

REPORT ON PROCEEDINGS BEFORE

REGULATION COMMITTEE

**ENVIRONMENTAL PLANNING AND ASSESSMENT AMENDMENT
(SNOWY 2.0 AND TRANSMISSION PROJECT) ORDER 2018**

UNCORRECTED PROOF

At Macquarie Room, Parliament House, Sydney on Monday, 21 May 2018

The Committee met at 9:30 am

PRESENT

The Hon. Scott Farlow (Chair)

The Hon. Greg Donnelly

The Hon. Paul Green

The Hon. Trevor Khan

The Hon. Shayne Mallard

The Hon. Mick Veitch

The Hon. Natalie Ward

The CHAIR: Good morning and welcome to the public hearing of the Regulation Committee's inquiry into the Environmental Planning and Assessment Amendment (Snowy 2.0 and Transmission Project) Order 2018. This is a brief inquiry that is examining the impact and implementation of the 2018 order. The Committee is due to report by 29 June 2018. Before I commence I acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay respect to elders past and present of the Eora nation and extend that respect to other Aboriginal people present.

Today we will be hearing from environmental organisations, Snowy Hydro Limited, and the NSW Department of Planning and Environment. Before we commence I would like to make some brief comments about the procedures for today's hearing. Today's hearing is open to the public and is being broadcast live via the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. In accordance with the broadcasting guidelines, while members of the media may film or record committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography.

I also remind media representatives that they must take responsibility for what they publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing, so I urge witnesses to be careful about any comments they make to the media or to others after they complete their evidence as such comments would not be protected by parliamentary privilege if another person decided to take action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat.

There may be some questions that a witness could only answer if they had more time or with certain documents to hand. In these circumstances witnesses are advised that they can take a question on notice and provide an answer by Friday 8 June 2018. Witnesses are advised that any messages should be delivered to committee members through committee staff. That also includes the handing up of documents. To aid the audibility of this hearing I remind both committee members and witnesses to speak into the microphones. In addition, several seats have been reserved near the loudspeakers for persons in the public gallery who have hearing difficulties. Finally, I ask that mobile phones be switched to silent for the duration of the hearing.

ALIX GOODWIN, Chief Executive Officer, National Parks Association of NSW, affirmed and examined

KEITH MUIR, Director, Colong Foundation for Wilderness, affirmed and examined

The CHAIR: I welcome our first witnesses. Would either of you like to make a short opening statement?

Ms GOODWIN: I will. Thank you for the opportunity to appear before this important inquiry. Kosciuszko National Park has a long history of reservation stemming out of concern for its protection, starting with reservation of 160 square kilometres of land centred on Mount Kosciuszko in 1906 and smaller reservations near Yarrangobilly. Kosciuszko National Park is listed as a biosphere under UNESCO's Man and the Biosphere Programme, while Blue Lake and the environments on the main range are listed as wetland of international importance under the Ramsar Convention. The Australian Alps, which include Kosciuszko National Park, are recognised by the World Conservation Union as one of 167 world centres of biodiversity.

At 11 per cent, endemism in the Australian alps is amongst the highest for any mountain area in the world. Features of international significance include soils that are of outstanding scientific value and which include fossils; the diversity and high degree of endemism of the alpine vegetation; the outstanding development of subalpine treeless flats and valleys; the occupation of one genus, the eucalypt, in such a wide variety of habitats; the high diversity of reptile species, especially above the snowline; and populations of 13 vertebrate taxa that are listed as threatened or near threatened by the World Conservation Union.

Kosciuszko National Park is Australia's premier national park. It has a history of significant human activities including grazing, mining, hydroelectricity and irrigation, cloud seeding, tourism and recreation. These activities along with climate change, feral animals and weeds continue to threaten the biodiversity of Kosciuszko National Park. In issuing the Critical State Significant Infrastructure [CSSI] order, the New South Wales Government has a responsibility to assure the people of New South Wales that it has considered all options to address the challenges facing the New South Wales energy system and that Snowy 2.0 is the best option from an economic, social and, of course, environmental perspective—our concern. At this point there appear to be no published documents to suggest this is the case. As a result, Kosciuszko National Park and future generations may bear the consequences of this failure. The Regulation Committee's inquiry provides an opportunity to encourage the New South Wales Government to take this action before proceeding with Snowy 2.0. Thank you.

The CHAIR: Mr Muir, would you also like to make an opening statement?

Mr MUIR: I would like to draw the Committee's attention to the fact that the CSSI process is the key decision-making point for the Government on this, because the consequential approvals will all go through the process and be controlled by the Government after this order. That is the purpose of this order. I bring to the attention of the Committee the fact that this is an \$8 billion project and must receive the most assiduous and rigorous attention of the Government and in fact all political parties. This is a very, very important matter involving more expenditure by the Government—\$8 billion.

I would also like to draw attention to the fact that I do not know of any systematic process of assessing the triple bottom line. There has been nothing published, to my knowledge, that enables the decision to be made in an orderly and systematic manner. In forming an opinion that something is critical State significant infrastructure, you need to consider the three factors: economic, social and environmental. Where is it laid out and how is that laid out? And what standard of information is required when a decision is made of this magnitude? This is of the highest magnitude. There may be a few other \$8 billion projects this State is undertaking, and that is all very good, but this is of that highest level. I do not know where those criteria are. I believe a preliminary environmental assessment has to occur in some fashion across all the factors of this project so that triple bottom line can be informed, so that the Minister and the Government can be informed of the decision-making process and make a decision based on evidence rather than notion.

This is very worrying. It is all front-ended. After this, all appeal rights and questions of contest that would stop the project will cease. This will go through many electorates. Do we know, for example, that a duplication of the power line over hundreds of kilometres is actually needed? Would perhaps some new scientific knowledge or engineering knowledge enable that not to be necessary? Maybe there should be some other way in which we should investigate this matter at this stage. If the Government could save a few billion and perhaps challenge industry, the energy sector, to show us and prove to us a way forward where we can have the energy security and reduce our impact on the environment and provide the energy that everyone needs and save, say, \$3 billion: "If you can find that process then we will reward you with \$1 billion." That would be an enormous incentive and you would have a great competition for such a proposal. This is just one idea to address

the issue. I do not see a rigorous process that has been preceding this matter, and yet it will lock in a future where we will have big power line easements through farms, through national parks.

It is yet another major infrastructure in our biggest national park, which previously the policy was that there would be no further major infrastructure in national parks. National parks are set aside from development by practice and by policy. But this order overturns all that and will make a major development central to the project in a park over many years of infrastructure development being undertaken in the park, closing off a section of the park for this development. In conclusion, we need to have a process, it needs to be made public, the Minister should publish his reasons for orders, that the whole business and all five environmental impact assessments should at least have some preliminary basis upon which this order is made so that the Minister can be informed factually as to the process and that the people of New South Wales know what that process is.

The Hon. GREG DONNELLY: Thank you both for coming along today and thank you for the submissions that you have made. Given that you are both here at the table and we have two submissions, I will direct questions to you and if you wish to jump in and comment on a question I direct to one of you and not the other that is fine. Ms Goodwin, on page one of your submission you have listed two proposed recommendations. Could you elucidate the points you are making in your recommendations and why you believe they are important?

Ms GOODWIN: Yes. Thank you very much for that opportunity. If I can step to recommendation 2 first and then come back to the first one? As we understand it, the Snow Hydro 2.0 proposal has five stages associated with its implementation. Stage one is the exploratory phase, having completed the feasibility phase, and that is currently the subject of a development application approval. Stage two is the construction of the power scheme and hydro storage—that is the main works that will result in, I guess, new supply. Then stages three to five involve the construction of high tension powerlines, 10 kilometres in the first instance through, as we understand it, the national park, and then two sets of high tension powerlines outside the park.

The difficulty with the current approach to assessing each of those stages is that they are being done sequentially and not in aggregate. The total environmental impact of the project will be not known until the final stage is completed. Arguably it will not be known in terms of the park until the third stage is completed. Given the significance of the decision and its clear consequences for the biodiversity and environment of the national park, we would argue that an integrated environmental impact statement before the project proceeds is essential so that the public understands the full consequences for what is an internationally recognised national park.

The Hon. GREG DONNELLY: In terms of the notion of an integrated environmental statement, is there one that you would like to point us to that you have knowledge of that we could refer to—you are welcome to take it on notice if you wish—so we can have a look at what an integrated statement looks like?

Ms GOODWIN: I will have to take that on notice. I do not have the specific one to reference. If we go to the first recommendation, as Mr Muir has indicated, this is a project of significant financial cost. We understand the stated reasons for its proposed proceeding; however, it appears to the National Parks Association [NPA] that only one option is being considered at the moment for addressing the pressures impacting on New South Wales' energy supply. We have a pump hydro scheme proposed, but the Government does not appear to have considered—it may well have but in documents that I am not aware of—other options using alternative technologies that are known internationally which may provide a lower cost solution, that deal with the same projected energy demands but with a lower cost from an environmental perspective and that offer a better social and economic outcome.

At this point in time that is not available to the public. My appreciation of government processes involving other major infrastructure projects and, in fact, service delivery projects, would see Government require an agency to assess all options available to it to meet the problem or the need, and only once that is done would the preferred option then be considered for implementation. That does not appear to have occurred in this case. That is a reasonable thing for Government to do given the anticipated cost of a project like Snowy Hydro 2.0 and, arguably, the Government should not proceed to implement Snowy Hydro 2.0 or at least allow it to continue until that work has been done. A standard business case would consider a range of options, a range of different supply solutions which are designed to address known issues arising out of renewable energy, projected increases in demand, the closure of the Liddell Power Station.

