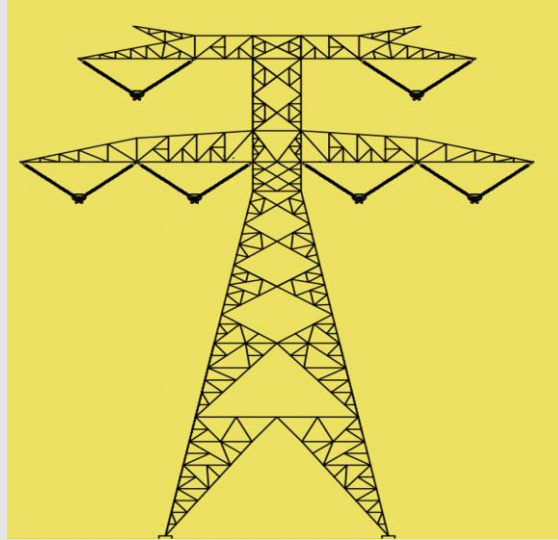


Submission
No 75

**INQUIRY INTO FEASIBILITY OF UNDERGROUNDING
THE TRANSMISSION INFRASTRUCTURE FOR
RENEWABLE ENERGY PROJECTS**

Organisation: ReD4NE Inc.

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Legislative Council Standing
Committee on State Development
inquiry into and report on the
feasibility of undergrounding the
transmission infrastructure for
renewable energy projects.

RED4NE INC.

*Community Alliance for responsible energy development for
the New England*

ABN 24 781 068 051

Introduction

ReD4NE Inc - is a not-for-profit community based incorporated association which seeks to represent the communities impacted by a poorly planned and implemented the NSW Energy Transition. A transition which has continued to disadvantage rural and regional communities - an ongoing degradation of 'People and Place.' **Who ReD4NE** is, is best communicated through our Protocols attached immediately hereunder. You will note we seek like every community a **just** and **fair** transition. We continue to carefully message to the broader audience to avoid being misrepresented as a NIMBY organisation and as anti-decarbonisation and as anti-renewables. These are convenient mistruths orchestrated by the ill the informed.

As is demonstrated by this and other inquiries and media slowly the evidence is beginning to mitigate in favour of communities who were unfairly targeted to do the heavy lifting on the decentralisation end of this transition. It is our ambition that this submission in its response to the Committee's Terms of Reference (ToR) is of value in supporting the concept of undergrounding transmission infrastructure. However more than that, there is a broader submission message that the MLCs can take back to their bunker in Macquarie Street. The Bush is not welded on! In short, the Energy Transition to date has been clumsy and incompetently managed and the Bush long ago stopped buying the spin that decentralisation was a regional economic nirvana.

This submission has been shared amongst ReD4NE members it has broad support. We are encouraging members to submit their own submission as they see fit.

Responding to the Inquiry

We thank the Committee for the opportunity to place on record our 'in-principle' support for undergrounding of all HV transmission specifically -VNI West Link, CWO Link, HumLink and now New England Link. However, we qualify our support as 'in-principle' - why so?

- New England Link is probably 2 -3 years behind other infrastructure as referenced above. Communities we represent are just coming to understand the magnitude of the imposition of this infrastructure.
- These Communities are still coming to grips in dealing with the effects of the frenzied land grab by developers -intent on maximising development opportunity and profit drain out of the communities with minimal contribution to social licence.
- Nonetheless these Communities don't have the luxury of ignoring the importance of undergrounding if they are to preserve their place for 'food and fibre' and if they are to protect the integrity of the rural landscape for the benefit of intergenerational equity.

The Inquiry proposes as a term of reference (ToR) the following contemplations;

- a) The costs and benefits of undergrounding*
- b) Existing case studies of undergrounding experience -international and domestic.*
- c) Impact on delivery timetable of undergrounding*
- d) Any environmental impacts of undergrounding*

As the Committee appreciates ReD4NE presents with the DNA as concerned regional communities and agricultural landholders – we are not energy economist – please review our input contribution as

such. We will do our best to deal with the issues as we see them in the ToR. In doing so we reserve the right to contextualise our response within an unfortunate transitional environment we believe the Governments have created.

The NSW Energy Infrastructure Investment Road Map.

ReD4NE believes the NSW Energy Transition agenda prosecuted under the Berejiklian and Perrottet Governments was unnecessarily the most ambitious in Australia. It was debased by a combination of political spin and political zealotry. Institutionally it was and remains incompetent in terms of its inability to engage with rural communities. It presents inexperienced management of a significant economic and technological transition.

