STRIKING A NEW DEAL FOR RENEWABLES IN REGIONS

The pathway to securing an enduring social licence for the energy shift and a good deal for new energy regions

Overview

A network of rural regions in Australia are being transformed into significant producers of energy. Shifting energy generation from fossil-fuels to renewables requires investment at enormous scale. This investment is concentrated in regions which have had little to do with the energy industry until now. Many of these 'new energy regions' are designated as renewable energy zones (REZ's), but there is also significant development occurring in non-REZ regions.

With 2030 only 5 years away, construction of new transmission, generation and storage facilities will need to accelerate to meet emissions reduction targets. Governments and industry are seeking an enduring 'social licence' from communities in new energy regions to support the achievement of these targets. Meanwhile, communities just want to know that they will get a good deal from these transformational developments.

A vocal minority opposing renewables development in new energy regions has captured significant media attention, suggesting a social licence is far from certain. However, a series of studies in 2024 also indicate strong 70% support for renewables development within the wider local community in new energy regions. The reason for the energy shift is widely understood and the prospect of new jobs, local investment and opportunities is attractive to local communities.

However, **for most regional people support for renewables is qualified and there is genuine fear that this change will be imposed in ways that ignore local needs and concerns**. Locals want to confirm there will be genuine local benefits, input from the community, access to energy locally and proper protection of the local environment, agriculture and community values.

This report is underpinned by insights from a network of community leaders in new energy regions seeking to negotiate and facilitate a good deal for their local communities. Their perspectives reveal the areas in which an enduring social licence for the energy shift will be won or lost. Three key threats to this social licence have emerged clearly from these conversations:

- **Continuing uncertainty** about what will be built and when. In most places, developers are competing for access to the grid, and many projects will not proceed at their proposed scale or at all. Individuals and communities need to negotiate arrangements with multiple developers and State Government before plans are approved and financed. An uncertain environment of changing policies, complex planning process, and secrecy has made this difficult. Frameworks for community engagement and benefit creation have only recently been established.
- **Insufficient attention to local opportunities and risks associated with renewables development.** A feature of renewables development is that the risks are often inherent to the development process, but the areas of opportunity need to be designed in. The costs of negotiating to secure appropriate benefits are significant and there is no coherent industry and government process for enabling this at scale across regions.
- **Limited local agency to shape renewables developments.** The ability of local people to guide and influence what is a transformational process for many communities and economies is limited. Capacity constraints for regional institutions, division in communities and real barriers to the influence of local views and needs in the development process all undermine progress.

As these key risks and challenges are becoming better understood, government, communities and industry are – in a fragmented way - charting a way forward. Applied consistently and at scale, these

pioneering efforts can secure the enduring social licence the energy industry and governments seek as well as ensuring a good deal for communities is realised.

Four initiatives need to be implemented consistently across new energy regions. Elements of these recommended approaches are already present in a range of Federal, State, industry and local initiatives. The imperative now is to lift this good practice from great examples into a national approach to the energy shift that delivers consistent benefits for communities alongside the achievement of achieving national, state and industry goals.

Recommendation 1: Upgrade new energy regions

New energy regions are poorly positioned for the coming construction phase due to a lack of housing, enabling infrastructure and key services constraints. Even if industry provides properly for its core workforce, there will be wider pressures on already constrained local housing and services. The *Federal Government, in partnership with the states*, should fund a new energy regions package targeted to increase these core capacities in impacted communities.

Recommendation 2: Implement risk and opportunity accounts

Transparency is needed from industry and governments about the benefits and risks of energy developments for local communities. Risk and opportunity accounts can overcome this issue by bringing together and sharing publicly information on local risks and opportunities associated with projects individually and cumulatively in a region. Demonstrating the benefits of the investment and confirming that local risks are understood and will be addressed is essential to securing community support.

Recommendation 3: Secure benefits pathways

Requirements for project-community agreements should be embedded in all State and Federal grid access and project investment arrangements, supported by clear guidelines to reduce transaction costs. Standard Terms Sheets and Contractual Agreements should be developed to bind projects (and any subsequent owners) to the delivery of the community benefits and risk mitigation strategies that sit outside of planning approval processes.

Recommendation 4: Invest in local capacity

Many communities have very limited capacity within local organisations to engage properly and utilise local agency to shape local development. A temporary increase in resources, through an investment in local governments, or community organisations including Traditional Owner Groups, is needed to overcome these constraints and ensure proper local input to approval and project design.

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About the Project

The Striking a New Deal Project has been working with community leaders across Australia to find a better way to develop renewables in regions and test a new pathway for transparent agreement making between the renewables industry and regional communities.

Striking a New Deal is a collaboration between The Next Economy, RE Alliance, Foundation for Rural & Regional Renewal, and ProjectsJSA.

A collaboration between: The Next Economy · RE-ALLIANCE · FRRR Foundation for Rural Regional Renewal · PROJECTS JSA Regional Advisory

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The authors would like to acknowledge the support and input from the regional leaders who have participated in the Striking a New Deal regional network. Their collective insights and examples they have shared are at the heart of what this paper presents.

We would also like to thank our colleagues involved in the Striking a New Deal project for their collaboration and input throughout the project as well as the individuals from industry and government who have provided insights along the way.

Introduction

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Australia has committed to achieving net zero emissions by 2050 and the shift from coal to renewable energy generation is central to success. Renewable energy has already risen to supply 46% of energy in the national electricity market, with a recent daily peak of 75% of power across the eastern State's National Electricity Market grid (and 85% in Western Australia) coming from renewable sources [1].