The Hon. GREG DONNELLY: Mr Muir, in the submission of the Colong Foundation for Wilderness, the last sentence of the first paragraph states:

Decision making processes under other NSW legislation will then have no effect—

this is in light of the establishment of a Critical State Significant Infrastructure [CSSI] order—

and judicial officers of Land and Environment Court are prevented from reviewing the merits of these proposals once determined by the Minister.

That is your understanding of the legal effect of that determination of that order, that that capacity to review effectively will not be able to take place?

Mr MUIR: Yes, that is correct. The question then is: How can the Government have foresight if at this stage there was additional damage? How can it adapt the consent? Perhaps that is a matter that you can direct to the Department of Planning and Environment when they respond to their inquiry. How can they adapt their consent? But we do not know the totality of the impacts; the preliminary environmental assessments were not published at the time this order was announced for the powerlines. The preliminary environmental assessments for the powerlines were not yet complete. There may have been some documentation from the proponents, but public knowledge—there was no information upon which to make the triple bottom line assessment.

That assessment needs to be very systematic because while the economic benefits are defined and clear, social and environmental factors usually get downplayed because they are not so clear. So you really do need a system of regulatory and systematic process that defines what that assessment of the triple bottom line shall be and how it will be done and on what basis: How is the Minister going to be informed so that he can be making a decision with full knowledge in regard to those three factors?

Unless that is done there will be mistakes made. Okay, assume there is a mistake made or several, how does the consent get adapted to address that subsequent to this process? How can it be done? The only person who I understand can amend a consent is the proponent by a modification request. So you are in a bit of a pickle making a decision without the knowledge to make it.

The Department of Planning and Environment would need to address that, I think—how to adapt the consent when there is lack of knowledge. Of course they will say, "We are producing an EIS and it is all going to be very well and good". But my experience has been that consents under environmental impact statements often make very large mistakes and then they have to be corrected, and how can that happen? I think that we are going to commit to the expenditure of \$8 billion with half of that being for these powerlines upon which there is no information. I think that is a heroic decision by the Minister. If I was the regulatory committee I would be saying, "Is it essential that we must make this decision now or can we defer it for some period while we review the factors and the process and indeed the proposals in front of us?" It being just one rather than several, choose the best one so that New South Wales and Australia can get this right and that we can do the project that we can be proud of in the future.

The Hon. MICK VEITCH: Just following on, Mr Muir, in your submission on page 5 you talk about:

The CSSI is at risk of becoming an easy pathway heading towards more damaging proposals that will needlessly degrade our heritage and perhaps social welfare.

That statement flows from others in your submission essentially calling for greater substantiation or publicly made available information that supports the making of the CSSI. What sort of information do you think should be available? If there was to be some sort of substantiating document from the Minister attached to the CSSI, what sort of information would you be seeking to be in that?

Mr MUIR: As a point of departure I would suggest that the preliminary environmental assessment accompanies the proponent of a development's request for environmental impact statement. They provide this document saying, "We are going to produce this project. It has these sorts of impacts. What do you require in your environmental impact statement?" That is a sort of a scoping document. That at least is a starting point. For the powerlines we do not even have that. Mr Chair, we do not even have that for the powerlines. I am concerned that the Minister is not adequately informed in regard to the triple bottom line decisions that he has to make. It may be that there is information that is available but it is not published and so I have no knowledge of it. That would be a step.

I would think that the other thing that would need to make it a systematic process is we need to have the social, environmental and economic criteria defined and then that report, the preliminary environmental assessment, would encompass those factors so that the triple bottom line would be brought into that point in the decision-making where the Minister says, "Yes, go ahead, do the EISs". But for a project of this scope, I really do believe that you need all those environmental assessment processes at least initiated, that are part of the whole project so that the Minister can be properly informed. Remember that half of the money is on these hundreds of kilometres of powerlines that shall be built, according to this proposal under the Critical State Significant Infrastructure [CSSI] order. Surely we need proper information on those. This repeats, I believe, the mistakes that were made with part 3A where under the part 3A—which this Coalition administration threw out because it provided the Minister with too much discretion—there was too much discretion, too many mistakes,

too much risk of all sorts. I do not need to go into the risks. I do not want to rake over the bones of the past. But we do have a process which is by ministerial discretion and therefore is very similar to part 3A.

The risks and hazards of that pathway need to be avoided. The regulatory committee, Mr Chair, should focus on how to avoid those hazards and how to frame a process where the public can see that the Minister and the Government are responsibly discharging a major project, a huge project, so that, as I said in my submission, we can all be proud of it, we can be proud of doing this. I cannot be proud of a project that overturns our longstanding practice of avoiding infrastructure in national parks. That era should be over. National parks are set aside for nature. That is what everybody understands. This is an exceptional project that overturns that and sets a precedent. You have to have a very good reason. The triple bottom line has to address those reasons and the Government has to be assured that this is the best way to do this project. This is the best option but this is only one option.

The Hon. SHAYNE MALLARD: If we set aside the fact the decision has been made to do the Snowy 2.0, I am interested in your earlier comments that the appeal rights and contestability of elements of the project are distinguished by the order. How do you suggest that we reintroduce the contestability and appeal rights so stakeholders like you could in fact get engaged in the process. I assume the order stops that?

Mr MUIR: Yes, it does, Mr Chair. It stops that. You could produce, for example, a public inquiry process and the decision being made by the Minister. That would be an option. Everybody would have their day in the sun. There would be a debate. The evidence would be tabled. The arguments should be produced. That is at least an improvement on the process that we have here, which is internal, within the department and the Minister.

The Hon. SHAYNE MALLARD: How does it normally work with another infrastructure project where you can engage as a stakeholder?

The CHAIR: If there was no order, for instance, how would you see the process developing?

Mr MUIR: This is the problem with WestConnex too. You need to have a public process. Without the public process people get angry and are frustrated and they do not get to air their complaint in a proper process. Say, for example, I am arguing in Concord that my house is a heritage house. I want to see that every heritage element gets removed from it. I want to have fair compensation. I want to have three valuers, thank you very much. Can the inquiry process provide that? Yes, it can. That sort of process stuff can be done by another agency. But within the department and the Minister, those sorts of concerns tend to get lost because people do not have their day to put their case.

The Hon. SHAYNE MALLARD: But in a normal situation, and this is an extraordinary one and WestConnex is also exceptional, say you were doing a hospital or a school, if the proposal was put out there and the department takes the submissions into account in terms of the decisions and recommendations, is that what you are looking for? Are you looking for that type of process?

Mr MUIR: There is a process, of course. Over a number of years I have engaged with the department so I have relationships, but most people do not. The farmers affected by these easements will not and they will feel threatened by it. They will get a letter one day saying, "We're going to resume an easement through your land." That will be it. They will think, "Oh, no. I will have to write," but the decisions will have been made. I am not a lawyer and I am not here to answer the case with regard to a hospital or a school. I get what you are getting at—how to improve the process generally for infrastructure. As with part 3A matters, I suggest that the further distant from government the decisions are made and the more sunlight you put on the issues, the cleaner and more healthy everything is. It is said, "That is all very well and good, but not here, not in this matter." Yet these are national heritage matters.

This is going to employ a lot of people and it means regional development. But is this the right one? There may be half a dozen regional developments throughout New South Wales that could be done that will generate more jobs in more regions and save money. There could be that process. If we decentralise the power system we may not even need a duplicated main distributor of power on the east coast. That may save \$4 billion. These questions have not been answered. To my knowledge there is not an answer but we know that energy is rapidly changing. There may be today something that is better that we did not know of yesterday. Before you spend those billions let us hear about it. I suggested a competition where you put up \$1 billion. That is outrageous but it would attract so much interest that you may find that you save \$3 billion—half the money—because there may be options that are just as good or better that will save you the money.

The Hon. NATALIE WARD: Thank you for coming along today and for your submissions. I have a couple of questions for Mr Muir. You indicated, as I understood it, that you thought there was no opportunity

for submissions or for feedback but you accept that the critical state significant infrastructure [CSSI] process does contain that opportunity.

Mr MUIR: Yes. The submissions go to the department. The department is a creature of government. That is the way I perceive it. I know their reports; I know how they write. They write very good reports and they are very diligent in their jobs. I am not casting aspersions on anybody in the department, but it is a creature of government. I have often seen an independent agency, like a commission of inquiry—the planning assessment commission, as it was previously called—come to different conclusions and write different determinations from the determinations of the department. That happens quite often. That is because they have listened. Their job is to listen and to hear. If you did that under this process it would still be the Minister, unless you changed the law, who was the person making the decisions. You could have a separate inquiry, but again I think you would have to change the law to do that. There are a number of things that this regulatory committee could recommend to improve the situation, to open up the light and to provide more knowledge so that the Minister could be better informed and so that, as a democracy, we can have more confidence about how decisions are made.

The Hon. NATALIE WARD: Are you saying that there should be a prior process before the environmental impact statement is called for and given and then public consultation is taken on those? Are you saying that there should be an opportunity prior to the preparation of those, because those processes have to occur?

Mr MUIR: No, you have to have a linear process. I understand that. My point is that in making the order the preliminary environmental assessment report should be available on all factors for the five environmental assessments. It should have been published. There should be some systematic way in which those triple bottom line factors—environment, social and economic—are addressed and informed by those reports. I would suggest that if it is a very finely balanced matter—and that should come out from the preliminary assessments—then it should be open to the Minister to say, "Wait a minute. I am not so sure that I should allow the proponent to have a CSSI. I think I might just make another process, make it a standard environmental assessment and have it contestable, because it is a very finely balanced matter."

I think there needs to be a few more gears here, a few more tools in the toolkit rather than one where there is a major project. It is not necessarily all black and white. We also need to have the transparency in the hearing process. I think there is a lot that this Committee could think about and use this order as an opportunity to think about those factors and the range of tools that the Minister has and how he can reach a decision in a way which is democratic and which does not alienate lots of electorates in regional Australia by putting powerlines through their backyards and farms and that brings everybody together and unifies us. Making a captain's calls—as we have seen with part 3A—is not the way to do it.