In context;

- Seeking to replace four if not all five ageing coal generators by the end of the decade will historically be regarded as energy planning lunacy. As was the Government's covert opposition it placed in the path the Santos Narrabri gas project. NSW is the most populated industrial state in Australia with the highest demand profile. A Roadmap outlook transitioning to a near total renewable energy supply was going to be very challenging, particularly, as communicated in this Submission with social licence in the bush failing to ignite, much, if any, support.
- City-centric commitment to the inaugural *Integrated System Plan (ISP 2018)* without due consideration and consultation with the REZ hosting communities was very poor administration. The decision to blindly support the suggested REZ geographic allocation based on academic evaluation was naïve and incompetent power system planning perspective.

The NSW Electricity Strategy 2019 heralding objectives of a reliable affordable and sustainable electricity future was simply naïve ambition and simply incompetent government. *"At the same time, this Strategy is expected to reduce electricity bills by \$40 per year, drive \$8 billion in private investment, create at least 1,200 jobs and make NSW the home of Australia's first coordinated Renewable Energy Zone.*

Consumers and businesses across NSW expect the Government to show clear and decisive leadership to manage the changing electricity system. This Strategy sets out the NSW Government's clear expectations for what the electricity system must do and how it must deliver for consumers.

*I'm confident that, over time, the actions in this Strategy will restore confidence in our grid."*¹

- Regional Communities are already in a very challenging position -trying to fend off over development -inappropriate development and unethical development. This activity spurred on by an over stimulated market development program. Programmatic expenditure mainly grants funding indulging -pre commercial research -which will never see the light of day, in already proven technologies -such as dispatchable electric batteries and pumped hydro. Hardly cautious market signals from Governments from which to stimulate a more measured rollout by the developers. Developers desperate to stake out fragile grid connection in a 'free for all rush' on any flat land or land with a sniff of wind as long it was underwire. Land

¹ Minister for Energy Matt Kean 2019 DPIE

owners and communities having been largely left to defend their own ground -whilst at the same time educating themselves on the nuisances of planning law.

- The NSW Planning Regime is a broken beast – most certainly from the Communities perspective and probably also from the Developers view point if the current noise is to be acknowledged. The Developers, of course argue it's too slow too inclusive! The Communities say the opposite in a Planning Regime which boast community participation as one of its core planning principles -it processes leaves the community particularly at site acquisition -scoping stage in absentia. This situation is exacerbated by 'a one foot in front of the other' 'tick a box' planning process which culminates in an 'ex post facto' EIS impact reflection on a site that was selected two or more years earlier. The Government DPIE produce guideline after guideline which most developers try to manipulate. So, more fuel to fire that confirms social licence is elusive. A more competent Government would have confirmed that the Roadmap Transition should have been supported by a more *just and fit for purpose* planning regime which emphasised 'planning' –as in a strategic land use planning sense rather 'development'. There is a balance which unfortunately a Government in haste was reluctant to pursue.
- Now the Communities are getting '**over development**' noise in stereo - with EnCo and Transgrid both banging the transmission upgrade drum. Neither are overly competent in their communication. Both deploy processes dominated by 'a lines on map engineering logic' – with little accommodation of people and place. Both have a predilection to deployment of the DAD principle -**Decide -Announce -Defend**. The objective being to ride out the noise - hoping that eventually the Bush will lose interest.

The Committee will appreciate against this context regional communities are struggling to support the need **for any transmission** – over ground or underground. This conclusion is validated by the reluctant acceptance by the Federal Government and its market operator AEMO. We have created a broken not fit for purpose governance system regulating Communities and renewable energy development as evidenced by the Department of Climate Change, Energy the Environment and Water (DCCEEW) Review – *Improving community engagement and support for energy infrastructure*. It proposes as follows;

***“Review to enhance community support and ensure that electricity transmission and renewable energy developments deliver for communities, landholders and traditional owners (the Review).*”**

Scope of the Review

1. *The Review will consider community attitudes towards renewable energy infrastructure and provide advice on the best way to maximise community engagement and benefit in planning, developing and operating renewable energy infrastructure.*
2. *In conducting the review, the AEIC should have regard to the following:*
 - a) *Perceived or actual environmental impacts*
 - b) *Perceived or actual impacts on agricultural land, including: i. Emergency management, including fire and biosecurity risks. ii. Increases in landholder insurance premiums; and. iii. Tourism impacts and other aesthetic and cultural considerations.*
 - c) *Perceived or actual impacts on Indigenous heritage and land rights*

