SUBMISSION ON COMMUNITY ENGAGEMENT REVIEW AUSTRALIAN ENERGY INFRASTRUCTURE COMMISSIONER (AEIC)

Introduction

The Clean Energy Council (CEC) welcomes the opportunity to make a submission on the Community Engagement Review by the Australian Energy Infrastructure Commissioner (AEIC).

The CEC is the peak body for the clean energy industry in Australia. CEC represents and works with over 1,000 of the leading businesses operating in solar, hydro, on-shore and offshore wind and storage, as well as renewable hydrogen. We are committed to accelerating Australia's clean energy transformation.

Australia is firmly in the implementation stage of the energy transition, evidenced by the Australian Energy Market Operator (AEMO) forecasting that by 2050, grid scale wind and solar will increase to 141GW, storage will increase to 61GW and distributed solar PV will increase to 69GW.

Renewable energy has long enjoyed strong public support in Australia. While this support represents an immensely powerful foundation for our transition to a clean energy future, the industry recognises that it cannot be taken for granted and that it is partly shaped by the way that each and every project engages and operates within their local communities.

Securing the success of the energy transformation underway in Australia goes well beyond energy policy, and intersects with areas such as environment, biodiversity, agriculture, planning, First Nations, employment, education, regional development, tourism, transport, community engagement and sustainability to name just a few.

CEC and our members are leading from the front on improving community engagement

In 2019, the CEC first published *The Best Practice Charter for Renewable Energy Projects*, a voluntary set of commitments for CEC members designed to clearly communicate the standards that the signatories will uphold in the development of current and new clean energy projects. Updated in 2021 and now with almost 60 signatories from leading developers of renewable energy, the Charter outlines a commitment to engage respectfully with the communities in which they plan and operate projects, to be sensitive to environmental and cultural values and to make a positive contribution to the regions in which they operate. The CEC is currently in the process of establishing an annual reporting framework for the Best Practice Charter, for signatories to demonstrate how they have adhered to and applied the 10 principles. Publishing how signatories achieve their commitments will provide valuable examples for industry, policy makers and communities.

The CEC have also previously developed *Community Engagement Guidelines for Building Powerlines for Renewable Energy Developments,* published a report on *Benefit sharing for renewable energy projects* and are currently spearheading the development of *First Nations Engagement Guidelines* (which the CEC expects to publish before the end of 2023). Community engagement and social licence issues are also a regular feature of all CEC conferences, demonstrating its importance to the industry. Further, the CEC convenes a *Community Engagement and Social Licence Working Group* where members discuss, share and learn from one another on advancing community engagement

practices. The CEC thanks members of this group who assisted in the development of this submission.

Part 1: What community engagement has worked well and what can we learn from it?

The CEC acknowledges that many of our members are committed to best practice community engagement. Members communicated they are committed to best practice community engagement because it's the right thing to do and because their reputations, often as international companies, depend on it.

Feedback from CEC members suggests that while there are opportunities for proponents to improve, many of which are recommendations in the *Australian Energy Infrastructure Commissioner 2022 Annual Report* and are topics of conversation during the CEC's Working Group meetings, difficulties arise in communities where the scale of change is beyond any one project that proponents may be consulting about. For example, CEC members highlighted that they have heard from landholders who are in Renewable Energy Zones (REZ) who first discovered they are in a REZ when a proponent contacted them about a specific project. These communities have not had the opportunity to discuss the pros and cons of being in a REZ and feel like their rights are being taken away.