The Hon. NATALIE WARD: You mentioned the figure of \$8 million.

Mr MUIR: Billion.

The Hon. NATALIE WARD: Sorry, \$8 billion. It would be a very cheap project if it was \$8 million. I am wondering where you got that number from. My understanding is that the capital expenditure will be between \$3.8 billion and \$4.5 billion.

Mr MUIR: That is for the hydro-electric scheme. It has a big extension cord and it connects to the States. They are saying that the contingent with this project are the big extension cords.

The Hon. NATALIE WARD: You are saying that the contingency includes—

Mr MUIR: The energy market is changing, it is decentralising. Whatever you believe, that is what is happening; that is the truth. Do we need the big extension cord? Maybe we do not. You do not want end up in the State with a spare extension cord in the regions that costs \$4 billion and is not of much use. You want to make sure that that is absolutely essential, and you want to be sure that the way in which energy is going is not so decentralising that it is redundant. It may be a good contingency; it may be good news; it may be happening. All of us have to be very careful how we spend government money when we are talking about large figures. We have to be absolutely careful and go back over the whole business if it will save us money of the order that we have been talking about.

The CHAIR: With respect to your contention that this is being assessed one stage at a time and not holistically, how would you envisage a project of this magnitude being assessed? What would be your ideal process for that?

Mr MUIR: That is a very challenging question. That is one for the regulatory committee and planners to address more fully than I could. But as a first step, as I have said, we need the preliminary environmental assessments for the whole shebang up-front so that the triple bottom line process can be informed by it. We need

those preliminary environmental assessments which are required by law, done all at once and be completed at this stage for the order. My colleague from the National Parks Association of NSW suggested that it could be done by having one environmental impact statement. I do know there are two proponents and that may be very difficult. We could have a hearing process and a public inquiry process that reviews at this preliminary stage that your colleague Natalie Ward asked a question in regard to. Perhaps that is an option that could be investigated—a hearing process when you have a very large and potentially controversial project. You would then go to some hearing and consider options. We do not have those tools and there are not any tools in the planning kit bag that I know of that will enable this. It would have to be some sort of special process, maybe a parliamentary process.

The CHAIR: Both Mr Muir and Ms Goodwin, without this Critical State Significant Infrastructure [CSSI] order, do you believe that the Snowy 2.0 project would still be potentially able to proceed?

Mr MUIR: On the merits, you have to be brave and believe in your project and argue your case. You have to then accept the challenges that come forward. This project will take many years to implement. If it is as good as the proponents argue, then they would get their project up. If, for whatever reason, it was seen to not be as good as the proponent alleged, then perhaps it would not and some other project might come forward. In the argumentation, although this is not normally the case, an alternative proposal could come forward as a submission and challenge it. That is not the normal order of things and I do not for a minute conceive it happening.

I think you need to have merit-based planning. I believe in democratic process. I do not believe that the Land and Environment Court or the Supreme Court of New South Wales is some extremist organisation. I believe that those organisations take their business very seriously and do not muck around and willy-nilly reject things. I have never seen that. I think the whole notion of CSSI is mistaken on that basis. There will be people that want to oppose it and take it to court, but it is just a process to go through. Judges are sober and sensible. They hear evidence. They apply laws and they make rulings. They do not throw projects out just because they have a notion. That is not what they do.

The CHAIR: Is there anything you would like to add, Ms Goodwin?

Ms GOODWIN: My only comment would be that I do not think we can know whether it would proceed without a CSSI, without a consideration of the alternatives, including small localised storage and dispersal schemes. Clearly those are emerging and potentially provided by an alternative. Until we have assessed this option against the reality or otherwise of those schemes, it is hard to know.

The Hon. MICK VEITCH: Ms Goodwin, Mr Muir has put forward the argument that there is the risk of this CSSI order process becoming precedential, that there is a lack of information to substantiate or support the order. What are your views on that?

Ms GOODWIN: I think Mr Muir's point was in relation to the development of infrastructure in national parks. I would have to concur with Mr Muir on that. This is a significant scheme involving \$8 billion in expenditure within and outside the park. We know that there are other options being considered by government at a localised level involving smaller pump hydro schemes, potentially that puts at risk other national parks areas. Yes, it does have the real risk of setting a precedent for future developments in national parks.

The CHAIR: Thank you very much both Mr Muir and Ms Goodwin for attending today. There was one question on notice, and as reflected earlier, the date for questions on notice to be returned is Friday 8 June. The Committee Secretariat will assist you with that process.

(The witnesses withdrew)

ROGER WHITBY, Chief Operating Officer, Snowy Hydro Limited affirmed and examined

CESILIA KIM, Group General Counsel, Corporate Affairs & Procurement, Snowy Hydro Limited, affirmed and examined

The CHAIR: Would either of you like to make an opening statement to the Committee?

Mr WHITBY: First of all, thank you, Chair, and thank you to the Committee for allowing us to appear here this morning. Obviously we are the proponent of the Snowy 2.0 project. We believe that the project is an essential ingredient for the energy mix of both New South Wales and the broader national electricity market in the future. The project itself is an expansion of the Snowy Mountains Scheme with a capacity upgrade by approximately 50 per cent, that being 2,000 megawatts, which is a very substantial proportion. The project provides very long-term storage of energy which is quite unique, where pump storage is generally considered around the world. Even when compared to batteries, storage times are much shorter, which is a critical feature I will come back to.

Those storage times are eight to ten hours typically for hydro storage and for batteries, typically of the order of one to two hours, which given the challenges of integrating renewables into the power system, simply is not long enough. When you compare that to Snowy 2.0, the storage duration for fully charged storage is 175 hours, which provides the ability to manage the fluctuations in renewable energies, et cetera, that we will see, which are very significant over time. As I mentioned before, the benefits of Snowy 2.0 hinge on enabling that transition to the energy mix going forward into the future.

If we are truly going to move to a low emissions future, the real economic provider of energy going forward will be solar technology, through both locally integrated household roof tops and large-scale solar farm developments. The significant wind farm developments we have seen will also need storage. The other spectrum of benefits come through from the economic perspective. We believe that the economics of Snowy 2.0 compared to the alternative competing projects are very compelling. There are clear and significant social and economic impacts to the local regional communities that surround the Snowy area during construction, with flow-on benefits coming from construction and operation. We need to consider also the significant benefits that come from system security. It is important in a modern-day way of life that we have a reliable and robust supply of electricity. The Snowy 2.0 project is, we believe, a centrepiece of that going forward.

Of course, this project puts the Snowy scheme back into the spotlight, both locally and on the world stage. Obviously this inquiry is tackling the issues of the critical State significant infrastructure [CSSI] declaration. We believe that the declaration gives a clear, robust and well established planning pathway for approval of a project of this significance. It is a large project and it is a complex project, so it needs a robust process. I would like to note for the record that this process does not approve the project. The project still has to go through a very robust environmental approval process and we welcome that. It is important that that is done rigorously and the CSSI declaration does not detract from that process. I would like to state also that Snowy 2.0 is nothing new for my business. Snowy has obviously had a central role in keeping the lights on in New South Wales. It is also instrumental for doing that across the National Electricity Market [NEM].

The Snowy Mountains scheme is a very important piece of infrastructure in the mountains. We are immensely aware of the need to operate in a way that integrates with and does not detract from the very pristine environment that we operate in. It is near and dear to our hearts that we need to do that and also keep the local community aligned with and supportive of our operations. Finally, I will close by saying that the CSSI declaration does not in any way detract from any other projects. The size of the challenge to replace ageing infrastructure, such as Liddell Power Station when it closes and, not too much further down the track, Vales Point Power Station, is immense. If we look at the quantity of energy required to replace that infrastructure in the form of new renewables or whatever, then the storage challenge is much greater than only Snowy 2.0. We will need other projects, not only this one. But we think Snowy 2.0 is fairly compelling in that mix.

The CHAIR: Thank you. The submissions from the National Parks Association and the Colong Foundation stated that there should be a holistic environmental impact statement [EIS] of all stages of the development prior to a declaration of a CSSI. Do you have a response to that and are there any technical impediments to that being conducted?

Mr WHITBY: First of all, for a project the size and scale of one of this nature, it is important, in my view, that we have a staged process. To have a fully developed EIS for the full project up front really is contrary to what is required from an engineering perspective. Basically, we need to go through a process to establish what and how. We will start with a concept design and then move through into a reference design. Obviously, there is a development process that is required around how to go about the work flow and how to make it

happen to design how we are going to respond to the challenges. To do all of that upfront is contrary to how we would engineer a project of this scope and nature.

The Hon. MICK VEITCH: I should put on the record that some 35 or 36 years ago, I worked for the Snowy Mountains Hydro-Electric Authority for about 14 months down at Talbingo when there was a complete refurbishment of the T3 power station. It was quite a substantial amount of work.

The Hon. TREVOR KHAN: What are we to draw from that?

The Hon. MICK VEITCH: I have pretty intricate knowledge of the infrastructure that is being talked about at this particular site. In fact, I have even been inside the pipes down to the power station.

The Hon. TREVOR KHAN: Were you chosen specially for that?

The Hon. MICK VEITCH: I was not. I want to talk about the process in making the order. The witnesses prior to you challenged us to improve the process. From your side of the argument, if there were to be improvements in the process of making the order, what would they be?

Mr WHITBY: I think our organisation found the process quite efficient. I note that there have been some suggestions that the accumulative impacts of the approval process are not considered. I basically reject that assertion. It is required through the process that the accumulative impacts are addressed. I do not think it is our place to suggest improvements to the process. We found it, at this point, to be an effective process.

