

18 June 2025

**INQUIRY INTO IMPACT OF RENEWABLE ENERGY ZONES (REZ) ON RURAL AND
REGIONAL COMMUNITIES AND INDUSTRIES IN NEW SOUTH WALES**

Hearing: 13 May 2025

SUPPLEMENTARY QUESTIONS

Ms Marilynne Crestias, Head of Policy and Advocacy, Clean Energy Investor Group

(1) You argue developers should manage 80% of community benefit funds. How can communities be assured that funds won't be spent in a self-serving or promotional way?

CEIG supports a developer-led model for managing community benefit funds on the basis that developers are already well-positioned to work directly with host communities. Through established community engagement processes, developers have experience in identifying local priorities and tailoring funding to meet the specific needs of the communities in which projects are located.

To provide confidence that funds are allocated appropriately and not used for self-serving or promotional purposes, CEIG supports the introduction of public reporting and transparency requirements. Such measures would ensure that all funding decisions are open to scrutiny and that communities can clearly see how funds are being applied.

Further, developers are willing to operate within a robust governance framework that includes independent oversight, agreed evaluation criteria, and advisory input from community representatives. This structure would balance flexibility in responding to local needs with appropriate safeguards to maintain public trust.

Importantly, a developer-led approach allows for more responsive, place-based decision-making while still operating within government-set parameters designed to prevent misuse. By enabling developers to lead the allocation of community benefit funding within a transparent and accountable framework, stronger relationships can be built with host communities, supporting long-term trust and the overall success of Renewable Energy Zones.

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(2) Should a third-party auditor be required to assess whether community benefit projects funded by developers actually meet local needs?

CEIG supports the inclusion of reasonable independent third-party oversight as part of a transparent and accountable framework for managing community benefit funds. Independent audit mechanisms can play an important role in providing assurance to both communities and governments that funds are being allocated and expended in a manner that reflects agreed priorities and delivers genuine local benefits.

By incorporating an appropriate level of third-party review, the governance framework can help ensure that community benefit projects remain aligned with community-identified needs, while also supporting public confidence in the integrity of the process.

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(3) You suggest developers should help govern cumulative impact assessment. How do you propose to mitigate the conflict of interest inherent in that proposal?

CEIG acknowledges the importance of robust governance arrangements to manage potential conflicts of interest in cumulative impact assessments. In this context, CEIG is not proposing that developers lead or control the assessment process. Rather, developers should have a seat at the table to contribute relevant local knowledge and project-specific information that can enhance the quality and accuracy of cumulative impact assessments.

Developers hold valuable data and on-the-ground insights regarding their projects, which can inform a more comprehensive understanding of cumulative impacts when considered alongside information from government, communities, and other stakeholders. However, CEIG considers that ultimate responsibility for undertaking and approving cumulative impact assessments should rest with independent authorities to ensure objectivity and maintain public confidence.

To further mitigate any real or perceived conflicts of interest, CEIG supports the establishment of transparent processes, clear governance rules, and independent oversight as part of the assessment framework. These safeguards would ensure that while developers contribute important information, final decisions are made independently and in the broader public interest.

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(4) You propose a “risk-based” approach over surety bonds. How would this be independently verified, and what protections exist if a company collapses before decommissioning?

Under a risk-based approach to decommissioning, independent verification can be achieved through a combination of regulatory oversight, third-party audits, and transparent decommissioning plans that are reviewed and updated at defined points throughout the project lifecycle. These measures would ensure that decommissioning obligations remain appropriately scoped, costed, and funded as project circumstances evolve over time.

Regulatory frameworks should require proponents to maintain current and detailed decommissioning plans, and to periodically demonstrate their financial and technical capacity to meet end-of-life obligations at key project milestones. This would provide regulators with an ongoing ability to monitor project compliance and intervene early if risks emerge.

To further safeguard against the risk of operator default or insolvency, CEIG supports the establishment of clear regulatory triggers for intervention. These triggers would enable regulators to take early action where a project is at risk of non-compliance, and to access pre-established financial security mechanisms in the event of company collapse or failure to meet decommissioning obligations.

This layered approach would provide strong protection for governments and communities, while also allowing decommissioning requirements to be tailored to the specific risks and circumstances of each project, rather than adopting a one-size-fits-all approach such as mandatory surety bonds.

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(5) Should existing projects (pre-framework) be brought into a formal decommissioning oversight regime to ensure legacy risk isn't shifted to landholders?