Achieving the Australian Government's 82% renewable energy target by 2030 requires rapidly building new large scale renewable energy generation, storage and transmission in new energy regions across Australia (Figure 1). The investment and development required is estimated at $122 billion[2], with concentrated investment in generation and storage occurring in renewable energy zones supported by new transmission infrastructure to connect these zones into the wider grid infrastructure.

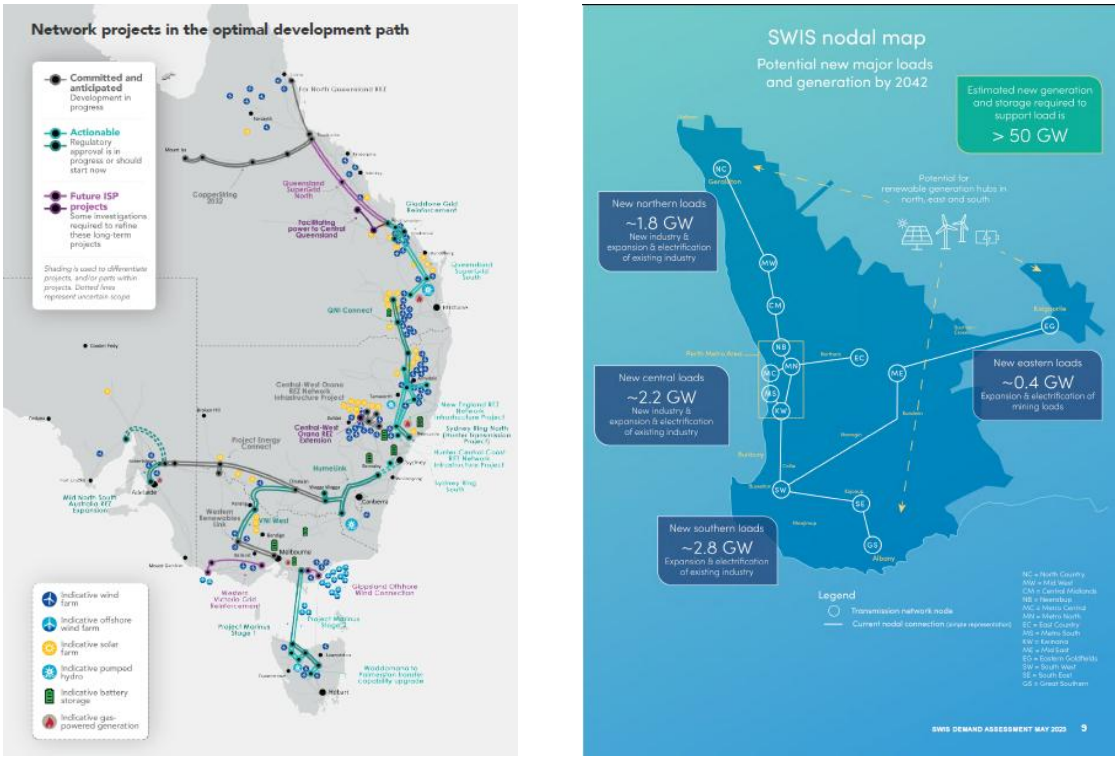

Figure 1: Maps of expected transmission network, generation and storage (Australian Energy Market Operator Integrated System Plan 2024, SWIS Demand Assessment 2023-42 Government of Western Australia)

Despite the urgency of the goals set by governments, much of the transmission infrastructure is still in the planning or early development phase. This will shift quickly to construction with the generation and storage racing to be approved, built and ready to connect as soon as new lines are available.

Developers have been competing for land access and are now progressing project proposals across Australia. Communities are seeking to understand what is coming and negotiate good local outcomes from these new industrial investments. We have a limited window to act. Once projects achieve development approval and financial close, the opportunity to design in community benefits recedes.

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[1] AEMO, Quarterly Energy Dynamics Q4 2024, January 2025, available at: https://aemo.com.au/newsroom/media-release/national-electricity-market-hits-new-demand-and-renewable-energy-records-in-december-quarter.

[2] AEMO, 2024 Integrated System Plan for the National Electricity Market, p13. Note, the recent AEMO Draft 2025 Electricity Network Options Report suggested this cost may significantly increase.

Regional Community Support for Renewables Development

Communities want to ensure that renewables development is genuinely a good deal for their future and that they are part of the plan as key beneficiaries from this new local industry.

This is the essence of social licence and key to firming up the 70% support for renewables that exists in new energy regions.

Communities around Australia are grappling with the implications of renewables projects for their local economies and communities. They are also seeking to negotiate outcomes that maximise local opportunities and mitigate risks.

At the same time, government and industry recognise that an enduring community support and 'social licence[3]' for these developments is essential to project and policy success.

Individuals and groups expressing concerns about renewables development in regions have been prominent in the public debate about the energy shift. However, the latest evidence indicates that 70% of people living in key renewable energy zones remain supportive of renewables development (Figure 2)[4], providing the foundation upon which social licence could be built.

