



RE-Alliance responses to supplementary questions

NSW Inquiry: Impact of Renewable Energy Zones (REZ) on rural and regional communities and industries in New South Wales

We thank the Committee for the invitation to respond to further questions as part of this inquiry. Responses to each question are detailed in the table below. We are available for any further questions or conversations about the themes of our submission.

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About RE-Alliance

The Renewable Energy Alliance (RE-Alliance) is working to secure a responsible and rapid shift to renewable energy that actively contributes to the strength of our regions. We do this by working with and listening to the communities most impacted by renewable energy and grid projects, and facilitating collaboration across industry, government and civil society to deliver meaningful outcomes and lasting benefits for regions.

Supplementary Question	RE-Alliance Response
(1) You promote the First Nations Clean Energy Strategy, how would you operationalise Free, Prior and Informed Consent (FPIC) in a way that	Renewable energy projects in NSW face some of the longest planning and approval timelines in the world. Developers can work with First Nations groups on FPIC without adding undue pressure to NSW climate and energy targets.



<p>maintains development timelines?</p>	<p>Furthermore, not all projects will proceed. Developers operate in an environment with limited opportunities to connect to the transmission network. Renewable energy projects in development are competing with each other for access to the grid. The NSW government has a lever, in the access rights framework, to choose projects with outstanding commitments to and partnerships with First Nations groups.</p> <p>In terms of how FPIC is operationalised, the First Nations Clean Energy Network are the leaders and experts on this topic.</p> <p>The First Nations Clean Energy Network has published the Best Practice Principles for Clean Energy Projects.</p> <p>For further guidance for developers, The Clean Energy Council published Leading Principles: First Nations and Renewable Energy Projects which is based on the principles outlined by the First Nations Clean Energy Network.</p>
<p>(2) 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?</p>	<p>The amount of investment entering regional Australia now from renewable energy projects is a gamechanger for many regional and rural communities struggling with the challenges of drought, labor shortages, extreme weather events, access to service and population decline (although not all regions).</p> <p>When local governments and communities are organised around making the most of this investment opportunity, there are millions of dollars of regional benefits on the table. Opportunities are not a given however. Maximising community benefit requires planning, partnerships, negotiation and community engagement, which can be resource intensive for Councils and communities.</p> <p>Exactly what opportunities are the greatest depends on the region. In some places it may be the economic boost to agriculture through landholder agreements. In other regions it may be community benefit funds that ensure communities are beneficiaries of the project. Some regions are planning for increased participation in the workforce.</p> <p>RE-Alliance and others have prepared a number of resources to assist communities to take advantage of</p>



	<p>the opportunities that renewable energy presents, including:</p> <ul style="list-style-type: none"> • Building Stronger Communities report – Community benefit funds • Community Benefits Handbook
<p>(3) You note in your submission that there are risks for rural and regional communities if we don't make the transition towards renewable energy fast enough. Could you outline what some of these risks are?</p>	<p>In our submission, we reference the risks of slowed rollout generally which will impact regional, rural and urban communities alike, namely the risk of increased climate pollution, higher electricity bills and a less reliable grid. The cost implications are clearly demonstrated in updated costs from the Australian Energy Market Operator's Network options report that reported on delays being a key driver of increased costs. The risks referred to in our submission are largely outlined in an appendix to our submission, Why Investing in our Grid is a Priority for Australia.</p>
<p>(4) What is the broader impact for animals and the environment if we don't make an urgent transition towards renewable energy?</p>	<p>The 2024 CSIRO State of the Climate report, drawing on national and international data, provides a comprehensive overview of how climate change has already impacted Australia and outlines what to expect if we do not rapidly reduce climate-damaging pollution.</p> <p>In NSW, the recently released 2024 State of the Environment Report found that over the past three years the condition of the NSW environment has continued to decline and the ability of NSW vegetation to support native plants, animals and ecosystems has fallen to 29% of natural levels before industrialisation. The report further details the existing and future impacts of climate change and we commend it to the Committee.</p>
<p>(5) Your submission is very supportive of the establishment of Local Energy Hubs. Can you expand on why you believe these Hubs are so important, and how they can bridge the information gap in communities regarding renewable energy projects?</p>	<p>The transition to renewables is complex and there are many actors. Local Energy Hubs will resource regional communities with everything they need to make the most out of renewable energy, from help on lowering energy bills to engaging with opportunities associated with large-scale development.</p> <p>Local Energy Hubs will have a variety of functions depending on the geography, needs and aspirations of the local area. A key first step for each hub is to work collaboratively with local leaders and community members to identify regional priorities.</p>



Local Energy Hubs would:

