Social Equity in the Energy Transformation: Symposium Communique

Written by the symposium committee: Associate Professor Sara Bice, Associate Professor Carolyn Hendriks, Dr Rebecca Colvin, Dr Emma Aisbett and Professor Ken Baldwin.

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The Energy Transformation is more than a technical challenge

The transition away from a fossil-fuel based energy system to a low-carbon system is necessary if we are to avoid catastrophic climate change. In Australia this transition is already underway, representing one of the most rapid transformations of the electricity sector world-wide. Currently more than 6 GW of renewable energy capacity is currently being introduced each year, representing over 10% of the National Electricity Market capacity.

The transition to renewable energy represents a major structural change. Like all major changes, it brings opportunities and challenges. Considerable attention is paid to the technology and resources essential to Australia’s energy transition. Less attention is given to how the energy transformation may affect Australian society. Will the energy transformation entrench or exacerbate existing social inequities or create new ones? Or does the transition to renewables present an opportunity to construct a fairer and more just energy system for Australia?

The Social Equity in the Energy Transformation Symposium

This is where the Social Equity in the Energy Transformation Symposium comes in. In October 2018 the ANU Energy Change Institute convened a full-day symposium on how the energy transformation will affect social equity, and whether the transformation process can be harnessed to reduce rather than exacerbate social inequities in Australia.

The Symposium, one of the first meetings of its kind, brought together 60 experts from a broad range of sectors including government, business, community groups, think tanks and academia to discuss challenges and strategies for one of the most important social transformations of modern times.
This communique serves two aims, arising from the Symposium’s discussions:

- To summarise the key themes for social equity in Australia’s energy transformation and,
- To set out key research and policy directions.

**Key themes for social equity in Australia’s energy transformation**

1) **Energy Justice**

Energy justice emerged as a central concern, incorporating more than social equity. Broadly, energy justice incorporates three core tenets of distributive, procedural and recognition justice as these processes relate to:

- energy availability,
- affordability,
- due process,
- transparency and accountability,
- sustainability,
- intra-generational equity,
- inter-generational equity and responsibility.

2) **Social Equity in Energy Consumption**

Well-resourced households increasingly have greater access to cost-effective renewable options than poorer households. This includes: rooftop solar panels, batteries, high-tech household energy management systems (with associated appliances). Ironically but perhaps unsurprisingly, wealthier households also have a better ability to choose cost-minimizing offers from energy retailers, many of which are relatively complex. Such offers prove more difficult for uptake among poorer households due to, for example, the time required to understand such complex options.

Energy choices made by well-resourced households might speed the much-needed transition away from fossil fuels, but they might also worsen existing socio-economic inequalities. In some instances, low-income households are disproportionately affected by the energy choices of higher-income houses. For instances, it is possible that poorer households may bear the brunt of increased, fixed network costs that would otherwise have been paid for by high-income households who have instead opted out of the grid.
3) Social Equity in Energy Production

Communities potentially affected by energy production facilities (either positively or negatively) must be better engaged. Different models of decision-making and the degree of participation of local communities, stakeholders, and citizens in these models can affect the extent of community support or opposition to renewable energy developments. For example, how participation is designed, the boundaries placed around community control over decisions, and provisions for benefit-sharing can all affect how equitable a proposal is considered, and shape attitudes toward the development.

Critically, whether or not a decision-making process is genuinely participatory or just tokenistic means that in-depth and thorough attentiveness to these dimensions is necessary, as the same technique for including local community voices could be empowering or disempowering depending on how it is implemented.

4) Community Participation and Engagement

It is important to recognise ‘community’ as a contested term, in relation to both the production and consumption of energy. Is the community the owners of the land on which a development may happen? Their direct neighbours? All of those connected via a grid to the development? The nation? What about those who are directly affected by the energy transformation (arguably, all Australians) but who do not have the interest of time to be active participants?

Communities affected by changing energy systems are heterogeneous, complex and dynamic. Any given energy development or initiative will result in competing ideas about who is the relevant or potentially affected ‘community’, and these notions will change over time. For example, ‘community’ tends often to be defined as those within a particular development’s geographic boundary, for example the view shed or local jurisdiction. However, other measures of community, such as communities of place or identity can be more meaningful to the people involved. Truly understanding, and articulating clearly and openly, who the ‘community’ is can help to improve meaningful participation and engagement in the energy transformation. In the rough and tumble of highly politicised energy reforms, the labels ‘community’ or ‘public’ have democratic consequences. In some contexts community is invoked to expand inclusivity, while in others definitions of community aim to generate exclusions.
Development proposals need to consider and aim to align with the social reality and desires of affected populations. For example, identifying where issues of social equity can be addressed through energy governance processes, or whether the expression of social equity issues via energy are representations of broader, systemic social equity challenges.