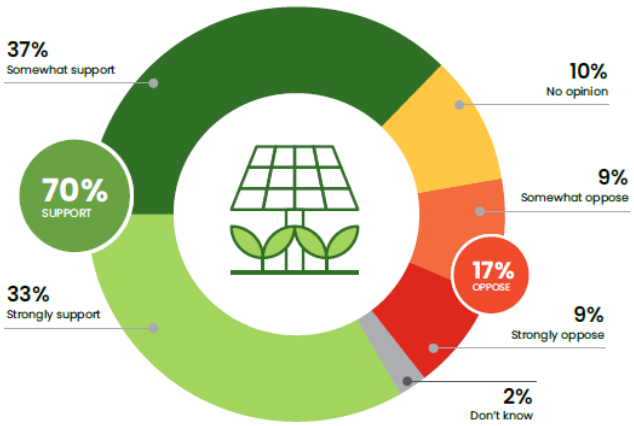

Figure 2: Community support for renewable energy in renewable energy zones (Source: Farmers for Climate Action)

Support from this 'quiet majority' in new energy regions comes with conditions. Locals want genuine community benefits, proper consultation and access to reliable energy. Assurance that the local environment, farming industry and community values will be protected from unreasonable harm is also a priority. In short, they want a good deal.

[3] A social licence to operate (SLO) is a concept that reflects community support for the operations of an organisation or development. Social licence is not a one-time achievement but a continuous process of building and maintaining relationships with stakeholders and communities.

[4] https://farmersforclimateaction.org.au/blog/2024/11/26/the-quiet-majority-australians-in-renewable-energy-zones-support-the-energy-shift/#:~:text=The%20results%20were%3A,clean%20energy%20on%20their%20farms and Porter Novelli, Winds of Change: Regional Australians' Real Views on Renewables, 2024.

Achieving an enduring social licence for renewables development relies on meeting these conditions in substance. It also requires that communities perceive that these conditions have been met in a way that aligns to their priorities and involves them in decision making.

Insights from Local Leaders – the SaND Regional Network

The Striking a New Deal (SaND) project has brought together regional leaders from across Australia through a national network. The network includes local leaders from all States who live and work in renewables regions. Many work within local government and all are tasked with engaging with renewables development to benefit their communities.

The network provides a mechanism for sharing knowledge and experience, accessing expert advice, identifying and addressing shared opportunities and barriers, and advocating for better approaches.

This paper succinctly summarises key themes from the frontline drawn from the people trying to negotiate a good deal for regional communities. Three major themes shape current experience and provide pathways forward:

1. The challenge of uncertainty
2. Balancing opportunities and risks
3. Maximising local agency

It is important to note that while this paper draws on insights from the network and has sought their input to this work, this paper represents the author's views and should not be taken as a direct representation of the views of the individuals who have participated in the network or their employers.

Managing Uncertainty

Managing Uncertainty to Build Trust

Renewables development will need to occur rapidly to meet policy targets, but significant local uncertainties remain about what will be built and when things will happen. Three sources of uncertainty make it challenging for communities to understand the change to come:

1. *Policy Uncertainty* – governments continue to change policy settings[5]. Climate targets, support for different mixes of energy, planning and community benefit policy settings are all subject to change.
2. *Planning and Decision-Making Outcomes* – even if high level policies remain stable, there are significant uncertainties for communities in how they will work in practice. Planning approvals, particularly environmental approvals, create significant uncertainty in terms of project timing and go ahead. Supporting policies connected to community benefit and project requirements are still being developed in some States.
3. *The Nature of the Industry*
   Firms in the renewables sector are competing for access to land and to supply the upgraded grid. Many proposals may not proceed to construction or may experience delays due to transmission or project challenges. For those projects that do proceed, the time from the initial land access agreement to commissioning has often been up to 10 years.
   Due to commercial in confidence and non-disclosure agreements, the ability of landowners and developers to be open and transparent regarding the project and its status is limited, creating greater uncertainty and fuelling misinformation and community division. Community consultation and information available on projects varies significantly and may only be provided after key decisions are made.
   Undertakings from developers can be difficult to secure in binding agreements that can be relied upon as projects move into construction and operation, or to new owners. Sale of projects can also mean that the company dealt with in the early stage can change.

In combination, these uncertainties make it very difficult for community leaders to access reliable information on what is happening in their area, assess the likely local implications and engage effectively in negotiation processes.

Uncertainty also undermines community support. Community outrage is driven by fear of the unknown and reinforced by the perception of change being imposed without local input or knowledge[6]. If community concerns can't be met with clear answers, it is much easier for disinformation to thrive and for vocal opponents to gain support. Community division and angst in new energy regions across Australia is being fuelled by uncertainty.

Whilst it's not feasible for government, industry or community leaders to eliminate all these sources of uncertainty, the way in which uncertainty is managed and resolved deeply shapes local support for renewables developments.

Community leaders also recognise that while uncertainty is difficult, the period when project plans are not finalised presents the greatest opportunity to shape those projects to deliver better

[5] https://www.austlii.edu.au/au/journals/AUMPLawAYbk/1993/9.pdf

[6] https://www.dpmc.govt.nz/sites/default/files/2021-10/pmcsa-Risk-paper-2-Nov-2016-.pdf

community outcomes. Once approvals and financial close are achieved, the opportunity to improve project outcomes largely ends.

There are a range of ways in which uncertainty for communities can be better managed in the future. Doing so will build greater trust that future outcomes will be good for local communities and economies. Better information will also lead to more constructive input from community leaders.

Overwhelming interest meets limited capacity

There is significant competition to supply renewables in regions. This competition creates a sense of potentially overwhelming development and a need to engage with many developers whose projects will not ultimately proceed.

Two examples from NSW are typical of experiences around Australia:

- In 2021, EnergyCo received 80 registrations of interest totalling 34 gigawatts (GW) of proposed generation and storage projects for the New England REZ. The intended network capacity for this REZ is up to 8 GW meaning the potential proposals exceeded the planned capacity by more than four times (Source: https://www.energyco.nsw.gov.au/sites/default/files/2024-07/240730-NEREZ-coordinatinggeneration.pdf).
- Also in 2021, the NSW Government received 49 registrations of interest representing 34 GW of potential projects, which is more than 13 times the intended capacity of 2.5 GW for South-West REZ. Just four renewable energy and storage projects have since been granted access rights with a combined generation capacity of 3.56 gigawatts (Source: https://www.energyco.nsw.gov.au/our-projects/south-west-rez/regulatory-information#registration-of-interest).