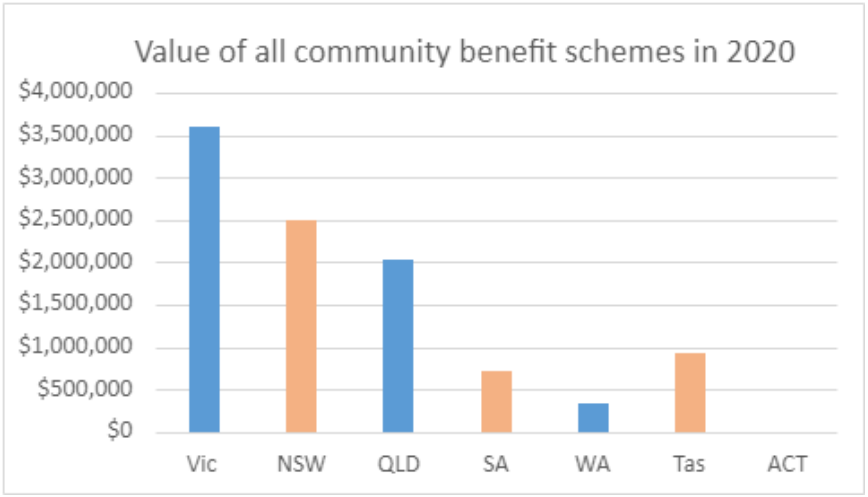
CEC members also recognised some communities were suffering from 'consultation fatigue' or over-consultation. This is evident in areas that have been declared a REZ and are also suitable for mining activities. For example, the Western Victoria REZ is also hosting proposed mineral sand mines. In this location, landholders are being consulted about renewable energy projects, transmission projects and mineral sands mines concurrently.

This highlights the role for state and federal governments in planning the role out of REZs and consulting with communities before declaring a renewable energy zone. Proponents struggle to obtain social licence when communities feel out of the loop on the overall energy transition from the very beginning. Members spoke about the 'cumulative impact' of communities being left out of the decision-making process. There is a need for governments to engage with communities in advance of declaring a REZ and further, with communities who are outside of a REZ but in areas suitable for renewable energy projects. In these areas, a regional coordination body could host regular meetings, which proponents and relevant local community members or bodies join.

Part 1A: CEC Members are pioneering community engagement best practices.

Clean Energy Council members are pioneering community engagement best practices. CEC Members noted how they are going beyond the engagement that is prescribed in planning processes.

One of the best examples of this is the use of Community Benefit Programs. In 2019, CEC received responses representing 115 projects. 71% of projects that responded had a community benefit fund. The value of contributions from those projects during the 2019/2020 financial year was around $10 million dollars. As this did not cover every renewable energy project, the actual amount is likely to have been higher.



As projects reach completion, CEC expects that overall annual contributions will be higher today. CEC members are also deploying neighbourhood benefit schemes, such as scholarships, education grants, solar installations for neighbours of projects or disadvantaged households, energy efficiency upgrades, sponsorships for sports or directly donating to charities. The combined total of these neighbourhood schemes in the financial year 2019/2020 was almost $4 million dollars. The CEC is in the process of repeating this survey and expects to publish updated figures next year.

CEC members are proud of the benefits they are providing to local communities and communicated the following,

"Funding supports programs for local high school, revegetation programs with local Council, the local brigade of the RFS and the installation of solar panels for those living with an intellectual disability"

"The Communities Fund delivers a portion of revenue from the project back into the local community each year, for the life of the wind farms. Each year, eligible community groups and not-for-profit organisations are encouraged to apply for project funding up to $10,000 from a pool of $142,000."

"There is a $30k annual sponsorship program, supporting students from the local school to attend university. This is an annual payment from the project, administered independently by the local school."

It's important to note that community benefits funds are not a payment to obtain social licence. Rather, they facilitate a process to build mutually beneficial relationships between proponents and communities where desirable outcomes are achieved for all parties. CEC members further highlighted there is no one size fits all benefit scheme and that it's important that they are co-designed with the local community.

The CEC is also monitoring the evolution of regionally coordinated benefit sharing schemes, such as that proposed by EnergyCo, funded by the collection of REZ access fees. While an element of coordination is worth exploring, the CEC is mindful of the potential impacts these have on the ability of projects to work directly with local communities in co-designing benefit schemes. Delays in distributing state-administered funds also increase the risk of generating negative community sentiment towards renewable energy projects. There needs to be transparency around decision making processes, amounts collected, how they are spent, and who makes the decisions around spending priorities.

Part 1B – The Latrobe Valley: Case study for community engagement

One example of a whole of government approach to community engagement is the Latrobe Valley in Victoria. The Latrobe Valley Authority (LVA) was established in November 2016 to support the region through sustainable economic transition, initially in the wake of the closure of the Hazelwood coal mine and power station. The LVA was given a clear mandate to bring community, business and government together to understand and work on issues relevant to the region, key among them was the energy transition. The LVA utilised placed-based contemporary regional development, considered global best practice in community engagement.