- **Enable better engagement with large-scale renewable energy projects and transmission lines:** Local Energy Hubs can play a role in untangling industry jargon for communities set to host large-scale wind, solar, storage and transmission projects. They would promote opportunities for local input into consultations. For industry, Hubs could provide locally informed, clear expectations on how local communities would like to be engaged and participate in large-scale project plans.
- **Improve local benefits:** Local Energy Hubs can help locals understand what they can ask for and negotiate with industry to get the best possible long-term outcomes for their community.
- **Cultivate clean energy champions:** Local Energy Hubs will work with existing and emerging community leaders in the shift to renewables. A leadership program will support local leaders to extend their capacity and knowledge to best position their regions to benefit from renewable energy.
- **Facilitate household electrification & energy upgrades:** Rooftop solar, household batteries, electric vehicles and upgrades for cooking and heating systems are a big part of the shift to renewables. Local Energy Hubs will help communities navigate this complex space and improve the uptake of government incentive programs to lower bills.
- **Unlock community energy projects:** Local Energy Hubs will have the resources to run feasibility studies and provide expertise on how communities could start community energy projects like rooftop solar for the local sports complex, a community battery or bulk-buys of heat pumps or panels.



<p>(6) A number of landowners have raised concerns about renewable energy projects impacting native animals and their habitats, such as taking down large numbers of trees on their property that are known koala habitat. How do we overcome these issues and ensure native animals and their habitats are protected, while also moving forward on renewable energy projects?</p>	<p>The renewable energy and conservation sectors are united in their calls for Federal Environmental Protection and Biodiversity Conservation Act (EPBC) reform, as evidenced in a number of joint public statements directed at the Federal Government over the last couple of years.</p> <p>The current EPBC framework does not adequately guide development away from places of high biodiversity value, and at the same time, is incredibly slow.</p> <p>The same problems occur under the NSW planning framework. Rather than having clear guidance on areas and species that should be protected, and guiding development to places of least environmental impact through appropriate regional planning, the NSW planning framework assesses projects on a project by project basis.</p> <p>In our report Better Practice Renewables and Biodiversity, we outline the opportunities for positive environmental interventions project owners can make at all stages of the project lifecycle and outline a number of case studies.</p> <p>Poor project siting on the part of developers in Australia has resulted in projects being stopped by community opposition. Savvy developers will understand local environmental values and avoid areas of high impact. However, as long as we have inadequate environmental frameworks, our precious habitat is exposed to development of all kinds.</p>
<p>(7) Should developers be given greater flexibility to offer co-ownership or equity models to local communities? What barriers currently prevent this from occurring?</p>	<p>Co-ownership is the most powerful and direct way for communities to become beneficiaries of renewable energy projects. There are many models for co-ownership, many of which have not been explored in Australia for large-scale projects.</p> <p>The Sapphire Wind Farm in NSW is the first example in Australia of a large-scale wind project offering equity to community members.</p> <p>Access to capital and finance remains a barrier for communities interested in a serious stake in large-scale projects.</p>



	<p>The present NSW Energy Framework's requirement that 85% of benefit sharing funds be directed to Councils potentially creates a barrier to greater co-ownership and equity opportunities. We recognise the importance of setting a baseline for financial contributions to local development via Councils, however we believe the NSW Government should be flexible on value above this baseline to allow more flexibility for developers to enable co-investment. As it is currently set, this will be difficult to impossible.</p> <p>The NSW access scheme merit criteria could incentivise projects that offer or gift shares to the local community.</p> <p>The NSW government could also partner with renewable energy companies to pilot projects that explore different models of co-ownership based on successful examples from overseas.</p>
<p>(8) What governance model would ensure transparency and local control over benefit-sharing funds?</p>	<p>The best governance model is one that has been developed in partnership with local governments and local communities.</p> <p>In our report Building Stronger Communities we outline in detail 7 principles to guide the development of best-practice benefit sharing programs:</p> <ol style="list-style-type: none"> 1. Deliver social value 2. Deliver in the long term 3. Build context-specific solutions 4. Give agency to communities to co-design programs 5. Be transparent and accountable 6. Measure impact 7. Create a culture of collaboration
<p>(9) What specific reforms are needed to ensure fair compensation across different transmission projects?</p>	<p>We are glad to see recommendations from our report Building Trust for Transmission have been taken up by multiple state governments, including enhanced payments for landholders and neighbour payments.</p> <p>We note ongoing conversations are being had with NSW about neighbour payments for transmission projects. We recommend that the NSW Government at least consult key stakeholders on this approach prior to finalising and announcing any new payments system.</p>