For State and Federal Governments, this competition is a great result. Policy has been designed to foster competition to reveal and prioritise lower cost, better quality proposals.

However, these efficiency gains for Federal and State Governments are traded against the need for additional local effort by cash strapped local institutions to engage with potential proponents. Landholders are also often unsure which of the many door-knocking proponents is the best choice and whether the project is likely to proceed.

The uncertainty at the community level and the impression of a level of future development that will not actually occur has not only created uncertainty; it has been fuel for opponents.

Opportunity and Risk

Enhancing local opportunity and minimising risk

Like all major projects, renewables projects come with both opportunities for positive economic and social development and significant risks of transitory or lasting negative impacts.

Unlike large transport infrastructure or mining projects which generally include longer term economic benefits for local communities, renewable energy development involves a short and intense construction period. The resulting energy generation, storage and transmission assets then require limited local input, exporting locally produced energy to meet the needs of the wider grid.

The creation of community benefits funds has become a proxy for overall community benefit. Whilst these funds are a key opportunity for legacy from project development, these community benefits are arguably inconsequential considering the size and value of the projects that invest in them.[7] A community benefit fund is an opportunity for communities to receive a small portion of the substantial revenues generated by projects during the operational phase. Designing projects to effectively manage risks to the local community, economy and environment, and to create opportunities for local benefits during the construction phase is just as, or even more important for local outcomes than agreeing to invest in a community benefit fund.

The key to genuine long term community support is achieving a positive balance of opportunity and risk across the life of a project. Table 1 provides a succinct framework identifying the key opportunities and risks for local communities from renewable energy projects that can be applied to any project or group of projects proposed for a new energy region.

Table 1: Host community opportunity and risk framework

Community Priority	Opportunities	Risks
People and Community	Train and employ local workers Strengthen local institutions and community resilience	Exacerbate workforce and skills shortages Community division
Place	Increase local housing stock Improve local infrastructure Improve telecommunications	Increased demand and costs for housing Infrastructure degraded by project utilisation
Services	Service expansion or improvement	Additional demand on local services
Local Economy	Payments to landholders and neighbours Energy bill discounts Local energy security and supply enhancements Expansion of local business activity to meet project needs	Competition for land, resources and business services
Natural Environment	Local decarbonisation Environmental improvements	Visual amenity impacts Direct environmental impacts

[7] Dyer A, Australian Energy Infrastructure Commissioner, 2023, *Community Engagement Review Report*, on behalf of the Department of Climate Change, Energy, the Environment and Water, Canberra, 2 February 2024. CC BY 4.0.

Host Community Opportunities and Risks

Working through the opportunities and risks identified in the table, the inherent risk and uncertain opportunities become clear.

Workforce

Many regional communities are experiencing long-term workforce shortages. The requirement for large construction workforces in these regions comes with inherent risks to the functioning of the local labour market.

Most labour for renewables projects will be temporary (Table 1) and need to be sourced from outside the region, particularly where multiple projects will be in construction at one time. A lack of spare workforce in regions and project timelines mean that there are limited opportunities to train and employ locals within projects. Creating opportunities for workforce development and managing these risks requires developers to have dedicated plans for local employment.

Table 1: Indicative renewable project workforce requirements

Project Type	Construction/ Installation Job-years per MW*	Operations and Maintenance (O&M) Jobs per MW*	Average project size (2024)** (MW)	Average project job-years	Average project O&M jobs
Wind (onshore)	5.4	0.22	275	1485	61
Solar	2.1	0.11	146	307	16
Battery	0.6	0.04	124	74	5

* Source: Australian Energy Market Operator, 2023 Inputs, Assumptions and Scenarios Report: Final Report, Table 44

**Sources: Wind & Solar – average size of projects reported as reaching financial close, Source: Calculated from Clean Energy Council 2025, Clean Energy Australia 2025 Report, p18; Battery – projects approve, Source: Clean Energy Council 2024, Quarterly investment report: large-scale renewable generation and storage, Q4, 2024

Housing

Renewables projects will need to invest significant resources into housing for construction workforces. They can do this by renting existing accommodation or investing in new local accommodation. Associated demand for services and goods in the community will likely lead to further workforce growth and new workers that will need to be housed outside of project accommodation. This demand from projects will place significant temporary pressure on local housing in small communities, leading to higher prices and reduced availability.

At present, new energy regions generally have very limited or no available housing (Table 2). Low capital values in some areas also mean that new private investment either offers marginal returns or is simply uneconomic. In more remote and smaller communities there may only be older housing stock that is poorly suited to new arrivals. For most new energy regions, housing is already a significant problem and renewables projects have the potential to make the situation much worse.

Table 2: Housing markets in renewable energy regions

REZ	Town	Vacancy Rate*	Dwelling Prices**
South-West (NSW)	Hay	1.1%	$255,664
Wimmera-Southern Mallee (Vic)	Horsham	0.2%	$508,168
Southern Hub (WA)	Narrogin	0.0%	$340,692
North-West (Tas)	Burnie	0.7%	$519,030
Western Downs (QLD)	Dalby	0.4%	$532,648

*Note: 3% vacancy is the benchmark for a well-functioning market. Data source: SQM Research Residential Vacancy Rates (Postcode areas), April 2025 **Source: SQM Research, Combined Property Prices, April 2025

Project timeframes and financial structures also make it difficult to build new permanent accommodation. Temporary worker accommodation is the most likely new supply pathway for most projects. Confidentiality requirements between State Government and developers restrict the scope for cooperation to co-develop facilities.