In March 2022, the LVA was asked by the Victorian Government to lead the development of a transition plan for the Latrobe Valley. In developing the plan, the LVA engaged with and consulted individuals, community groups, peak organisations, employers, industry groups, unions, Traditional Owners, professional bodies, education and training providers and local government. Engagement included face-to-face meetings, interviews, surveys and focus groups. The LVA also drew from insights through participation and engagement at community events and forums for tourism, energy, young people, and transport.

In developing the plan, the LVA undertook skills mapping and energy sector workforce analysis, with a view to mapping education and employment pathways. This ensures graduates have sort after skills from the day they graduate. This forward-thinking approach guarantees the Gippsland Renewable Energy Zone benefits both locals and renewable energy developers. Ultimately, despite getting off to rocky start, the work undertaken by the LVA is a good example of a whole of government approach to community engagement in a regional community.

In the published plan, Harriet Shing MP, Minister for Regional Development states, "*This is a plan written for Gippsland, by Gippslanders in Gippsland. It includes a vision for the region in 2035 and establishes the principles locals want to see guide their future.*"

Part 1C – Queensland REZ Roadmap – Case Study for developing Renewable Energy Zones

The Queensland government is currently consulting on the development of their Renewable Energy Zone Roadmap. The CEC is broadly supportive of the Roadmap. The draft Roadmap outlines the pathway for connecting 22 gigawatts of new wind and solar generation. The draft Roadmap has been developed in line with the Queensland Energy and Jobs Plan to meet the state's renewable energy targets of 50 per cent by 2030, 70 per cent by 2032 and 80 per cent by 2035. The roadmap outlines 4 stages in the roll out of a REZ, and closely aligns with our community engagement best practice guideline.

The Planning stage – Early engagement and investigation of potential areas. Long-term planning for REZ development will be advanced through the Blueprint updates and future REZ Roadmap consultation. The Queensland Government is promoting best practices through the Queensland Renewable Energy Landholder Toolkit (in partnership with the Queensland Farmers' Federation) and by developing a Community Engagement and Benefit Sharing Developer Guide.

The Declaration stage – As a REZ is declared, a draft REZ Management Plant is published for consultation by the REZ Delivery Body (Powerlink). They will publish a Detailed REZ Readiness Assessment if required. The REZ Management Plan is a technical document outlining geographical footprint, REZ transmission network, connection capacity, access arrangements, generation mix and other technical elements. Community and landholder engagement will occur directly.

The Construction and Operation stage – Publishing the final REZ Management Plan and construction can begin with projects able to connect over time. Requires continuous involvement of the Regional Energy Reference Groups in relation to recommendations and priorities for a potential coordinated investment scheme.

The Commissioning stage – The REZ reaching full capacity. Under the new proposed law, the REZ coordination arrangement will operate for no less than 15 years.

Under the current proposal, Regional Energy Reference Groups would support community investment schemes, provide input into the REZ Readiness Assessments and advise on broader issues related to REZ development and energy transformation. The CEC supports this approach, as the Regional Energy Reference Groups should identify early concerns and present solutions.

REZ Readiness Assessments will also provide a vehicle through which coordination of project construction can help to reduce disruption to communities, improving overall outcomes. The CEC is currently leading a project to investigate approaches to addressing these types of challenges in the Western Victoria REZ, in partnership with the Department of Energy, Environment and Climate Action (Grampians), Regional Development Victoria (Grampians) and the Grampians New Energy Taskforce (a collaboration of local governments in the region).

Key learning 1: CEC Members are already pioneering community engagement best practices and in 2020 alone, contributed roughly $10 million dollars towards community benefit funds and neighbourhood schemes. It's expected these contributions will increase year on year as more projects come online.

Key learning 2: Industry participants, through being signatories to the CEC's Best Practice Charter are already leading the way in improving community engagement, however, their efforts are hampered in regions where the social licence for the energy transition has been affected by insufficient communication from and consultation by state governments.

Key learning 3: Early community engagement that builds local capability through place-based approaches enables the community to envisage and plan the energy transition in a way that benefits them.

Key learning 4: Potential delays and lack of transparency in distributing state-administered pooled contributions from renewable energy projects could increase the risk of generating negative community sentiment towards renewable energy projects.

Recommendation 1: The NetZero Authority, should be appropriately resourced and tasked to coordinate, along with state governments, engaging with communities who are currently or expected to be impacted by the energy transition.