- d) *Community engagement and benefit sharing including financial, local infrastructure, knowledge sharing, and any other types of benefit.*
3. *The AEIC can advise on how to maximise community engagement within the existing regulatory and legislative frameworks, including the National Electricity Law, the National Energy Objectives and the Regulatory Investment Test for Transmission.*
 4. *The AEIC may also provide recommendations to the existing regulatory frameworks that would better enable community engagement in all stages of planning and development.*
 5. *The AEIC may assess current relevant government, and industry, policies and reforms, and suggest changes that improve community support for the necessary and rapid expansion of clean energy generation, while:*
 - a. *Preserving and expanding Australia’s unique flora, fauna and fragile ecosystems;*
 - b. *Supporting agriculture and other land uses, including innovative co- location approaches;*
 - c. *Respecting First Nations people and ensuring they have opportunities to benefit from the transition;*
 - d. *Delivering community benefits in consultation with communities including any financial benefits, local employment opportunities and skills development;*
 - e. *Supporting regional development; and 6. Any other related matters. “*

Communities generally will support this inquisition. Preferably it should have more of an air of independence as the AEIC is sometimes perceived as the Government’s trojan horse -we continue to sleep with one eye open as to who is inside. Clearly a difficult role. For now, we will take what’s on offer and embrace the opportunity.

Support for Undergrounding

The Terms of Reference requisite consideration of **costs and benefits** of undergrounding - there are far more imminent energy economic thinkers than ReD4NE who more adequately finesse this question than the Community. Nonetheless our practical nous suggests as follows;

- We understand the basics of RIT-T-Framework and its application for regulated transmission assets.
- We understand the role **cost benefit analysis** plays in the assessment of what becomes regulated and importantly what gets passed back to the consumers by way of costs. In this regard for the purposes of this Submission to the Committee please regard our basic understanding is aligned to the Humelink Inc ‘s interpretation; and
- We don’t understand whether we have in the *NSW Roadmap or the Federal Powering the Nation* a **conductive balance** between on the one hand the public benefit to consumers and on the other hand the return to shareholders of these network infrastructure plays.

In particular we are concerned to ensure that there is full transparency and consistency as to what how costs and benefits are measured -we fear **failure to properly assess all the costs** and to **overstate the benefits** induces market failure and potentially an incorrect allocation of network costs to consumers. There seems to be potential for creative interpretation on the costs side of the equation -particularly as to measuring and including ‘**negative externalities**. On the converse, there

seems to be also potential to overstate the '**positive benefits**'. So, terms of the NE Link we can advise from a practical perspective as host REZ communities there are **external negative costs** which require consideration;

- **The perseveration of scarce quality land for agricultural purpose.** There is only 6% of arable land in NSW for food production. The removal of or the constraining of some of that land for transmission easement comes at some cost. Equally, easement constraint on farm comes at some cost to farm gate production.
- **Loss of landscape visual amenity.** We would like to think that all members of the community, bush or city alike, would like to see an end to technology of the early 20th Century. Clearly there is a cost to its ongoing preservation and clearly an intergenerational inequity.
- **Reduction in Land Valuation.** Should be an obvious and tangible negative cost.
- **Increased hazard risk of bushfire.** As demonstrated by the obvious tragedy of Victoria's Black Saturday Bush Fires -the loss of 179 lives and 2029 homes –combustion from transmission infrastructure were one of a number of significant causes in a complex web of causation.
- **Precautionary -health benefits EMF.** This story remains an unclosed risk factor for humans and for farm animals. As such we should be classifying it as a precautionary risk and asking the question - shouldn't we be costing the risk?
- There is a well-established link between **the quality of landscapes and people's well-being - people's standard of living**. It is not morally right that the landscapes of people in the bush are taken from them, so people in cities can have cheap electricity, when there is another way, undergrounding.

As to the overstatement of positive benefits – EnCo need to sharpen their commitment to transparency – the Community needs full disclosure as to **assumed generational output**. We keep trying to shine a torch on this issue – but the response is blurred -in '*we don't know language*' –this is particularly pertinent on the Walcha Plateau where questionable development doesn't pass muster on social licence nor seemingly on need. At this stage a definition on the meaning of **Social Licence** remains elusive to EnCo.

So, the question the Community asks of the Infrastructure Planners such as EnCo – what does a full assessment, including all externalities suggest, as to the benefit of the proposed new transmission? At this point in time, EnCo are struggling to provide transparency as to the engineering assumption under their transmission corridor planning. EnCo's claim for the New England REZ is they have 32GW EOI for connection. Despite repeated request they will not validate who and what is proposed. This stonewalling is completely unacceptable and disguises the potential impact to the community.