If not designed well this will leave a very limited housing legacy. Developers and governments need to carefully plan workforce housing solutions to manage these risks and create opportunities for a legacy impact in regional markets that are often already experiencing shortages of supply. Government should also consider the pressure on the wider housing market and how key workers in services and other sectors will be accommodated during construction.

Examples of legacy creating projects are emerging and can be replicated in other regions. For example, as part of the Spicers Creek Wind Farm, Squadron Energy has also submitted a development application for temporary accommodation facilities in Dubbo, aiming to house up to 400 workers. This new accommodation plan has been designed with local input and will be built on Council owned land that is zoned for future housing development.

Infrastructure

The construction phase of renewables projects requires the use of local infrastructure, particularly local roads to transport materials and people to sites. This use can lead to degradation of local roads which are unlikely to be designed to support project needs. Developers need to consider local road impacts and plan for pre-emptive upgrades or commit to making good any damage that may be caused. These arrangements should be secured via appropriate planning approval conditions.

Upgrades to roads that increase capacity and reduce future maintenance costs are a source of potential legacy for the renewables shift. A combination of investment by companies in local roads (see for example plans for the Dundonnell windfarm in Victoria) and supporting upgrades by State Governments (see for example the NSW Port to REZ program) is essential to realise this potential benefit. By engaging locals, transport routes and road classifications can be determined and routes can be selected to provide legacy benefits that support local industries such as agriculture or freight.

Services

New energy regions are in rural and remote areas of Australia and experience difficult access to services, particularly healthcare[8]. There is also limited capacity in other local services such as education, and policing which are designed to service stable local populations.

Emphasising the dire nature of service shortages in some areas, Quairading in the wheatbelt of Western Australia (the region which will host most new renewable generation in southern WA) was recently offering a $1m salary and free housing to secure a new local GP[9].

Construction workforces will also place additional pressure on local services, such as policing. Developers can ensure the needs of workers are provided for in addition to local capacity to reduce this risk, but this does nothing to create the legacy of better services.

Improvements in these services is a core priority for new energy regions and will be seen as a significant source of wider community benefit if improvements are achieved alongside the new energy build. There is a case for targeted government investment in upgrading service capacity to coincide with renewables development, creating a significant legacy that would be highly valued by local communities.

Local Energy

Most new energy regions are located at the periphery of the existing energy grid, with low-capacity local infrastructure.

These regions currently experience limited energy resilience and significant supply challenges. Transmission development for renewables is focussed on exporting energy from the region to the national grid. This notion is often cited by opponents, 'Why do we have to host here and bear all the impact, when all the electricity is going to the cities?'

The enormous capacity of new generation and storage to be installed will not improve local energy supply unless upgrades are planned and local supply from new generation and storage assets is designed to support the local grid. Hosting major energy infrastructure without clear local access to its major benefits is a source of significant frustration for local communities who recognise the importance of energy for local industry development and the longer-term decarbonisation of their economies.

The need to deliberately design local supply and resilience into new energy regions was highlighted in October 2024 when Broken Hill in NSW experienced a long-term electricity disruption following storms. The Broken Hill Solar Battery Storage Plant, one of several renewable facilities in the region, was unable to provide back up as commercial arrangements were not in place[10], despite this being part of the promoted benefits of renewable projects in the region.

This experience emphasises the need to prioritise local energy resilience and upgrades, opening-up additional opportunities for local community benefits from the energy shift. Improving local energy provision and firming for energy constrained communities is a **key** opportunity to improve the deal.

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[8] https://www.ruralhealth.org.au/wp-content/uploads/2024/11/evidence-base-additional-investment-rural-health-australia-june-2023.pdf

[9] https://www.9news.com.au/national/western-australia-doctor-million-dollar-salary-offer/770dc86c-6c06-4141-b636-fa35d915f950

[10] https://www.parliament.nsw.gov.au/ladocs/submissions/89095/Submission%2016%20-%20Broken%20Hill%20City%20Council.pdf

Telecommunications

Most renewable energy regions have limited mobile network and internet services. These services are essential for the construction and operation of renewable energy projects and to support the connectivity of regional communities. Without improved connection, regional communities lack access to education and training opportunities, online commercial and bank services as well as essential government and health services.

Increased investment in telecommunications in areas of renewable energy developments will further improve the liveability of our regions. There are several examples of where projects have invested in telecommunications infrastructure to both address black spots caused by wind towers and improve local services[11].

Local Economy

If a proportion of the investment in renewable projects flows to local businesses such as construction, retail, food services and other industries it can be an important source of local benefits.

Payments to landholders also have the potential to provide a significant and on-going source of income for regional economies. However, a reduction in land available for agriculture, increases in prices for key inputs such as gravel, local businesses being unable to retain their local workforce as higher pay in projects attracts them to new opportunities, and local economic capacity being overwhelmed by project needs are all concerns for local communities.

The potential impacts of major construction projects on local economies during the construction phase and long after projects are completed are well documented in Australia[12] and need careful management by developers to minimise lasting impacts.

Environment

Whilst renewable development supports environmental policy goals, development at the scale required will inevitably have real impacts. Visual amenity impacts, clearing of native vegetation, biodiversity impacts and impacts to cultural sites are key concerns for communities and First Nations peoples. Clear arrangements for decommissioning or future repowering of projects at their end of life are also important. Communities are seeking assurance that meeting national and international climate targets does not come at an unnecessary cost to their local environment.