Ms KIM: If I may add to that, the CSSI process is an existing pathway under legislation. It is very clear and transparent in terms of the process. We had a look at the criteria and were of the view that we met those requirements, and, therefore, proceeded on that basis. Along with the Department of Planning and Environment, we undertook extensive consultation in reaching that point. We spoke to the Office of Environment and Heritage [OEH], the National Parks Association, local councils, the Environment Protection Authority [EPA], water stakeholders and, of course, our shareholders across New South Wales, Victoria and the Commonwealth, which are still shareholders until 29 June. Everybody was supportive of that process.

To answer the question, I think we did find that the process was quite efficient and suited to the scope and magnitude of the project that we are talking about. It requires comprehensive environmental assessment to be undertaken, together with public consultation and opportunities for comment by the community and others. Ultimately, the Minister does retain a discretion to approve or not approve the EIS at the end of the process.

The Hon. MICK VEITCH: You made a comment about engaging with the local councils. I am not sure if you had the chance to read the submission to this inquiry, but Yass Valley Council disagrees with your statement. In the council's submission, it stated that it had some concerns because it is yet to be engaged about the impact of heavy road vehicle traffic on its road network and whether it is going to be compensated for adverse impacts on the council infrastructure. What was the nature of your engagement with the council?

Ms KIM: We have engaged with the Snowy Monaro Regional Council and the Snowy Valleys Council, which are the immediate councils in the region, as the first phase of our consultation. Of course, it is in our plan to continue consultation. The Department of Premier and Cabinet has established a regional coordination unit that is consulting widely beyond the councils that I mentioned. There is ample opportunity for that consultation.

The Hon. MICK VEITCH: Paragraph (2) of schedule 5 to the order states:

- (2) This clause applies to development on land in any of the following local government areas:
- (a) Cootamundra-Gundagai Regional,
 - (b) Goulburn Mulwaree,
 - (c) Snowy Monaro Regional,
 - (d) Snowy Valleys,
 - (e) Upper Lachlan Shire,
 - (f) Yass Valley.

Are you saying you have not engaged with all of those councils? You have engaged with Snowy Monaro and Snowy Valleys.

Ms KIM: The councils you have mentioned, that is a matter for TransGrid. We are here representing Snowy Hydro and Snowy 2.0 project. TransGrid has its own community consultation process and I would have to take that question on notice. That is a question for TransGrid.

Mr WHITBY: To reaffirm the point, the transmission development obviously is part of the Critical State Significant Infrastructure [CSSI] but the transmission development and the related impacts, for example, on those areas are a matter for TransGrid.

The Hon. MICK VEITCH: I will refer that question to TransGrid. My last question relates to the making of the order. The previous witnesses suggested that an enhancement to the process would be for the Minister to provide accompanying information that underpins the decision-making process or elaborates upon how the decisions were made to create the order. What are your views about that?

Mr WHITBY: I do not think that is a matter that my company has an opinion on.

The Hon. MICK VEITCH: But you are a beneficiary of the order. The Committee is looking at how the order was made.

Mr WHITBY: That is a matter of government process. It is not a matter that my company wants to comment on.

The Hon. MICK VEITCH: That is unbelievable.

The Hon. GREG DONNELLY: It is surprising, yes. Ms Kim, you mentioned that Snowy Hydro has had extensive consultation. Is the outcome of that consultation produced in a report or a document that is publicly available?

Ms KIM: The consultation started as part of our feasibility study. We wanted to ensure that the local communities—and obviously the national park is our backyard. We have been operating there for a very long time. We wanted to ensure that we were bringing the community along and ensuring they were adequately informed throughout the process. Certainly their views have informed the feasibility study process and our findings have been documented in that report.

The Hon. GREG DONNELLY: Which report is that?

Ms KIM: Our feasibility study for Snowy 2.0. That is available on our website.

Mr WHITBY: That is publicly available.

Ms KIM: That is publicly available, correct.

The Hon. GREG DONNELLY: The details of the consultation are in that feasibility study?

Ms KIM: The relevant inputs, yes, correct. Separately we are continuing that consultation encountering the relevant inputs that will be used for the environmental impact statement [EIS] going forward.

The Hon. GREG DONNELLY: My question is about the integrated approach of looking at the assessment of this project as opposed to a staged process. I understand there are five stages. Correct me if I am wrong, there is an exploration stage, a construction stage—which is the main works—then three high-tension powerline stages. Is that your understanding of the five stages?

Mr WHITBY: Yes.

The Hon. GREG DONNELLY: I do not understand your argument about why there could not be a more up-front approach to the totality of the project as opposed to your argument that it should be sliced into five and looked at in sequence. What are the grounds and reasons you are putting forward about why a more complete and holistic approach ought not be taken, given the size of this very significant project that is occurring in large part in the national park?

Mr WHITBY: There are a few points there. First of all, it is a holistic approach. It is just chunked down into stages, and the cumulative impacts do have to be taken into account in terms of the EISs. Secondly, the broader transmission works, only a small part of those works are in the national park. The vast majority of those works are not in the national park, they are outside. I think that addresses your question.

The Hon. GREG DONNELLY: I do not think it does. It simply puts the position back to me. I put to you that I am looking for the grounds and reasons why a project of this magnitude should not have a broad overview to see how the whole project is going to work. Given the sheer size of it, there is advantage to bring forward that assessment up-front as opposed to doing it in sequences.

Mr WHITBY: I go back to what I said in answer to the previous question on the matter; there is a degree of engineering refinement that is required, particularly in terms of the construction of things like the underground power station complex and the underground tunnels. That knowledge is required and that requires

a process which is not available up-front. Simply, you do not have the information until you get in and do some of those things, and hence the staged approach is appropriate.

Ms KIM: Put another way, the process and the legislation enables separate applications to be made. Whether that process is appropriate or not is really a matter for government. From our perspective, as Mr Whitby has stated, each separate application will consider the totality of the impacts. We will be required to undertake—as will TransGrid—a robust and comprehensive environmental impact assessment with respect to the works in question, including the cumulative impacts with respect to those applications. From that perspective we do not see any issues with that process.

The Hon. GREG DONNELLY: In terms of Snowy's skin in the game—if I can describe it that way—regarding the five stages, is that to be found primarily in the first and second stage, the exploration and the construction of the main works? The high-tension power lines is effectively over to TransGrid. Is that a dichotomy that one can work with?

Mr WHITBY: I think it is, but maybe I can give a bit of context to that. Snowy 2.0, if it is going to be built and be effective it has to be connected to the broader transmission system, as you appreciate. The transmission system as it is currently configured is basically a legacy of the power system that used to be. It was configured for centralised energy production of the coal-fired thermal generation fleet that we currently have, obviously with that back-up power being provided by the likes of Snowy to fill in the troughs and the gaps. But those ageing plants are retiring. The economics are now such that in our view it is very unlikely that they will be replaced with new coal-fired generation. The economics are driving replacement by renewable sources. The renewable sources are going to be located in places that are quite different, hence it needs a transmission system reconfiguration.

Those renewable sources are going to be in places such as western New South Wales where there are lots of solar resources, et cetera. But you also need to have a power system that can be much more flexible of wheeling energy from where it is being produced. Let me explain that. South-eastern Australia is subject to weather systems that come across in fronts. Those frontal systems typically come in on about a weekly cycle. They have big fluxes of wind energy and they come from the west and move to the east, but they come across in a matter of days across the week. Similarly, with solar production you have periods of high-intensity sunshine and then periods of cloud, and again they roll in. So you need a power system that is configured to enable that wheeling of energy from where it is being produced to where it is being consumed in places like Sydney, obviously, where the big demand is.

That energy transformation needs that transmission system reconfiguration. It is a mistake to think of the transmission upgrades that are aligned to Snowy 2.0 just in narrow terms of Snowy 2.0. It is also fundamental to upgrading that power system to enable not only the connection of Snowy 2.0 but, importantly, those renewable energy zones and also the ability to wheel energy around much more robustly than what can be done currently. The transmission project that is associated with Snowy 2.0 is much bigger than just Snowy 2.0. It is part of what is required to underpin that new system going forward.

The Hon. TREVOR KHAN: Are you saying you would need it, or part of it anyway?

Mr WHITBY: I am saying that while the Snowy 2.0 project may catalyse the putting on the ground, it is required in a broader sense anyway, absolutely.

Ms KIM: And that is a process that is currently being looked at by the Australian Energy Market Operator independently of TransGrid.

Mr WHITBY: Thanks, Ms Kim. They have a process underway called the integrated system plan where they are looking at what is required for that bigger picture, forward-looking view of what is required from transmission. We understand that they are very interested in what we are doing in terms of Snowy 2.0, how that fits within the narrow pieces of connection infrastructure in the transmission sense and how that fits into the broader development. To go back to the original question, yes, the transmission is a much bigger piece of work in terms of how it fits than just Snowy 2.0, which in itself is a large project.

The Hon. TREVOR KHAN: In the light of your most recent answers, does that mean that it is wrong to look at this as a linear project, that is, commencing at stage one and moving through to stage five? Should we look at it as, essentially, stages one and two, which are essentially under your control and, irrespective of that, stages three, four and five are parts of the project that will proceed independently of that and perhaps at the same time as stages one and two?

Mr WHITBY: There is a large context to the latter three parts. But having said that, you cannot build a 2,000 megawatt power station or pumped storage station without the ability to (a) export 2,000 megawatts and (b) to import 2,000 megawatts in pumping mode, otherwise it is a white elephant, effectively.

The Hon. TREVOR KHAN: That means stages or parts of stages three, four and five must proceed at the same time as the construction.

Mr WHITBY: Indeed.

The Hon. PAUL GREEN: I do not know if we are catching up with you on 31 May but the energy inquiry is coming down and meeting someone, so I am looking forward to that.

The Hon. TREVOR KHAN: Is that another declaration of interest?

