how continuously, safely, and reliably one has access to energy without interruption or compromising other basic needs or comfort.	<ul style="list-style-type: none"> - Power outage frequency and disparities - Shutoffs / shutoff policies - Arrearages - Energy as human right declarations
	Affordability	Considers rate structures, payment plans, financial assistance, household financial benefits from clean energy programs, and disparities in energy costs among different demographic groups.	<ul style="list-style-type: none"> - Presence of progressive / lifeline rate structures - Maximum limits on energy burdens - Rate disparities between residential, commercial, industrial - Size of overall safety net (per capita) - % of safety net spent on longterm affordability, vs bill assistance
Procedural	Procedural	To what extent are BIPOC, frontline, and low-income residents able to engage in PUC cases, decarbonization planning, and have a meaningful voice in how plan and policies are created and designed. To what extent are they the architects of their energy future?	<ul style="list-style-type: none"> - Presence / extent of intervenor funding and resources - PUC commissioner selection process and representation - Mandatory equity training for PUC (and utility?) staff - Data disclosure requirements - Utility performance incentives and penalties tied to equity targets
	Access	How easy is it for people to learn about, qualify for, and enroll in programs?	<ul style="list-style-type: none"> - Multi-lingual ads, program materials, enrollment, and participation - Marketing representing and to BIPOC, frontline audiences - Disparities in participation rates - Financing availability and eligibility requirements - Access for renters - Auto- and co-enrollments, ease of enrollment - % eligible customers served

Distributive	Household benefits	Captures immediate financial and health benefits that participating households receive	<ul style="list-style-type: none"> - Proportion of high impact programs received by BIPOC, LI, frontline households - % BIPOC households achieving >25% energy savings - Reduction in unhealthy / unsafe housing conditions among BIPOC; improved indoor air quality - Reductions in negative health conditions among BIPOC
	Community benefits	Captures medium- and long-term community level or indirect benefits including health, wealth-building, jobs, and environment	<ul style="list-style-type: none"> - % of new jobs held by BIPOC, frontline, low-income - % of work for BIPOC-owned businesses; supportive policies - Wages and job quality for BIPOC, disparities - Reduction in heat islands, localized flooding - Improved outdoor air quality - Community health outcomes
Restorative	Reparations & Accountability	<p>How do we liberate data and ensure transparency? How do we rectify and compensate for past harms and ensure they are not perpetuated in the future? How do we ensure that all dimensions of equity are considered holistically, with no dimensions ignored?</p>	
	Power to the People	<p>Who owns clean energy and receives the economic and environmental benefits? How do governance structures benefit or harm frontline communities? Who designs the systems? Who are the ultimate decision-makers?</p>	
	Indigenous Sovereignty	<p>How can a just transition promote visibility, healing, and a different relationship with energy? How are we connecting Indigenous justice and environmental justice and elevating the landback movement? How can clean energy & climate programs respect and honor Indigenous Sovereignty and traditional knowledge? How can we ensure that we are not perpetuating the language and practices of colonizers and move beyond a capitalist mindset? How do we measure/evaluate progress towards</p>	

Indigenous Sovereignty in the realm of energy and climate?

Contact

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