As well as building in the right locations to minimise impacts to agriculture and the environment, there are solutions that can be integrated into renewable design to overcome key environmental risks. For example, Cattle Hill Wind Farm in Tasmania's Central Highlands has installed IdentiFlight systems which

[11] See for example the Macintyre Wind Farm in Queensland https://www.acciona.com.au/updates/news/mobile-phone-blackspot-to-be-removed-from-macintyre-wind-farm

[12] See for example Tremblay, P., and Boyle, A. (2020). Improving the contribution of major projects to local employment in remote regions. Canberra: The Regional Australia Institute. Productivity Commission 2017, Transitioning Regional Economies, Study Report, Canberra, https://www.aph.gov.au/parliamentary_business/committees/house_of_representatives_committees?url=ra/fifodido/report.htm

uses artificial intelligence to identify endangered eagles flying towards the wind turbines, temporarily shutting down to prevent the eagles from colliding with turbine blades[13]. No Wedge Tailed Eagle and White Bellied Sea Eagle impacts have been recorded at the wind farm since the tall tower was installed[14].

Offset arrangements can also lead to overall environmental improvements when well designed and managed. For example, in South Australia as part of the Goyder Wind Farm project, Neoen has purchased a 1000ha block of land that is being gifted to the State to create a new national park[15].

Communities and First Nations

Services and functions across new energy regions rely on the social and community infrastructure that underpins rural community life. For example, volunteering rates across rural communities are higher than in metropolitan areas and underpin community life. Poor information and community engagement often exacerbates division in communities, undermining the social cohesion, local community capacity and the capacity for collective negotiation of a good deal for communities.

Best practice renewable energy development also respects First Nations people as Traditional Owners and rights holders, as potential project partners, and as potential project beneficiaries. For example, the East Kimberley Clean Energy Project is a First Nations led project with 75% ownership by three traditional owner groups. Currently in feasibility, the project aims to provide 1000MW of solar to produce green hydrogen.[16]

A common challenge for First Nations groups is the lack of capacity and resources to navigate the sector, engage with their community to be in a position of strength in negotiating over land use, employment and skills, and community benefits. The First Nations Clean Energy Network provides resources for proponents on best-practice engagement with First Nations groups, and resources for First Nations groups navigating large-scale renewable energy development.[17]

As well as ensuring industry and government undertake good community practice during renewables developments, the funds arising from renewable energy projects can support and strengthen social and community infrastructure, improving services and reducing fundraising burden. Community benefit agreements are a key source of future benefit for communities that lack the resources of larger and more wealthy places in Australia. Such arrangements can ensure that new energy regions have a share in the significant future revenues generated by these new industrial facilities. Clear accountability and local agency in the management, distribution and impact of those funds is crucial to these benefits being realised.

[13] https://cer.gov.au/news-and-media/case-studies/innovative-technology-saves-endangered-eagles
[14] https://reneweconomy.com.au/wind-farm-owner-says-blind-spot-fixed-to-protect-eagles-turbine-blade-strike/
[15] https://www.parks.sa.gov.au/park-management/new-in-sa-national-parks/creating-worlds-end-gorge#:~:text=A%20new%20national%20park%20is,the%20Regional%20Council%20of%20Goyder.
[16] https://www.firstnationscleanenergy.org.au/East_Kimberley_Clean_Energy_Project
[17] https://www.firstnationscleanenergy.org.au/tool_kit

Inherent risks, uncertain opportunities and partial solutions

Building a genuinely positive set of local opportunities and an acceptable risk environment for communities hosting renewables projects is the foundation for enduring social licence.

The nature of renewables projects means that the risks are generally inherent to the development process, while the opportunity pathways need to be built into project design and then secured via binding agreements and within approval conditions. A positive opportunity and risk balance is possible in every region, but it is in no way assured.

Managing cumulative risks and opportunities for regions is also a key issue and crucial role for States that is yet to be properly addressed. Early cumulative impact studies are hamstrung by a staggered approach to planning and approvals, contributing to uncertainty.

However, as the discussion above shows, there are also a range of good examples of project developers and governments working closely with communities to build opportunity and mitigate risks. State and Federal Governments are also contributing to good local outcomes for communities through the expectations they place on developers and by making proactive investments in areas that sit outside the scope of industry responsibilities[18]. There are also good examples of State Governments committing more supporting investment in new energy regions to prepare them for the coming construction boom and new energy future (for example see NSW CWOREZ summary below).

But these examples are not yet the norm and the recency of these arrangements means they are unlikely to be widely known of or understood. Communities also have genuine questions about how transparent and secure any agreed benefits and risk management strategies will be as projects move to final investment decisions, development approvals and connections.

The deal for communities needs to be made clearer. This has two elements – industry providing good information on local risks and opportunities from projects and government providing information on cumulative opportunities and risks at the regional level. The development of consistent risk and opportunity accounts is an opportunity to drastically improve the information available to communities and the clarity of commitments from industry and governments.