The Hon. PAUL GREEN: My only declaration is my father-in-law helped build the original one.

The Hon. GREG DONNELLY: We have all got a Snowy story.

The Hon. PAUL GREEN: How many times have we heard about the ice on the ground and living in the tents—terrible. Thank God for those hard workers and immigrants who built that.

The Hon. NATALIE WARD: And the great employment opportunities.

The Hon. PAUL GREEN: Yes, massive. A lot of people got a life out of it, and we continue to get life out of it. This is an energy question. I note that you talk about using off-peak energy to pump the water through the tunnels. How much of the proportion of energy is going to be needed to pump that water through?

Mr WHITBY: I think the best way to answer your question is the round trip efficiency is of the order of 75 per cent. So you need another 25 per cent to 30 per cent in an energy storage sense.

The Hon. PAUL GREEN: What is it predicted that energy will come from—water, solar or something else?

Mr WHITBY: It will change over time. We are essentially agnostic as to where it comes from. Obviously as more and more renewables come in then you can expect to see more and more surplus at times when there is lots of sunshine and lots of wind. Where the actual electrons come from is a very—you know, it is a power system, so we are a bit agnostic too.

The Hon. PAUL GREEN: Where is the 25 per cent coming from or being driven?

Mr WHITBY: It will change over time.

The Hon. PAUL GREEN: That is not my question.

Mr WHITBY: But the question you are trying to get at is not an answerable question.

The Hon. PAUL GREEN: Once it is all established, where would the initial base load come from for that 25 per cent?

Mr WHITBY: What is happening is with renewables you have times of excess. When there are times of excess in general, that is when we will pump. When there are times of shortage, where there is higher value, that is when we will generate. That is essentially the business case.

The Hon. PAUL GREEN: I will let you prepare for that question and we will come back and bring it on 31 May.

The Hon. SHAYNE MALLARD: The Hon. Paul Green's inquiries are crossing over. The submission from the Department of Planning and Environment notes:

4.1 ... Snowy Hydro and TransGrid requested that the NSW Minister for Planning declare the Snowy 2.0 and Transmission project as critical State significant infrastructure (CSSI) under ... the Environmental Planning and Assessment Act ...

You made that request to the Minister.

Ms KIM: Yes.

The Hon. SHAYNE MALLARD: And what were the other options you had?

Ms KIM: Bespoke legislation and State significant infrastructure [SSI] were some of the other options.

The Hon. SHAYNE MALLARD: That is two options.

Ms KIM: There were a range of options, but those two in particular were considered.

The Hon. SHAYNE MALLARD: Could you list the other options for us?

Ms KIM: You could do a development application.

The Hon. SHAYNE MALLARD: The earlier witnesses were critical of the order. You have refuted some of their assertions. Their assertions were that the order extinguished contestability, was less transparent and allowed no appeals. Do you want to respond to those criticisms of the order, given that you have outlined a couple of other options for the direction taken, seeing as you requested the Minister to make the order?

Ms KIM: As I said before, we requested the Minister to make the order on the basis that it is an available pathway under the legislation. There was a range of options that we considered. The CSSI pathway seemed to be the most appropriate for us, given the reasons outlined by Mr Whitby. This project is critical not only for the State of New South Wales but for the national electricity market as a whole. On that basis we satisfied ourselves that it would meet the criteria for critical State significant infrastructure under the Environmental Planning and Assessment Act. On that basis we made the application.

The Hon. SHAYNE MALLARD: It was not that it was attractive because it was more efficient, faster and less prone to being delayed by appeals and that type of process.

Ms KIM: One of the appeals was that it requires a comprehensive environmental impact statement [EIS] to be prepared, along with public consultation, with the Minister retaining the ultimate discretion whether to approve the EIS or not. We are a responsible operator in the national park. We have an impeccable track record. It is something we take very seriously. It is our backyard. On that basis we were not going to take any shortcuts. We are committed to undertaking a comprehensive and robust process. An impact assessment and the critical State significant infrastructure pathway enabled that for us.

The Hon. SHAYNE MALLARD: Your submission says your deadline is five to seven years to have this constructed and operating. That is pretty fast.

Mr WHITBY: It is, but that future that I spoke about is coming rapidly. No doubt everybody is aware of the planned retirement of Liddell, for example. It is well before that time.

The Hon. SHAYNE MALLARD: This Committee's brief is to look at the order, not to contest the whole project. Some people are contesting it. You have outlined why we need it. What I am getting at is whether the order as a mechanism was the way to go or there are faults or problems with it. Did you go for that order because it allowed you to meet that tight timetable of five to seven years and the external pressures on the energy system at the moment? Is it the most efficient way for you to be able to deliver this project?

Mr WHITBY: I think the short answer is that we believe it was the most efficient pathway while retaining that key requirement which is a robust and comprehensive approving process.

The Hon. TREVOR KHAN: That is yes.

The CHAIR: So the other pathways available to you would not have allowed you to undertake this project within that time frame? Would that be fair to say?

Ms KIM: Not necessarily. It is just that we looked--

The CHAIR: So a legislative order for instance would have?

Ms KIM: We looked through the options. Our projects seem to meet the requirements. If our application to have the project declared CSSI was rejected, for instance, we would have looked at other options a lot more closely. But we were comfortable that the criteria being an essential infrastructure project was certainly met by Snowy 2.0.

The Hon. TREVOR KHAN: Does it not reduce the risks involved in proceeding with the project? I do not see there is a problem with that.

Mr WHITBY: No, there is not.

The Hon. TREVOR KHAN: It cuts down the issues.

Mr WHITBY: By saying it is the most effective process, I am essentially acknowledging that.

The Hon. TREVOR KHAN: I think that is right.

The Hon. NATALIE WARD: Mr Whitby, you do not have a crystal ball, is what you are telling us? And maybe you should?

Mr WHITBY: No.

The Hon. NATALIE WARD: There is no crystal ball for a project of this magnitude and a staged process is the optimal one to ensure that robust inquiries are undertaken, there is community consultation and the project can adapt where necessary rather than unfortunately the non-existence of a crystal ball—

Mr WHITBY: I think essentially that is the position we are putting forward. Thank you, member.

The CHAIR: It was contended by the previous witnesses that if there was a different process that was engaged upon and this was not declared under the CSSI, that potentially other initiatives could come on the table. It was raised that there might be technological advancements or other projects that were seen as more beneficial. Do you have anything you wish to say about that in terms of the merits of the project before us?

Mr WHITBY: Absolutely. The reason we are proposing this project, one we understand is a very large project but we think this is one of the most effective projects given the scale but also the attributes of the pumped storage that we are talking about. It does not require any new storages, which is quite unique. We are using existing storages being Talbingo and Tantangara which are both very large and unencumbered from an operational sense.

The Hon. TREVOR KHAN: Sorry, what does that mean? What does unencumbered from an operation sense means?

Mr WHITBY: It means there are no real restraints and they do vary up and down. The storages are very large and they are able to move up and down, which is quite unique in terms of water storages.

The Hon. MICK VEITCH: In fact, the majority of the water in Talbingo Dam is not utilised. It is stored, there is huge storage. From memory about the top 10 per cent is used and the rest is already collected but is not used.

Mr WHITBY: What I am saying is that 10 per cent is unencumbered so it can go up and down without any real restraints. That is quite a unique feature, that combination of existing storage. They are large but also importantly there is a large elevation difference between the two and that means that there is an immense amount of energy that can be stored there which again is unique. We believe that the Snowy 2.0 project in terms of economics, relative to many others, is very compelling. Having said all that, this does not in any way stop any other storage developments. As I said before, the energy transformation that is going on, the reality is that it is happening. It needs storages much beyond what we are proposing here. The quantity of the energy that is required to keep the power system balanced is just enormous when you take out retiring base loads stations. You need much more than Snowy 2.0. But I think I have probably made the point.

The CHAIR: We thank you very much for your time today. I do not think you took any questions on notice so you do not need to worry about our requirements. There could be some questions that come to you after the hearing and they would be required to be returned by Friday, 8 June. The Committee secretariat will be in touch with you if that is the case.

(The witnesses withdrew)

(Short adjournment)

MIKE YOUNG, Director, Resource and Energy Assessments, Department of Planning and Environment, sworn and examined

DAVID KITTO, Executive Director, Resource Assessments & Business Systems, Department of Planning and Environment, affirmed and examined

The CHAIR: Would either of you like to start by making an opening statement?

Mr KITTO: The ability for the Minister of Planning to declare certain projects to be critical has been a feature of the planning system since 2005. Since then, a broad range of strategically important projects have been declared to be critical. This includes road projects such as WestConnex, NorthConnex and the upgrade of the Pacific Highway; rail projects such as Sydney Metro and the Inland Rail; water projects such as the desalination plant at Kurnell; and a number of energy projects including, recently, the upgrade of the Bayswater Power Station near Muswellbrook.

Under the Planning Act, the criteria that needs to be met for something to be declared critical is that it needs to be essential to the State for economic, environmental or social reasons. Whether this threshold is met is an administrative decision making function that the Minister for Planning must determine on a case-by-case basis. The decision to declare something to be critical State significant infrastructure sets the strategic context for the assessment of the project as a whole, but does not remove the need to carry out a detailed assessment of the merits of that project.

In summary, our submission sets out the matters that were put to the Minister in making the decision to declare the Snowy project to be critical. In summary, those reasons were threefold, and all of them related to the point that it could make a major contribution to providing energy to the electricity market into the twenty-first century by increasing energy security and reliability, reducing electricity prices and reducing the emissions associated with electricity generation. There would also be consequential social benefits associated with the construction of the project—construction jobs and so on.