Recommendation 2: State governments, in consultation with The NetZero Authority, should implement a process of community consultation before declaring a Renewable Energy Zone, similar to the Queensland REZ Roadmap process.

Recommendation 3: State governments, in consultation with The NetZero Authority, in areas where renewable energy projects are proposed alongside other development, should coordinate regular engagement meetings with proponents and key community contacts to streamline engagement and reduce fatigue.

Recommendation 4: NSW EnergyCo should engage with industry and communities to develop a framework for appropriate administration of the component of Access Fees that will be directed towards community benefits.

Part 2: How can we improve engagement that that has not worked well?

CEC is of the view that the key to successful community engagement is genuinely engaging communities in iterative, ongoing dialogue about local priorities, trade-offs and outcomes. Ultimately, building long-term mutually beneficial relationships and trust with communities is key to the overall success of the energy transition.

An area that has recently had challenges is in the construction of new transmission lines. The CEC is pleased to see reform in this area, including (a) improved land holder payments, (b) the proposed AEMC rule change that will require community engagement and (c) reforming the Regulatory investment test for transmission (RIT-T), that will enable consultation to occur earlier between landholders and entities constructing transmission lines. The CEC acknowledges and supports the recommendations made by Re-Alliance in their report, *Building Trust For Transmission Earning the social licence needed to plug in Australia's Renewable Energy Zones* and looks forward to further reform regarding transmission as put forward by Re-Alliance in the above report.

Ultimately, the CEC is of the view that where community engagement has not gone well, it is often because the community has not been brought into the process early enough or because the purpose of engagement was to inform rather than consult. Furthermore, once community attitudes and relationships deteriorate even the most vigorous and well-intentioned community engagement will likely face uphill challenges.

As mentioned in the section above, the CEC heard from members who had feedback from landholders that first discovered they were living in a Renewable Energy Zone when a proponent contacted them about a proposed project.

This lack of communication is a double-edged sword because not only does it lead to defensive landholders in the first instance, but it also creates an information vacuum that is all too easily filled with misinformation. Take for example the actual or perceived conflict surrounding agricultural land and renewable energy projects that has received significant media attention. Despite the headlines, according to the NSW Agriculture Commissioner, by 2051 renewable energy projects are estimated to be just 0.1 per cent of rural land in NSW. Moreover, the New South Wales the Large-Scale Solar Energy Guideline aims to reduce the likelihood of land use conflicts and environmental and social impacts of renewable energy projects. Along with the newly established NetZero Authority, there is a clear opportunity for state government to lead from the front in engaging with regional communities, and communicating how impacts will be mitigated and the benefits of renewable energy projects, such as community benefit schemes.

The CEC does not wish to downplay the impact that is felt by local communities or individual landholders who either host or are a neighbour to a renewable energy project. These individual experiences are important and highlight the need for Landholder toolkits. The CEC is pleased to see these becoming more commonly available and improving the knowledge of landholders. There is also a growing interest in "agrisolar" or combining solar farms with agricultural production, that offers an effective partnership for both solar farm proponents and farmers, helping mitigate land use concerns.

Finally, it's important to also recognise that the presence of community opposition does not always mean consultation has not worked well or been done well. There are some in communities who will continue to oppose a project irrespective of the level and quality of engagement undertaken. In these situations, it is important that projects are assessed on their merits and against the regulatory requirements under planning, environment and other relevant frameworks.

Key Learning 5: Where community engagement has not gone well, it's often because the community has not been brought into the process early enough or because the purpose was to inform rather than consult.

Key Learning 6: A lack of information and communication from state governments in impacted regional communities is resulting in an information vacuum.

Key Learning 7: There will be situations where pockets of community opposition does not always mean consultation has not worked well or been undertaken at a high standard. Some members of communities may continue to oppose a project irrespective of the level of engagement undertaken. Projects should be assessed on their merits and against the regulatory requirements under planning, environment and other relevant frameworks.

Recommendation 5: State governments should, in consultation with the NetZero Authority, engage with impacted regional communities and offer toolkits and educational materials, to inform landholders how impacts will be minimised and the benefits of hosting renewable energy projects, such as community benefit schemes and landholder payments.

Part 3: What is needed to ensure best practice engagement is achieved in all future projects?