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[18] For example:
The Australian Government Capacity Investment Scheme prioritises projects with clear benefits and risk management for communities https://www.dcceew.gov.au/energy/renewable/capacity-investment-scheme/consultation-engagement;
NSW Benefit Sharing guideline https://www.planning.nsw.gov.au/sites/default/files/2024-11/benefit-sharing-guideline.pdf plus CWOREZ insights below;
Victoria Benefit Sharing Guideline https://www.energy.vic.gov.au/__data/assets/pdf_file/0026/580625/community-engagement-and-benefit-sharing-guide.pdf
The Queensland planning framework has been amended to ensure wind farms and large-scale solar farms are both impact assessable and subject to a community benefit system https://www.planning.qld.gov.au/planning-issues-and-interests/renewable-energy;
Western Australia discussion paper https://www.wa.gov.au/organisation/energy-policy-wa/community-benefits-guideline-communities-hosting-renewable-energy-projects
South Australia utilises legislation and industry guidelines https://www.energymining.sa.gov.au/industry/hydrogen-and-renewable-energy/hydrogen-and-renewable-energy-act/communities#:~:text=Benefits%20for%20all%20South%20Australians,storage%2C%20meet%20high%20safety%20standards.
Tasmanian Guideline
https://recfit.tas.gov.au/__data/assets/pdf_file/0010/399205/Guideline_for_Community_Engagement,_Benefit_Sharing_and_Local_Procurement.pdf

Case Study: Risk and Opportunity in Central-West Orana Renewable Energy Zone

The Central-West Orana Renewable Energy Zone (CWOREZ)[19] in NSW is the most progressed REZ in the country and provides a benchmark for assessing progress towards a good deal for communities. New transmission projects are well underway, and access rights have been granted for 10 renewable energy facilities[20] to supply 7.15GW of energy into the National Electricity Market (Figure 1). A review of project approvals and announced government investments gives an insight into the deal for host communities that underpins the social licence for this major suite of developments.

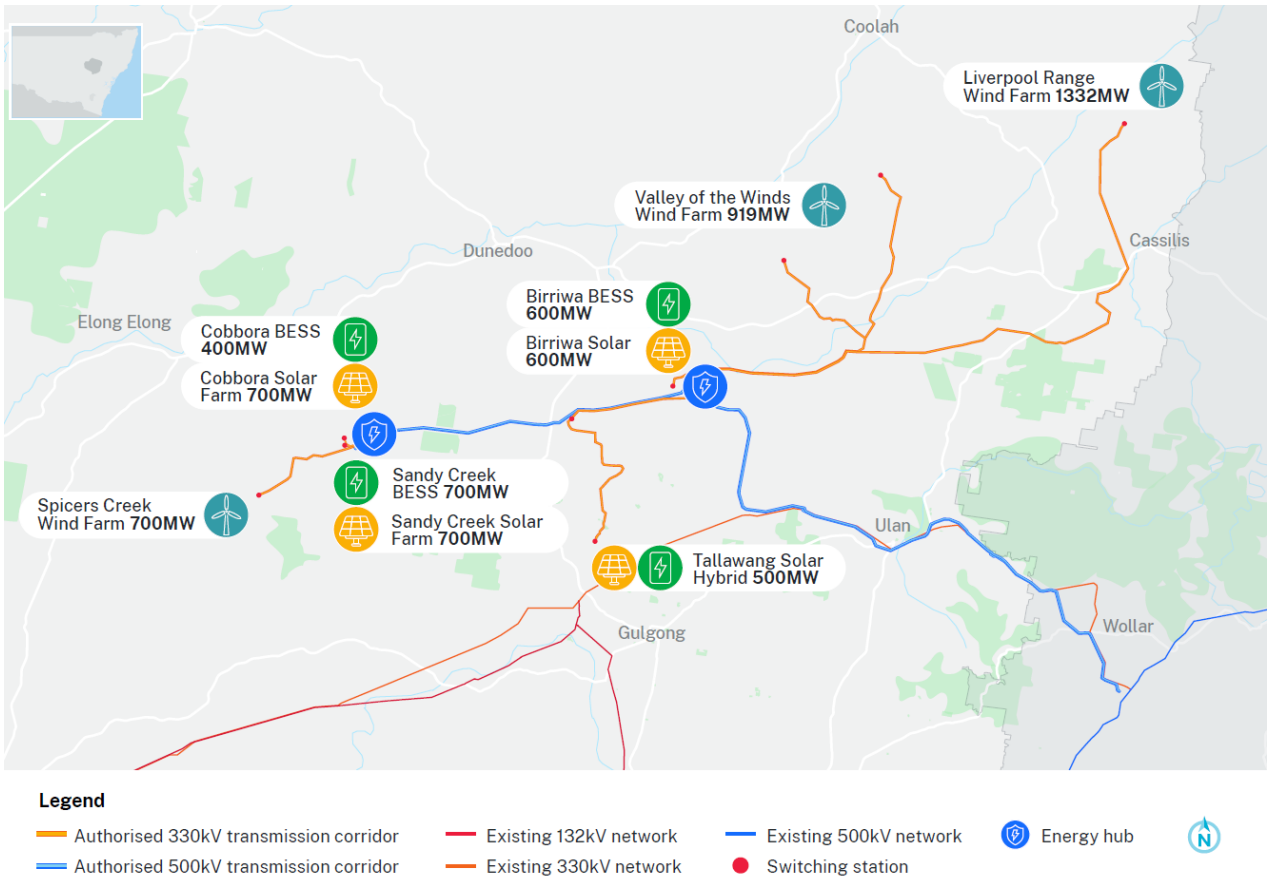

Figure 1: The Central West Orana REZ (Source: EnergyCo)

Projects in the CWOREZ are well progressed. The Liverpool Range, Valley of the Winds and Spicers Creek Windfarms as well as the Birriwa Solar and BESS have been approved by the NSW Independent Planning Commission and are moving into construction. Supporting transmission infrastructure is also approved and due to start construction in mid-2025.