It is important to emphasise that the assessment process for these applications is essentially the same as any other State significant infrastructure project, and includes detailed community consultation and comprehensive environmental assessment. The key steps in the process are that proponents need to apply for approval; the secretary of the department issues environmental assessment requirements in applicable Government policies and guides. The proponent is then required to prepare an EIS, that is put on public exhibition so that the public can comment on the proposal. The proponent is then asked to provide a formal response to submissions. There is then a detailed assessment of the proposal by the department in coordination with other State agencies. Then a report is prepared for the Minister and the Minister makes a determination. This project can be split conceptually into two clear components—the electricity generation component and the transmission of any electricity produced to the broader grid.

This means that there would be two separate proponents for the project—Snowy Hydro Limited for the electricity generation components and TransGrid for any transmission components. One of the consequences of this is that there could be up to five separate applications for the project as a whole—two for the power generation components, split up into exploratory works and the broader power station; and three for the general transmission infrastructure—one to get the electricity out of the national park and the second to take the electricity down towards the Victorian border and the broader electricity market to the south, and the third one to bring electricity to the north towards the Sydney market.

At present the Snowy Hydro has lodged one of those applications with the department for exploratory works. The department recently issued the environmental assessment requirements for the preparation of an EIS for that project. The department expects to receive and exhibit an EIS for this later this year. In assessing the merits of the project the department is fully aware of the competing interests between providing for the establishment of a power station in a national park and the other statutory drivers to protect the national park from any adverse development. That will obviously be one of the key issues that is considered in any decision-making on the various applications for this project.

The CHAIR: With respect to critical State significant infrastructure and State significant infrastructure, what are the differences in terms of the threshold, and what are the subsequent differences in terms of the process that a project proceeds through under both systems?

Mr KITTO: For something to be declared critical State significant infrastructure it needs to be State significant infrastructure first up. So the criteria are the same. The Minister can make something State significant infrastructure by setting out the criteria in the State environmental planning policy, but he also has

the discretion, by order, to make something State significant infrastructure. So critical State significant infrastructure is a small subset of any broader State significant infrastructure.

The CHAIR: What is the process following that?

Mr YOUNG: Can I table some flow charts?

The CHAIR: You may indeed. That will answer all of our questions.

Mr YOUNG: You will notice that the heading uses the words "SSI and CSSI", so the same assessment pathway applies, essentially, to both.

The CHAIR: Thank you very much. There have been some criticisms from previous witnesses—it was before you attended, and I do not expect you to have watched that evidence being given—and largely it was about the triple bottom line and the requirements for it to be in the State's economic interests, social interest and environmental interests and that the criteria is not something which is, necessarily, published, and that it is not subjective. Would you like to make any comment with respect to those criticisms?

Mr KITTO: The decision on whether something should be declared critical State significant infrastructure is not a triple bottom line assessment. The Act makes it quite clear that it needs to be essential for the State for economic or social or environmental reasons, but it could be all three at any one time. So it is not a triple bottom line assessment. However, as I said in my opening statement, any application for critical State significant infrastructure needs to go through the formal environmental assessment process. Consistent with all other decision-making under the planning Act that needs to be on the triple bottom line. Each of the five applications—if five applications are submitted for this—will need to be assessed on their merits in terms of the triple bottom line. I guess the issue is that we do not have enough information to be able to weigh that up at this stage. That is something that will be done in the future.

The Hon. GREG DONNELLY: With respect to having to wait and see what comes in terms of information and details provided to you in the future, please explain to us the next stage. Thank you for your submission, it has been very helpful. On page 7 at 7.1 of the submission you say that Snowy Hydro has lodged an application for the first stage of the project's works. What happens next? What are we now waiting for? Could you elucidate what that next stage is?

Mr YOUNG: I draw your attention to the flow chart that I handed around, which is probably quite helpful. Essentially, the exploratory works application, as we have outlined, consists of a tunnel to do further investigations about the prospect of putting a power station underground, et cetera. The first stage in any State significant infrastructure [SSI] or critical State significant infrastructure [CSSI] application process is to lodge the application. As a result of the order that was made, that created an assessment for Snowy Mountains Scheme to be able to lodge that application, which has now been done. As part of that application, what we usually require is some information about what the application is about and some preliminary information about the potential environmental impacts. That is usually contained in a preliminary environmental assessment, which is available on our website. It consists of a 40 or 50-page document going through what the project is, some of the statutory elements and also what the environmental impacts might be.

The Hon. GREG DONNELLY: That is to come, so we are waiting on that?

Mr YOUNG: At the moment we have an application for the exploratory works, which is the first stage and we have a preliminary environment assessment for those exploratory works. Last week we issued the environment assessment requirements, which are the terms of reference essentially for the preparation of an environmental impact statement [EIS], which we expect to get in two or three months, something like that, from Snowy Hydro Scheme. This will have far more detail about the project itself in terms of the exploratory works and the environmental impacts of those works, in accordance with government policies and those requirements that we have just issued.

The Hon. GREG DONNELLY: That is about box 5 on your flow chart?

Mr YOUNG: I do not have it in front of me, but that sounds about right.

The Hon. GREG DONNELLY: In regard to that point about the EIS, are other bodies, organisations, individuals able to contribute to making a submission or make comment?

Mr YOUNG: Absolutely. That is the point that David was making in his opening remarks, and we certainly tried to make that strongly in our submission, is that in almost every respect the process that SSI or CSSI or indeed State significant developments, which is the normal process for private developments in New South Wales of State significance, the steps are largely the same. Once we receive the EIS, we place that on

public exhibition and any person in New South Wales or indeed, elsewhere, can make a submission on the project during that exhibition phase.

The Hon. TREVOR KHAN: That is about box 7 on your flow chart.

Mr KITTO: Just to clarify, in terms of the issuing of the requirements, it is common for us to consult quite broadly. In this instance in issuing the requirements last week, we have carried out consultation with all key State agencies, including National Parks and Wildlife Service, the Office of Environment and Heritage, the Environment Protection Authority, the Department of Environment, Land, Water and Planning, parts of the Department of Primary Industries, Roads and Maritime Services, the two councils, Snowy Valleys Council and Snowy Monaro Regional Council. We have been down and briefed both sets of councils and the councillors, and sought to integrate their comments into the project.

We have met with some of the community groups in that area, including the progress associations in and around Tumut and Cooma. We have also met with the peak environmental bodies, including the National Parks Association. We have also been down and briefed the advisory committee for the southern ranges, which is responsible for overseeing the plan of management for the Kosciusko National Park. To this stage we have carried out a lot of consultation and we have tried to feed all the concerns and issues raised by those bodies into the assessment requirements. We will continue to consult with those bodies as we move through the more detailed assessment process.

Mr YOUNG: There are informal steps to that consultation that will be carried through and also the formal steps, which is the submissions that can be made during the exhibition period once the EIS is lodged.

The Hon. GREG DONNELLY: Given the magnitude of this project, is there a process of considering the threshold question in a more holistic way, as opposed to smaller projects where it might be argued for smaller sequences of stages due to the less significant impact? We have heard competing arguments this morning.

Mr KITTO: Under the Planning Act it is up to the proponent or the proponents to work out what they want to seek approval for. They do have the ability to break an application up into smaller bits. Under the planning legislation as well, a proponent can seek approval for what is called a stage infrastructure project or concept approval for the project as a whole. In some cases they may not have all the details at this stage and it may take some time for them to get those details. Therefore, the assessment may only be able to be carried out at a very high level. Proponents weigh these things up and in this case, as I pointed out, there are two different proponents. Snowy Mountain Scheme and TransGrid have said they are not seeking to break it up into different sizes.

The Hon. GREG DONNELLY: Please repeat that.

Mr KITTO: They are choosing to break it up into a number of separate components, rather than to lodge an application for the project as a whole.

The Hon. GREG DONNELLY: Which they are entitled to do.

Mr KITTO: Which they are entitled to do under the Planning Act. It may take three to five years before the merit process is completed on each application. If you do get a project in bits and there are consequential impacts associated with those bits, for instance, if you put a 2,000 megawatt power station in an area, the obvious consequence is you need to be able to transmit that power to the broader electricity market. The courts have consistently ruled under the Planning Act that if you are looking at something which does have those sorts of consequential impacts, you do need to turn your mind, at least at a higher level, to what those impacts may be. They would not be assessed at a detailed scale like you would the EIS for the project that they are seeking approval for, but the EIS and the decision-making would need to consider the implications of granting approval for a power station and so on in certain areas.

Mr YOUNG: I guess you would put that under the heading of cumulative impacts. There is an obligation for each stage to assess, at least at high level, the potential cumulative impacts of the other elements of the project. It is not as if it is in total isolation of the other elements, but as David said, it is open to the proponent to state its application in that way. We assess a lot of wind farms for example and it is routine that the wind farm proponent will put in an EIS for the wind farm and there will be a separate process for the transmission line that will be subject to its own merit assessment. However, there are provisions in conditioning any stage of the project whereby you can make the commencement or the operation of that first stage potentially contingent upon the satisfactory approval and consideration of subsequent stages, for example. For a wind farm, you could say you cannot start construction of the wind farm unless and until you have a valid planning approval for your transmission line, so there is not this element of constructing a white elephant.

The Hon. TREVOR KHAN: Are there any examples where that has occurred?

Mr YOUNG: Yes, many examples. That is routine. Proponents are aware of those options, that they can break down the elements of their project in different ways. Coalmining is another example, where the mine will get approval but there might need to be a rail line and the rail line will be subject to a separate assessment process. The last thing I would say on that is obviously the first stage is exploratory, in the sense of, on my understanding the Snowy Hydro Scheme has not a final decision about whether to proceed with the project and it is subject to these feasibility works. In some ways from a commercial or a sequence perspective, it does make sense that they have at least put in this first stage for those works prior to lodging an application for the main project.