The CEC considers there are two considerations to ensuring best practice community engagement in all future projects: firstly, addressing immediate barriers and secondly, planning for long-term improvement. In the short term, a key issue raised by members is the timeliness of planning process. CEC members noted projects can take years to progress through the planning process and the uncertainty in this process impacts their ability to meaningfully engage and communicate with the community.

The CEC is pleased to see reform taking shape in this area across many jurisdictions that will speed up planning approvals, improving a proponent's ability to delivery effective and timely community engagement.

In the long term, the CEC acknowledges the on-going need to improve community engagement. As noted above, the CEC is working towards establishing an annual reporting framework for our Best Practice Charter, which is aimed at raising the bar across industry by sharing examples of best practice. Beyond this, we will consider exploring options such as:

- Creating education modules for industry participants that are aligned with these best practices
- Working towards setting clear *minimum* expectations, recognising that not every company can meet *best* practice
- Exploring ways in which the industry can require adherence to these standards

The following section has been adapted from CEC's Community Engagement Guidelines for Wind Projects and, while general in advice, is highly relevant to ensuring best practice engagement and the terms of reference of this review.

Best practice community engagement is essential throughout all phases of renewable energy projects. Some of the considerations include:

1. **Site selection:** Desktop research into the social context of a community, identification and mapping of stakeholders and first consultations with key members of the community such as councils, traditional owners and involved landowners.
2. **Feasibility**: Formal presentation to the community (especially if there are visible elements such as wind masts), extension of communication channels to inform and gather input for the project and manage expectations.
3. **Planning and approvals:** Maintain regular communication channels and pro-actively seek opinions about the project and community values. Avoid silent periods and become a more active member of the community.
4. **Construction**: More proactive engagement methods, particularly complaints management mechanisms. Monitor, evaluate and report significant impacts.
5. **Commissioning and operations:** Maintain all communication channels and strengthen collaborations and partnerships. Regular monitoring evaluation and reporting of performance.

6. **Decommissioning:** Introduce the plan to communities and create opportunities to raise issues, expectations and concerns. Acknowledge and respond to any issue or concern.

Before achieving best practice community engagement, it is essential to understand the four foundational principles that underpin community engagement.

- Openness

Openness means sharing relevant information about the decisions and activities of the developer with communities in a way that any person can understand it, is consistent, comparable and complete, available when requested and can be used to make decisions.

- Inclusiveness

Inclusiveness means identifying and interacting with all project stakeholders to ensure their perspectives are understood and taken into consideration. This principle means that all the relevant and appropriate groups who are potentially affected by the project (not only the most visible ones or those who engage) have the opportunity to communicate their opinions, expectations, needs and concerns to developers.

- Responsiveness

Responsiveness means listening and responding to community concerns and needs as relevant to the project. This principle means that every individual has the right to ask reasonable questions about a project and to expect a response from the developer. Responsiveness means providing mechanisms to collect questions about a project and to provide answers in an open and timely manner, informing individuals about the status of their queries, for example by either one-on-one interactions or public meetings. Responses are factual, reflect independent information and involve third parties where relevant. Where a developer does not have an answer, an explanation to that effect or effort to obtain the relevant information is appropriate.

- Accountability

Being accountable involves the ongoing process of monitoring, evaluating and disclosing information about the activities, and positive and negative impacts of the project at every stage of the wind farm lifecycle. Accountability means establishing systems to track and communicate decisions, policies, activities and performance over time in a balanced, comparable, reliable, accurate and clear manner. This principle also includes the proactive approach of proponents to prevent possible risks and mitigate potential negative impacts because of decisions made and activities implemented. Accountability is important to develop successful projects because it provides proponents an opportunity to continually analyse and improve their performance, and to create a better understanding by communities of the project development to reduce uncertainty. Managing uncertainty is a key element for risk and reputation management.

Key Learning 8: CEC Community Engagement Guidelines are a comprehensive, best practice approach to community engagement that addresses six key stages of the wind farm lifecycle and offers practical advice for action.

Key Learning 9: Securing the success of the energy transition requires continuous efforts to raise the bar across industry in terms of best practice community engagement and ensuring these practices are disseminated across all industry participants.

Recommendation 6: Governments should work with and support the CEC and the wider industry to explore options such as:

- **Creating education modules for industry participants that are aligned with best practice**
- **Working towards setting clear *minimum* expectations, recognising that not every company can meet *best* practice**
- **Exploring ways in which the industry can require adherence to these standards**

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