<p>(10) How can the NSW planning system better support the continuation of agriculture (cropping, sheep and cattle grazing) as part of renewable energy and transmission projects?</p>	<p>Renewable energy projects are compatible with a variety of agricultural land uses, however they could be made more compatible by placing agriculture at the heart of project design.</p> <p>The NSW government could encourage through REZ merit criteria, projects that have an agricultural compatibility plan as part of their project design. For example, solar farms can be designed with optimal paddock sizing and fencing to increase compatibility with sheep grazing. Roads associated with project design can also enable easier access for farmers to different parts of their farm in a wider range of conditions. The agricultural compatibility plan should be developed in partnership with the landholder.</p> <p>The NSW government could also invest in research into renewable energy co-location with agriculture, incentivising co-location projects and measuring data, making it publicly available for the energy and agriculture sectors to learn from.</p>
<p>(11) Can you provide further detail on how biodiversity outcomes have been positively delivered in current REZ projects and also projects that are outside REZ Zones?</p>	<p>In our report Better Practice Renewables and Biodiversity we outline a number of case studies, including the following case study about Neoen's Goyder South project which has increased National Park:</p> <p><i>Neoen has transferred ownership of 1,000 hectares at Worlds End Gorge to the Government of South Australia (SA), paving the way for a new national park in the Mid North. This initiative has emerged from Neoen's native vegetation offset strategy for its 412 MW Goyder South Stage 1 wind farm, currently under construction. It represents a long-term collaboration between Neoen, host landowners, Traditional Owners the Ngadjuri Nation, the Regional Council of Goyder and South Australia's Department of Environment and Water. The new national park will permanently preserve the environmentally and culturally significant Worlds End Gorge, ensuring it can be enjoyed by future generations.</i></p> <p><i>In 2019, Neoen undertook a competitive tender process to find the right partner for managing the land and the offsets. This was awarded to the SA Government, who proposed to combine Neoen's 1,000 hectares of land at Worlds End Gorge with 600 hectares of the adjacent</i></p>



	<p><i>Hopkins Creek Conservation Park. The new national park will protect several threatened species of flora and fauna such as the Pygmy Blue Tongue Lizard and the Flinders Ranges Worm-lizard.</i></p>
<p>(12) What are renewable energy companies doing well re: nature, community benefits and community engagement? What are some good examples? What could they be doing better?</p>	<p>The NSW merit criteria has successfully lifted the bar on developer practice, not just inside the REZs where the criteria apply, but across the board by setting higher expectations of developers.</p> <p>However, the renewable energy industry is young with many companies starting out, and there is lots of competition for access to the grid.</p> <p>This competition for grid connection in a constrained market means developers are incentivised to have multiple early-stage projects in the pipeline. Local engagement is under-invested in during the beginning. At later stages of projects, developers are incentivised to engage well and demonstrate high quality community benefit partnerships as they get closer to getting their project over the line.</p> <p>Some good examples can be found with the successful projects that were awarded access rights in the South West Renewable Energy Zone, where the community was particularly organised around getting developers to help solve local problems and propose solutions as part of their benefit sharing commitments.</p> <p>Case studies of good practice examples can be found in our reports Building Stronger Communities, Better Practice Renewables and Biodiversity, and on our website Renewables Done Right.</p> <p>Many more stories of leading practice can be found on the Clean Energy Council website where they publish member reports outlining how they are upholding their commitments to the Best Practice Charter.</p>
<p>(13) What should Government do to make sure that the renewables rollout delivers good outcomes for nature and communities?</p>	<ul style="list-style-type: none"> ● Consider how the access scheme merit criteria in NSW could be extended to apply to projects outside REZs ● Consider how the access scheme merit criteria can incentivise projects to implement the First Nations Clean Energy Network's Best Practice Principles for Clean Energy Projects ● Consider how the access scheme merit criteria



	<p>can incentivise co-location with agricultural land use</p> <ul style="list-style-type: none"> • Consider how the access scheme merit criteria could incentivise projects that offer or gift shares to the local community. • Work with the Federal Government on EPBC reform to efficiently approve and guide renewable energy development that avoids sensitive habitat, including through appropriate regional planning • Improving sharing of environmental data between government, individual renewable energy proponents and local environmental groups to ensure the best possible information is available for decision making • Establish planning systems that require renewable energy developments to contribute to nature positive outcomes • Ensure all local governments with proposed large-scale renewable energy projects are resourced to engage with their community and negotiate with developers to reduce risk and maximise opportunities • Invest in research and incentivise renewable energy co-location with agricultural practices • Partner with renewable energy companies to invest in projects that explore different models of co-ownership based on successful examples from overseas. • Work with the Federal Government to fund and establish Local Energy Hubs
<p>(14) How could the Government and developers communicate better with people in the regions?</p>	<p>Local Energy Hubs would provide a consistent and accessible channel for communication, helping regions understand what’s happening, and provide government and industry stakeholders with a good idea of who they should to engage directly with in each community</p> <p>State Governments can also recognise and resource the valuable role local governments have in communicating and engaging with their communities about local renewable energy developments.</p>