Mr KITTO: The only other thing I would say on this project is while the Snowy 2.0 project would require extensions to the transmission or upgrades to the transmission network, there will be a number of other drivers in terms of the location of the transmission works. When TransGrid sits down to work out what its applications for the transmission infrastructure will be, it will be considering a whole range of factors, and Snowy will be only one of those factors. There will be other wind or solar farms around the State that may benefit from it, and that will be a big driver around the specific route of those transmission lines. Those transmission lines may well follow existing easements, diverge from those existing easements or be a combination of the two. While Snowy needs upgraded transmission infrastructure to get the energy to the grid, the further upgrades to that grid will be driven by other considerations—

The Hon. TREVOR KHAN: That have nothing to do with Snowy?

Mr KITTO: That have nothing to do with Snowy, yes.

The Hon. GREG DONNELLY: But they could have a real impact on the cost of Snowy with respect to getting the transmission or electricity generators to a point where—forgive me, I am not an engineer—TransGrid effectively takes over the transmission.

Mr YOUNG: My understanding of the way it is broken down is that essentially Snowy's obligations are for the power station and the exploratory works, and as soon as it goes into the transmission alignment, that is TransGrid, even within the Kosciuszko National Park.

The Hon. TREVOR KHAN: If TransGrid does not go off an existing station, it will build some form substation that starts and includes the substation through to wherever it joins up with—

Mr YOUNG: Yes, basically from the portal of where the tunnel comes out, connecting from there, out of the park to a new substation and then to those major transmission lines towards Victoria, Albury and Bannaby near Yass.

The Hon. GREG DONNELLY: On their wires?

Mr YOUNG: On their wires, yes.

Mr KITTO: When the original scheme was broken up under the Snowy Hydro Corporatisation Act, there was a clear delineation between generation and transmission, so all the transmission infrastructure that was in the national park went to TransGrid, and the generation of it stayed with Snowy. That would be consistent if Snowy 2.0 went ahead.

Mr YOUNG: We have certainly had discussions with TransGrid about the need to design this so that it is reducing the impacts on the park. We are very aware of that tension. At this stage, the design element is basically a beeline—so to speak—straight out of the national park to a new substation that is outside of the national park.

The Hon. TREVOR KHAN: We just heard from Snowy that what I will call stages 3 to 5—the transmission parts—are, in a sense, independent of whether or not they proceed. The change in the nature of the electricity generation market necessitates additional transmission capacity to make Snowy work anyway, irrespective of whether it has increased in size. Is that your understanding as well?

Mr KITTO: I think there are independent considerations. If Snowy goes ahead, it will need extra transmission capacity. But there are other drivers for what TransGrid might do. To that extent, there are independent drivers of Snowy, but certainly Snowy could not operate without more transmission.

Mr YOUNG: One of the critical things—and in some ways these are questions that you should put to Snowy Hydro—is that Snowy is seeking to use excess renewable energy within the grid to take the water uphill. Obviously some kind of connection with some renewable energy projects, presumably at some distance to where the project is located, is going to be the plan that makes the most sense.

The Hon. TREVOR KHAN: Snowy seems to have indicated that already.

The Hon. MICK VEITCH: Just to be clear, there could be up to five stages. I cannot remember if it was the Hon. Trevor Khan or the Hon. Greg Donnelly who asked this question previously, but the stages are not linear, are they? Could some of this be done sequentially?

The Hon. TREVOR KHAN: Or coincidentally?

Mr YOUNG: Yes, that is correct. We know there are two proponents. We do not know, at this stage, whether there will be five applications. We certainly know from the power generation side of things that we have an application for the exploratory work, so we will presumably get one more for the power station and the tunnels. In terms of TransGrid, we think we will probably get one to take the transmission line straight out of the park. In terms of what happens then for the other major connections within New South Wales, that may well include separate applications or, depending on the planning and the studies, they could potentially be put together. The issue would be that it starts to get into a size limitation, in the sense that these are hundreds of kilometres of transmission lines with a whole range of environmental, land access and land owner issues. If they start to string hundreds and hundreds of kilometres of major transmission line upgrades together, we would start to get into a very difficult space for assessment.

The Hon. TREVOR KHAN: In that it would exhibit a plan that would invite a diversity of—

Mr YOUNG: From Albury to Yass, which is potentially difficult, from both a practical and commercial perspective.

The Hon. MICK VEITCH: Does the way the order is worded prevent or preclude those scenarios?

Mr YOUNG: No, it is an umbrella declaration that allows certain flexibility for the two proponents to lodge either combined applications or a number of applications, depending on the sequencing and timing of the studies and other drivers.

The Hon. MICK VEITCH: We received a submission from Yass Valley Council that stated it has not had a lot of conversations with anyone about this project at this point in time. The council will be impacted on, not only from transmission but also from heavy vehicles needing to go through the council area to get to some of the project sites. I suspect that will be the same for the Cootamundra Gundagai Regional Council. The first point on your flow chart where they could make comment on that would be the very first EIS. Is that right or is that first EIS only about the exploratory works?

Mr KITTO: The first EIS is only about the exploratory works. I think that submission might have come before some of the more detailed consultation we carried out recently. We did meet with council officers and all the State officers down in Canberra a few weeks ago to work out what all the requirements and concerns were. Snowy Valleys Council was part of that.

Mr YOUNG: I think it was Yass—Yass Valley Council put in a submission.

The Hon. MICK VEITCH: Yes. Did the meeting that you are talking about include all of the councils that are listed in the order?

Mr YOUNG: That is not correct. We have not directly consulted with some of those other councils. We have consulted with those around the main power generation component and those that will be most affected by the exploratory works. I think with Yass Valley Council, you would have to talk to Snowy about the proposed heavy vehicle routes and so forth, but I understand that a lot of it may well go through Cooma, rather than through Yass and Gundagai. But there will probably be components of both. Obviously, the Hume Highway goes through Yass. We are happy to consult further with those other councils in the meantime and not wait for the EIS to come out. We are happy to do that.

The Hon. TREVOR KHAN: The flow chart covers up to stage 3 and then there are five separate flow charts need to each other that deal with each one. Do you sometimes find that when you have a project that is as complex as this, you approached a council but then another council sticks up its hand and says "We want a bit of input into the early stages of this plan"?

Mr KITTO: That is quite common. Now that you have said Yass, I can backtrack a bit. Our focus at the moment is on the exploratory works, which are principally down in that Lobs Hole Ravine area, which is in the park. We made a judgement at that stage that the primary councils that would have an interest in that would be Snowy Valleys Council and Snowy Monaro Regional Council, because vehicles would come that way or they would come that way and they would arrive this way or that way by the State road network. Yes, they might go through Yass or a number of other local government areas [LGAs], but they would be on the Roads and Maritime Services [RMS] network. However, when we do get to transmission applications, if transmission

applications are going to go through Yass Valley up to that Bannaby area and so on, obviously one of the critical stakeholders in that process will be Yass Valley Council and we will certainly consult with it. I am quite happy to phone Chris Berry or whoever at Yass Valley Council and say that we are happy to come to brief the council on the project as a whole.

The Hon. TREVOR KHAN: The problem is—and I am not being critical—that there has been a lot of publicity about this. Everyone knows that this thing is being talked about and is, quite frankly, likely to happen. They know that the department is wandering around the scenes talking to some people. I can imagine the council will be saying "What about me?"

The CHAIR: Particularly when they are named in the order.

The Hon. TREVOR KHAN: That is right. I can see that there would be a feeling of being left out by not having been contacted at an early stage.

Mr YOUNG: Yes, I think the wording of the order which requires us to, in broad terms, state the land to which the order potentially applies and the local government areas [LGAs] to which the order may apply, which includes Yass Valley Council, along with four others. I guess what we are saying now that has come to the attention of at least Yass and maybe some of the other councils.

The Hon. TREVOR KHAN: It would seem so, yes.

Mr YOUNG: There has been no consultation with these councils in regard to the particular order.

The Hon. TREVOR KHAN: Have they received a letter saying that the order is being made and they will be contacted in due course?

Mr YOUNG: No.

The Hon. MICK VEITCH: That is essentially what the Yass Valley Council is saying. We are drawing our questions from their submission. They are saying—

The CHAIR: They have got no idea.

The Hon. TREVOR KHAN: I am not trying to poke anyone in the eye, but it is understandable how the concern arises.

The Hon. MICK VEITCH: It is the process. A conversation needs to be had with the councils to advise them that their involvement with the project will be further down the track.

Mr YOUNG: That is fine. What we are trying to say is that we are absolutely happy to do that. We are focused a bit more narrowly at this stage. Obviously, we did not consult with Yass and a couple of the others that were further afield.

The Hon. TREVOR KHAN: I am not necessarily saying it is a question of consultation. I am suggesting it might be something as simple as communication.

Mr KITTO: Point taken.

The Hon. NATALIE WARD: Mr Chair, if I may?

The CHAIR: Has the Hon. Mick Veitch finished his questions?

The Hon. MICK VEITCH: I have another question. Does it flow on from what we are discussing at the moment?

The Hon. NATALIE WARD: It certainly does, so it is relevant. Are there not two points? One is personal responsibility. At any time if they had contacted you, you would not have cut them off from consulting?

Mr YOUNG: Absolutely not, no.

The Hon. NATALIE WARD: Secondly, the submission states that:

... there is a risk that Council will have no opportunity for input into reviewing the likely biodiversity impacts of the development.

Would you care to comment on that?

Mr YOUNG: Obviously there is a range of environmental assessment requirements, including regard to biodiversity, under the new legislation that has been passed. Any transmission line that TransGrid was

proposing through the Yass Valley, or indeed any other transport impacts associated with the project that have biodiversity impacts, would have to be comprehensively assessed in accordance with those requirements.

The Hon. NATALIE WARD: They will have an opportunity?