Practitioners, policy-makers, and researchers working in the energy space will need to consider whether it is the role of energy governance to avoid exacerbation of social inequities (i.e. maintaining the status quo of social equity or inequity), or whether the energy system should be used as a lever to address more systemic social equity issues. These challenges will be supported by collaboration across sectors, e.g. energy with health, social services, and so on.

Participation in the energy transition involves much more than just ‘informing’ the public. Yet beyond this, there remain widely varying views about how much decision-making control ought to be handed over to the relevant communities. For example, some energy developers approach public engagement as a means to gain a social licence from the community and have set out the requirements for “good” community engagement. A countervailing view stresses that the goal of community participation in energy should be to enable the community to own and manage their resources. Even community-owned schemes have the potential to further marginalise some of the most resource-constrained members of communities.

5) Co-benefits

Communities can - and arguably should - benefit from energy reforms and initiatives. For example, household-scale solutions such as retrofitting to improve energy efficiency, technology to optimise household efficiency, and roof-top solar can provide co-benefits in the form of creation of high-quality jobs and healthier and more comfortable housing. Regulation is one possible mechanism to ensure that disadvantaged groups are also able to enjoy the co-benefits of household-level solutions.

Similarly, achieving energy justice will require that communities close to large-scale renewable energy developments are also given access to power of a quality and price comparable to that being produced by the development, and/or that the positive economic benefits derived from that development flow back to the communities from which the energy is generated. This issue is particularly important for remote, Indigenous communities who often rely on expensive and polluting diesel-generators. The need to create an equitable and locally-relevant approach to
benefit-sharing is further highlighted by the related need for quality engagement to develop projects in collaboration with communities.

Cost-minimisation is often in tension with co-benefits, and this relationship deserves greater attention. For example, to what extent is there a trade-off between cost-minimisation in energy systems (possibly through large-scale, private energy production) and co-benefits such as empowerment and job creation? At the same time, how can discussions of social equity in the energy transformation be advanced without defaulting to cost-benefit approaches?

6) Cluster disadvantage

‘Cluster disadvantage’ occurs where some people, for example elderly pension recipients, suffer multiple disadvantages in the energy system. This could include a combination of: low incomes (making it harder to pay bills), poor quality housing (making bills higher for a given set of energy services), lack of legal rights to improve the quality of their housing (for renters and/or apartment dwellers), difficulty in accessing the best deals from suppliers (leading to higher bills for the same service), and poor health (meaning that there are higher costs to compromising on the level of service chosen). There is a recognition that the energy transformation needs to maintain awareness of and develop policy and practice measures to redress layers of disadvantage, if energy justice is a goal.

The Symposium identified a number of key areas for research and policy action:

**Key research and policy directions**

**Greater appreciation of the meaning of ‘community’ in the context of energy transitions**

If Australian communities are truly to benefit from the energy transformation, it is critical that we understand ‘community’ as a dynamic and contested concept. This means that for each development or policy consideration, serious work must be done to identify and define ‘community’ in the context most meaningful for that development/policy, to ensure optimised public participation and benefit.
Improved understanding of the relationship between social equity, energy justice and energy outcomes such as energy security and affordability.

This area remains relatively under-researched and raises a number of important questions to be pursued:

- How do existing energy policies create and/or exacerbate inequalities?
- How do we define and understand energy justice as an underpinning principle of the energy transformation?
- How do structural and layered aspects of disadvantage play out in the energy transformation?
- How can we best steer and manage energy transitions that strengthen rather than undermine social equity?
- How can important components of energy justice, such as self-determination and control, be better promoted in complex energy systems where there are markets, multiple actors and conflicting agendas?

Trade-offs and Co-benefits

We need an improved and holistic understanding of the trade-offs between cost-minimisation in energy systems (possibly through large-scale, private energy production) and co-benefits such as empowerment and job creation. For example, how can discussions of social equity in the energy transformation be advanced without defaulting to cost-benefit approaches?

Energy governance for a fair and just transition

It is crucial to develop energy governance pathways that do not disadvantage those with the least personal or financial resources to participate in new energy opportunities. Public information and education exists but further work is needed to better understand how it can inform and empower, rather than result in ‘information-overload’ for communities. Community energy offers one interesting area of energy development but more research is needed to better understand how community energy projects can promote equitable energy outcomes for marginalised members in their communities.
References and Further Reading


