

DER equity principles V1

To help consumer advocates and others respond appropriately to the equity implications of new DER initiatives (ie, rebates/incentives and regulatory reforms), we suggest that the following principles should apply (not necessarily in order of priority):

1. **Transparency:** Wherever possible, the customer and system-wide costs and benefits of DER initiatives should be made clear, so that policy makers and consumers can respond appropriately.
2. **Fairness:** Public spending on DER should be targeted to maximise not only the economic and environmental benefits but also to reduce inequity between consumer cohorts. In other words, low income and other vulnerable households should be the primary recipients of government spending on DER. Means testing and/or targeted approaches should be in place where appropriate.
3. **Materiality:** When assessing the costs and any cross subsidies related to DER initiatives there is a need to determine whether these are material (ie, substantial), taking into account transactional costs, convenience/simplicity, and the extent to which costs are offset by corresponding benefits.
4. **Causer pays (or user benefits?):** Wherever feasible, those whose actions create a cost to the system or who benefit the most should pay those costs. However, a cost benefit analysis should always take a whole-of-system approach, including the hidden costs of externalities such as carbon costs.
5. **Public good:** Government spending on DER initiatives should be targeted to achieve social and environmental as well as economic benefits for whole system rather than for individual households and businesses—especially where private benefits may cause further public spending. This principle also implies that responses should maximise the scope to make a positive contribution to broader public, social and economic policy outcomes.
6. **Occam's razor:** Where a cross-subsidy appears to exist between DER owners and non-DER owners, there is a choice of responses available, and the differences between them are otherwise minor, the cheapest and simplest measure to address the cross-subsidy should be chosen wherever possible.
7. **Complementary measures:** Sometimes the best way to ameliorate the regressive impact of a cross-subsidy or poorly targeted policy is not to unwind it but to introduce other measures that will help the people affected (e.g. energy efficiency programs and taxation reforms).
8. **Messaging:** Given the climate emergency, we should attempt to find solutions which increase the uptake of renewable energy—e.g. by making solar energy available to more low income and rental households—rather than sending a price or policy signal that renewable energy or DER owners are a problem.