Mr YOUNG: They will have an opportunity, not just on biodiversity but any matter that they see is relevant or where they have raised concerns, both on the exploratory works, if they wish to do so, or indeed on any of the subsequent stages.

The Hon. NATALIE WARD: They could do that throughout the process?

Mr YOUNG: Throughout the process.

The Hon. NATALIE WARD: There is not one window which is opened and closed, there will be continuous windows?

Mr YOUNG: There are formal submissions that can happen during exhibition, then there is the informal consultation that we undertake as well, which clearly we need to do with Yass Valley Council fairly quickly.

The Hon. MICK VEITCH: I suggest the department speaks to all of the councils mentioned in the order. They need to have clarity about why they were mentioned in the order. They were not told they were going to be in the order.

The Hon. NATALIE WARD: We need to be clear whether Yass Valley Council's statement is correct, that they will have no opportunity for input, which I do not think is a fair assessment.

The Hon. TREVOR KHAN: No, because they have another part in their flowchart.

The Hon. NATALIE WARD: They clearly did not have this.

The Hon. MICK VEITCH: Turning to a new matter. When the order was made, it is my understanding—and I could be very wrong about this—this project may well require an amendment to the plan of management for the park?

The Hon. TREVOR KHAN: Is that a yes?

The Hon. MICK VEITCH: Is that a yes?

The Hon. TREVOR KHAN: There was some head movement.

Mr KITTO: What the order does is create a planning approvals pathway for the proponents to put in applications and have them considered on their merits. For any development that is approved in the national park a lease would need to be issued under the National Parks and Wildlife Act for that development. Snowy Hydro has leases for the existing scheme and TransGrid has leases for the existing transmission lines. Under those leases you would be required to prepare a plan of management for whatever works were being carried out. Whether that is a new plan of management that just deals with that aspect or it is an amendment to the broader plan of management, that is really a matter for national parks and the proponents to work out. But, yes, what the order does is creates a planning approvals pathway but it does not negate the need for the proponents to secure a lease under the National Parks and Wildlife Act and then you have to prepare plans of management under those leases.

The Hon. MICK VEITCH: Being fair, there are other interactions with other government departments as well, as you mentioned previously.

Mr KITTO: Yes.

The Hon. MICK VEITCH: Looking at your flowchart that underpins this process, are those other State planning instruments that may need to be amended picked up after the initial Environmental Impact Statement [EIS], or stage by stage?

Mr KITTO: The Critical State Significant Infrastructure process is a highly integrated process. That was put in place in 2005 where the concept was you should not have to go through five or six separate approval processes to get the approvals you require for a project. Under the Planning Act a proponent is exempt from obtaining certain approvals because those approvals are dealt with under any planning approval. Then there are some approvals which are still required, such as licences under the Protection of the Environment Operations Act and from the Environment Protection Authority [EPA] and so on. If the planning approval is given they cannot be refused and they need to be granted consistent with any planning approval. That is the same for any State significant development project or State-significant infrastructure project.

The issuing of a lease under the National Parks and Wildlife Act is not one of those approvals that is either exempt or needs to be granted in a substantially consistent way. It is really something that sits completely outside this process and is consistent with that broader idea the principal purpose of parks is for conservation and the Minister for the Environment needs to turn her mind to those matters when granting a lease. They are independent of the planning and merit assessment process. There are a number of approvals that would be required for Snowy Hydro that will be integrated into the planning approval process and the Act sets all those out. But the national parks and wildlife lease is not one of those approvals or authorisations that is incorporated or integrated into the planning process.

The Hon. NATALIE WARD: It was suggested earlier—and obviously you were not here at the time—that one option is to have a prior process where the environmental impact statement is issued, everyone can comment and then we go through the stages. Would you care to comment on that, and is that possible and optimal?

Mr KITTO: I have looked at the submission where that suggestion was made. The statutory scheme that we have at the moment allows the Minister to make an order to declare something to be critical. That is really a high level, strategic decision to say that this project is essential for the State. It is not, as I said earlier, a triple bottom line assessment and it is not something that would be getting down into every little impact that a project might have. It is a higher order that sets a strategic context for the project in the full knowledge that what will follow will be a full assessment of the environmental impacts and a triple bottom line assessment. To have a triple bottom line assessment before you can get to a triple bottom line assessment is not what the statute envisages.

The Hon. TREVOR KHAN: In your opening statement you referred to a number of State significant projects, however we describe them as. Are you able to give the Committee on notice a chart that sets out what those projects have been and when they occurred? Both sides of politics have some ownership of this process. It would be interesting to see what type of projects have been approved.

Mr KITTO: Since 2005?

The Hon. TREVOR KHAN: Since 2005.

Mr KITTO: Happy to do that.

The Hon. SHAYNE MALLARD: Snowy Hydro was going through its options to make application for assessment of this project and decided on the order. We were asking them about the benefits of the order as opposed to other mechanisms. We really did not get an answer. We understand and appreciate there are time pressures on this project: the five to seven year construction period because of the ageing infrastructure and the coal fired power stations going offline. But what are the benefits? It is helpful that you listed all those projects before. What are the benefits of making it State significant versus other processes of assessment? Or what are the elements that are not there?

Mr KITTO: What flows from it being declared to be critical compared to standard State significant development [SSD] and State significant infrastructure [SSI]—is that really what you are asking?

The Hon. SHAYNE MALLARD: Yes, that would be helpful.

Mr KITTO: The assessment process is largely the same for CSSI and SSI. The primary difference between normal SSI and critical SSI is that there are a number of constraints on the legal action that can be taken against a project if it is approved. That comes from the idea that if it is critical or essential for the State then once it is approved, everyone has had their say, the merits have been weighed up and a decision is made, then it should be allowed to go ahead in a reasonably unconstrained way.

The Hon. SHAYNE MALLARD: With no ability to go to the Land and Environment Court—

Mr KITTO: I will be clear on what those restrictions are. If something is SSI, there are no third party merit appeal rights as there are for something if it was SSD. Whether it was SSI or critical SSI, there would be no third party merit appeal rights. There would still be judicial review rights if there was an error—administrative or law error. And those provisions still exist. So the ability to seek a judicial review of the Minister's decision to approve an SSI project can still be carried out. If you are going to look at some of the provisions in the Act though, they do limit the ability, if you go through that judicial review and it is all ticked off, then in terms of what sort of orders can be granted—for compliance with conditions of approval, breaches of the Act and so on—it does not mean that none of those things can happen but it does require the agreement of the Minister for Planning before those things can happen.

It does not rule it out but it does require you to go through the Minister for Planning. I think the idea is that people should not be able to prevent or interfere with the carrying out of the project once it is carried out, because it has been given a critical status. In this instance, whether it had been assessed as SSI or critical SSI, there would not have been third party merit appeal rights. Judicial review rights are maintained in terms of the granting of any approval for the project as a whole or the various applications that apply, but there are constraints on what sort of action might be taken to prevent or interfere with the carrying out of the project once it has been approved.

The Hon. SHAYNE MALLARD: Thank you. That has been very helpful.

The Hon. GREG DONNELLY: I take you to the order itself. I presume you have a copy available. Do you have a copy of the order itself?

Mr KITTO: Yes.

The Hon. GREG DONNELLY: I take you to schedule 1. Down the page are four transmission works. We go over the page to (5) and essentially it is an exemption provision. It says: "The development referred to in this clause does not include..." then it sets out in (a) a number of particular items. Do those items such as surveys, environmental investigations, geotechnical bore hole drilling and so on all have a particular meaning that is understood so it is very clear what those specific exemptions are for what is in effect TransGrid. This is where they have the skin in the game, as I understand it. Is that right?

Mr YOUNG: Maybe those exemptions apply to both.

The Hon. GREG DONNELLY: Perhaps both.

Mr YOUNG: Both, yes—I think so. It recognises that if you were to declare every element of both projects to be CSSI under the order, even going out and doing some kind of survey, test pitting, soil sampling or whatever may well be legally captured by that. So it is important that the kinds of investigations that are currently being undertaken to prepare the environmental impact statement [EIS] and indeed the undertaking of some of the exploratory drilling that has already been occurring in the park are not captured by this order. We really are focusing on the main game, which is those five key elements or stages that we have talked about.

The Hon. GREG DONNELLY: In (5) (b), it says "the carrying out of works to upgrade or modify electricity transmission lines". That means they would continue to be able to do what they can do now, but for the order.

Mr KITTO: Yes.

Mr YOUNG: For example, I am aware that the works proposed potentially at the substation at Bannaby would be undertaken within the existing compound and really just require some upgrade works et cetera. There is a number of examples of that where we are not talking about new transmission lines or new substations, that are focusing on some switching upgrades and other upgrades within the existing infrastructure. We did not want to capture those things either.

The Hon. GREG DONNELLY: Finally—I think I probably know your answer, given what you have just said—with respect to ancillary development, which is in point (6), is there a clear understanding about what "ancillary development" generally means?

Mr KITTO: Yes.

The Hon. GREG DONNELLY: For the purposes of a project like this.

Mr KITTO: Yes. It would be consequential road upgrades, but they would have to have a clear nexus to the project.

Mr YOUNG: For example, you might have a situation where, say, a road turning for the size of the equipment that might need to come in, maybe in Talbingo or Cooma or whatever you might need to upgrade a particular intersection or whatever, that that is recognised.

The CHAIR: Thank you very much for your time today and being present at the Committee's hearing. The Committee has resolved that answers to questions taken on notice be returned by Friday 8 June 2018. I know Mr Khan asked you at least one question on notice. I am not sure if there were any others. The secretariat will contact you in relation to the questions you have taken on notice and help you comply with that deadline. Thank you again for your presence here today.

Mr KITTO: Thank you.

Mr YOUNG: Thank you.

(The witnesses withdrew)
(The Committee adjourned at 11:47)