So as to the proposed and now documented environmental impact assessment -EIA/EIS;

- **Environmental Impacts of Undergrounding** – We leave it to the experts but we assume that any infrastructure which has less over ground exposure is a positive.

- On our desk -top research on **International experience** OECD countries are very disposed to undergrounding. Our research confirms Germany, Denmark, the UK and the US are positive case studies. The Communities don't have bandwidth to exhaustively review all other examples in favour of undergrounding -this should be the follow up of Inquiry.
- Impacts **on Delivery Timing** is a matter for Government and Developers. We are encouraged by the domestic authority in which some groups have embraced these questions.
- **Environmental Impacts** – whichever way we contemplate this issue -whichever lens we apply – **undergrounding** HV must remain a **positive environmental initiative**. We leave it to others with more scientific authority to comment.

Conclusion

We thank the Committee of Inquiry and Minister Penny Sharpe, who from a distance appears to be conscious of the confused and dishevelled status of the NSW Energy Transition she has inherited.

ReD4NE offers the following concluding comments

- Our analysis above **confirms a logical support for undergrounding**. This can be established in a few short conclusions.
 1. An undergrounding option should be available on all private land -exercising this option should be subject to the prevailing will of the community.
 2. In terms of undergrounding on public lands -this should be decided by the Public.
 3. In terms of the cost/benefit threshold analysis justifying transmission infrastructure - all costs, **including all externalities**, should be a matter of full inclusion and transparency.
 4. It is acknowledged that the actual cost of undergrounding will be significant. It cannot be blindly assumed this cost will be passed onto consumers.
 5. This Inquiry should, as a next step, establish **what a more equitable public benefit model** might present, as a model that absorbs and amortises the one-off cost of any undergrounding.

There are leading energy economies in Europe and the US which present an abundance of evidence as to the environmental and economic advantage present in undergrounding. It is noted that Offshore Wind such as Star of the South and HV Marius Link from Tasmania both contemplate undergrounding.

- Our analysis confirms there is much repair work to be undertaken on key elements of this energy transition -particularly *objectives -strategy and tactics*.
 1. In this regard we **question the efficacy** of the EnCo institutional model -it remains a legacy of the 'city centric' poor administration of the previous government. It looms as a classic example of unbalanced bureaucracy - replacing industry experience with youthful exuberance.

2. We accept that as a general in-principal objective, *the need to decarbonise* – whilst this can't be downgraded, we question the ambitious timetable. Earing -and the obstacles to Santos Narrabri loom as the obvious examples which should be of concern.
3. The strategy to diversify supply options seems narrow -particularly given more advanced economies have a clear vision as to the relevance of SMR deployment into the energy mix.
4. The strategy on timing to net zero targets seems patently unrealistic and rushed. International evidence would seem to confirm there is room for flexibility.
5. The tactics as to decentralisation – a key focus of this submission – are clearly lamentable. The underlying theme of this Submission remains **regional communities have in a planning and governance sense been treated unjustly.**

Red4NE supports HumeLink Inc vision for undergrounding and as such it supports the logical thesis that HumeLink and Snowy 2 are one in the same project. This project and other PHS projects should pay for the transmission costs associated with their deployment. In this regard in the New England REZ the OMPS (Oven Mtns) should bear the costs of the transmission to the Armidale Substation. Snowy 2 demonstrates that the whole focus on pump storage in NSW should be subject to further close scrutiny as to **true cost/true benefit** in keeping with the overlooked **externality analysis** we offer above.

As to **New England Link** -Red4NE will continue, on behalf of landowners and rural communities, to advocate in favour of more meaningful and transparent consultation from Governments and developers. At this point in time EnCo clearly struggle to appreciate what information the Community need. There is an ongoing mentality to 'talk at the community' rather than 'with the community'. There is clearly within NSW Institutional silos -a lack of appreciation as to the role and the psychology of 'regional'. EnCo, at least at this point in time, seemingly struggle to even articulate what '**social licence**' actually means -despite the fact that it is enshrined in its governance.

Should the Committee so require, Red4NE will be available to present this submission to any hearing in Armidale or elsewhere in the New England.

Submitted for Consideration

Red4NE Office Bearers

Chair:-Matt Macarthur Onslow
Deputy Chair:- John Peatfield
Secretary Treasurer:- Beth White