

29 September 2023

Mr Andrew Dyer
Australian Energy Infrastructure Commissioner
PO Box 24434
Melbourne VIC 3001

Dear Mr Dyer,

Re: AEIC Review of community engagement practices

The Australian Energy Market Operator (AEMO) welcomes the opportunity to make a submission in response to the AEIC's review to enhance community support and ensure that electricity transmission and renewable energy developments deliver for communities, landholders and traditional owners (the 'Review').

As Australia's independent system and market operator and system planner, AEMO's purpose is to ensure safe, reliable, and affordable energy, and enable the energy transition for the benefit of all Australians. As Victorian Transmission Planner, we also play a role in supporting the delivery of large-scale transmission projects critical to meet Australia's changing energy needs and enable a net-zero future.

Through this Review, we see great scope to improve both the standard and sharing of good practice engagement across industry for the benefit of all communities and to lay the foundations for a nationally consistent narrative that helps people to understand the importance of this work in Australia's energy transition.

Some of the key opportunity areas we have highlighted in this submission also include building on good engagement practices underway across industry, setting targets and incentives for good practice and addressing cumulative impacts on communities in renewable energy zones (REZs).

We thank the AEIC for the opportunity to provide input to this Review and offer our further assistance in supporting its work as needed. Should you wish to discuss any matters in more detail, please contact me or Matthew Myers, Group Manager Stakeholder Engagement (matthew.myers@aemo.com.au).

Yours sincerely,



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Executive General Manager, Government and Stakeholder

The need for a nationally consistent narrative

As the pace of the energy transition accelerates, Australia needs to not only invest urgently in new energy generation, transmission and storage, but deliver a nationally consistent narrative that serves to build regional and societal community awareness, understanding and social licence of the critical need to deliver on this work.

While AEMO welcomes the work to be led by the Net Zero Economy Agency to help progress the net zero transition narrative, we would also call out its importance in ‘setting the scene’ for the work of this Review.

Specifically, we anticipate that focused efforts from Government and industry to help communities in potential REZs and development corridors better understand the criticality of this infrastructure to Australia’s future – as well as the economic benefits, skills building, investment and other benefits it can bring to regional areas – would better position all parties to have more informed and constructive conversations from an early point in any engagement.

This particularly applies to those front-line workers engaging directly with landholders, neighbours and communities along proposed or identified infrastructure development areas. It is important to recognise that many land liaison and other front-line workers are working hard to deliver positive outcomes for landholders and community, often in difficult and challenging circumstances, such as the prevalence of misinformation and low community sentiment in relation to the need for the infrastructure. A consistent national narrative about why infrastructure is needed, from government and industry, will assist in building greater community awareness, acceptance and set front-line workers up for greater success over the longer-term. While this may take some time to make a difference, it will provide a foundation for holding more positive, transparent conversations from the start about project objectives, execution and engagement processes.

Setting targets and incentives for good practice

While AEMO agrees there are definite opportunities for enhanced consistency and sharing of good practice community engagement across industry, we also acknowledge the good work being done by many companies to build genuine and trusting relationships with local landholders, communities and other groups.

In any consideration of any new engagement standards through this Review, we would caution the need to balance obligations with incentives as an effective way to drive positive behaviour and practices. For example, while licencing or accreditation of developers could be useful in serving to drive a ‘base level’ of performance, providing incentive-based arrangements may be more likely to motivate companies to go ‘above and beyond’, enhance company culture and drive outperformance across the board. Reporting and transparency requirements may also be useful tools to encourage high levels of performance, as good reputation, including with investors, customers and the community, is typically of importance to companies.

Addressing cumulative impacts on communities in renewable energy zones (REZs)

For landholders and communities based in prospective or identified REZs and development corridors, AEMO sees value in opportunities for enhanced knowledge sharing and coordinated engagement amongst local energy developers or proponents, to help reduce engagement fatigue and confusion for communities. At a simple level, this could be supported through shared engagement planning and coordination.

In terms of optimising the type and level of energy infrastructure investment within REZs, existing jurisdictional REZ coordinators could play a role as a potential central management point (for example, for generation connection approvals), given their deep knowledge of the limitations and needs of local communities. We would

also support a coordinated approach to the delivery of community benefits sharing by developers within REZs to amplify the impact funding can deliver within a region and for local people and communities.

Building on good practice work across industry

More broadly, AEMO acknowledges the extensive work being led by various jurisdictions, industry members and advocates to develop nationally applicable good practice guidelines for engagement and communications, as well as the Federal Department of Climate Change, Energy, the Environment and Water (DCCEEW) National Guidelines for Social Licence for Transmission (currently underway). Recognising the breadth of expertise, consultation and time invested, we would recommend this Review looks for opportunities to deliver and build upon this work.

We also commend the AEIC on their recent delivery of new Landholder Engagement training to enhance the experiences of people on the ground.

Adopting a locally informed approach to engagement

Noting the importance of adopting a ‘place-based’ approach to ensure community engagement and benefit sharing responds to the needs of local people, AEMO would advise that any recommendations made through this Review should allow industry to continue to be responsive to the engagement preferences of local communities. This approach is consistent with feedback received by AEMO from members of our [Advisory Council on Social Licence](#) around the need for proponents to “understand the region you are going into”, and is being supported by various and emerging place-based policies at a jurisdictional level including the [Victorian Transmission Infrastructure Framework \(VTIF\)](#) and [NSW First Nations Guidelines](#).

Enhancing distributional fairness and benefits sharing

In AEMO’s role as Victorian Transmission Planner, we have heard repeatedly from regional landholders, communities and Traditional Owners about the importance of distributional fairness – that is, ensuring the benefits of development are equitably shared with and across local communities – in addressing the disproportionate impacts felt by regional and rural people and businesses in hosting new energy infrastructure.

While legislative obligations exist around compensation at a jurisdictional level, AEMO notes there is a strong opportunity to drive greater awareness around landholder compensation frameworks within local communities to both enhance transparency and provide further assurance around their treatment. AEMO also recognises the importance of empowering local decision makers in the co-design of any project related benefits sharing, investment and capacity building to ensure they respond to the priorities and preferences of local people.

Opportunities for broader legislative, regulatory or other government responses

Appreciating the range of rule changes and reviews currently in play at a Federal and Jurisdictional level in respect to social licence and engagement for transmission projects, it is important to ensure any potential duplication of activities or legislation is avoided.

In doing so, AEMO does note the recent NSW Upper House [Inquiry into the feasibility of undergrounding](#) and supports the idea of an effective, appropriately resourced complaints body to support communities, or expansion (and not duplication) of existing bodies at a local, jurisdictional level.

AEMO has also made a submission to the AEMC’s Draft determination for [Enhancing Community Engagement in Transmission Building](#) rule change, supporting proposed changes to better define key stakeholders and community engagement expectations and apply these to actionable ISP projects and REZ stages.