CEIG recognises the importance of ensuring that decommissioning obligations are met for all projects, including existing developments, to avoid the risk of legacy liabilities being shifted to landholders. However, any retrospective application of new requirements must be carefully designed to avoid unintended consequences that could undermine investment certainty or create disproportionate compliance burdens for projects approved under earlier regulatory settings.

To address this, CEIG recommends establishing a transitional pathway that allows existing projects to demonstrate responsible end-of-life planning without being subject to rigid financial obligations that were not anticipated in original investment decisions.

Under this approach, CEIG recommends that existing projects be supported through clear guidance, practical compliance pathways, and reasonable timeframes to update decommissioning plans and demonstrate capacity to meet future obligations. This would ensure that all projects contribute to long-term site rehabilitation in a responsible and sustainable manner, while respecting the regulatory expectations that applied at the time of project approval.

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(6) You oppose “buying social licence.” In practice, where do you draw the line between community investment and what some landholders describe as pressure money?

CEIG supports genuine community investment that is collaboratively designed with host communities, tailored to meet local priorities, and built on long-term, trust-based relationships. Effective community benefit programs should be transparent, inclusive, and grounded in meaningful engagement with local stakeholders to identify projects that deliver shared value.

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(7) What metrics do your members use to determine whether social licence has actually been earned or lost?

CEIG members recognise that earning and maintaining social licence is an ongoing and dynamic process that requires consistent engagement, responsiveness to community expectations, and careful monitoring of project-community relationships. While social licence cannot be captured through a single metric, members utilise a range of indicators to assess whether it has been established or is at risk.

These indicators include (but are not limited to):

- Engagement quality indicators (e.g., participation rates, feedback loops, and community satisfaction with processes).
- Changes in project risk profile – delays, objections, or legal challenges.
- Uptake and success of community benefit initiatives (e.g. grant programs, job creation).

By monitoring these indicators, developers are able to assess the strength of community support, identify emerging risks, and adjust engagement strategies to strengthen trust and long-term relationships with host communities.

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(8) What do you see as the greatest opportunities for regional and rural communities in relation to Renewable Energy Zones, and the renewable energy transformation more broadly?

CEIG sees significant opportunities for regional and rural communities as Renewable Energy Zones and the broader renewable energy transformation progress. These opportunities include:

- Long-term economic diversification and job creation in future-focused industries.
- Infrastructure upgrades, such as roads and digital connectivity, that are delivered alongside energy investments.
- Educational and training pathways that enable skilled local employment and build long-term workforce capacity.
- Support for community energy initiatives, including projects such as local storage or microgrids that can deliver additional community resilience and direct participation in the energy system.

With careful design, these benefits can deliver long-term value to regional communities and contribute to broad-based support for the energy transition.

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(9) How should NSW balance fast REZ delivery with adequate infrastructure and biodiversity planning?

CEIG supports measures to ensure Renewable Energy Zones can be delivered efficiently while maintaining appropriate infrastructure coordination and biodiversity protection.

To achieve this, NSW should:

- Establish a single coordination body to align infrastructure delivery, biodiversity management and project rollout across agencies and jurisdictions.
- Prioritise regional planning, early ecological assessments, and the application of consistent standards to guide development.
- Invest upfront in baseline environmental data and community mapping to inform decision-making and reduce future delays.

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Ms Marilyne Crestias, Head of Policy and Advocacy, Clean Energy Investor Group

(10) What governance models would better integrate developers into cumulative impact assessments?

Governance models that better integrate developers into cumulative impact assessments should allow developers to contribute local, project-specific insights while preserving the independence and integrity of the process. Developers bring valuable on-the-ground knowledge that can improve the quality and practicality of assessments by identifying site-specific considerations that may not otherwise be captured. To ensure transparency and manage any potential conflicts of interest, clear governance rules, independent oversight, and well-defined processes should be in place. Final decision-making should remain with independent authorities to maintain objectivity, public confidence, and the credibility of cumulative impact assessments.

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(11) How would shifting greater control of benefit fund allocation to developers improve local outcomes?

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(12) Can you provide examples where fee duplication has deterred renewable energy investment or delayed project progress?

Examples raised by CEIG members highlight how fee duplication in NSW is creating financial disincentives for renewable energy investment. The overlap between REZ access fees and the new benefit sharing rate payments introduced under the NSW Energy Planning Framework is a particular concern, as these costs apply in addition to contributions already made through the Community and Employment Benefit Program. When further combined with substantial planning application fees in NSW, rising land costs, and potential local council charges, these cumulative financial obligations can materially weaken the investment case for projects in NSW and risk delaying project progress.