The following summary of information on the opportunities and risks from the CWOREZ has been drawn from NSW Government and project websites, approval documents on the NSW Planning Portal

[19] https://www.energyco.nsw.gov.au/cwo-rez

[20] The 10 projects connecting to the REZ are only a subset of renewables development in the region. The cumulative impact assessment for the REZ transmission project cites 30 major renewable energy generation and storage projects within the REZ area (see *Central West Orana Renewable Energy Zone Transmission project | Appendix L: Cumulative impact assessment*).

and the Australian and New Zealand Infrastructure Pipeline. It is not exhaustive and, in some areas, may not be completely accurate or up to date. It has also only considered the local projects connecting directly to the REZ infrastructure (cited in the map above). The time and effort required to develop this summary and uncertainty of its accuracy emphasises the need for risk and opportunity accounts that provide simple, consistent and up to date information for communities.

Government and Project Community Benefit Investments

Investments by Energy Co and project community benefits arrangements provide for more than $214m of confirmed community focussed investment flowing from the development of the REZ. More than a quarter of a billion can be expected to be invested via community programs in the region over the current 30-year lifespan of the projects if estimated CBF commitments are included for projects that have yet to formally commit to arrangements. Voluntary Planning Agreements are in place or will be put in place with local governments to secure community benefit arrangements for each project following project approvals.

Table 1: CWOREZ Community focussed investments

Investor	Estimated Investment	Details
EnergyCo (Community Employment and Benefit Fund)	$128m +*	Sourced from REZ Access Scheme fees paid by REZ facilities (current funds to be spent by 2028).
Liverpool Range Wind Farm	Up to $16.65m	$3,000 per installed turbine (or a minimum of $100,000) to each Council per annum. Up to 185 turbines are currently planned.
Valley of the Winds Wind Farm	$25.2	1.5% of the project's capital expenditure, estimate based on $1.68b project cost
Birriwa Solar and BESS	$15m	1.5% of the project's capital expenditure, estimate based on $1b project cost
Spicers Creek Wind Farm	$30m	1.5% of Capital Investment Value over 30 years
Sandy Creek Solar and BESS	(~$18m?)	Neighbour benefit sharing arrangement only? CBF commitment. Estimate project cost of $1.2b, CBF estimate if 1.5% of this figure.
Cobbora Solar and BESS	(5.25m?)	No clear CBF commitment, Facebook post includes a commitment to up to $175,000 a year to local projects
Tallawang Solar	(~$18m?)	CBF commitment but no details on value. Estimate project cost of $1.2b, CBF estimate if 1.5% of this.
Total	**$214.85m+**	
Total (with potential additional CBF investments for unapproved projects)	**$257.10m+**	

* The NSW Government identifies in the longer term this will total 'hundreds of millions of dollars'. However no details on the exact amounts or commitment to a fixed percentage of future access fees to be returned to local communities is publicly available.

Wider Benefit Opportunities

The targeted expenditure of the funds identified above will drive many of the specific benefit opportunities identified in the table below. Payments to landholders are also a significant and on-going source of investment in the region, some of which will flow into the local economy. There are also significant infrastructure upgrades built into the construction process.

Other benefits will be dependent on the quality of supporting strategies such as the accommodation and employment strategies and industry participation plans.

The rapid review has identified limited or no examples of commitments to local telecommunications infrastructure, energy supply, local decarbonisation strategies and environmental improvements. These are areas where the opportunities for the region could be enhanced in the future.

Table 2: CWOREZ Community Opportunities - High level assessment

Community Priority	Opportunities	CWOREZ Assessment
People and Community	Train and employ local workers	Low to medium benefits arising from employment opportunities across the REZ are expected due to a limited local skills base and existing shortages. Projects generally identify specific training and employment targets as part of their proposals. An Accommodation and Employment Strategy is required for developments, including training and employment of local works and First Nations people.
	Strengthen local institutions and community resilience	Targeted investment of government and community benefit funds should provide opportunities in this area.
Place	Increase local housing stock	The NSW Government has funded the Mid-Western Key Worker Housing initiative through the Community Employment and Benefits program. Increased private investment and legacy from accommodations camps are other opportunity pathways.
	Improve local infrastructure	The $128.5m Port to REZ project includes upgrades at 19 locations between the Port of Newcastle and Elong Elong in the Central-West Orana REZ, facilitating the construction process and also leaving a legacy of improved infrastructure on key state roads. Each project approval specifies a series of road upgrades to be completed as part of the development to facilitate access to site and ensure roads can handle increased traffic. The Community Employment and Benefit Program has invested in upgrades to water supply in several local government areas and in specific community facilities. Other strategic investments are provided for in Voluntary Planning Agreements.
	Improve telecommunications	Specific benefits from the REZ project were not identified in the rapid review.
Services	Service expansion or improvement	The Community Employment and Benefit Program has made a series of targeted investments in health and education services its first round of grants.
Local Economy	Payments to landholders and neighbours	Lease payments to landholders for projects are not publicly available but will be significant. The Clean Energy Council cites annual payments of $5500-6500/MW wind and $1500-2500/MW for solar[21] (no rate identified for battery storage). Using these the midpoint of these ranges, host landholders in the region are estimated to receive $22.7m in annual payments.

[21] https://cleanenergycouncil.org.au/getmedia/2f9d50cb-60d1-4bec-86f0-65d77ce998ec/billions-in-the-bush-november-2024-final-compressed.pdf

Community Priority	Opportunities	CWOREZ Assessment
		$200,000 per kilometre of hosted transmission line will be paid over 20 years to landowners in addition to any compulsory acquisition payments. Some projects (such as the Valley of the Winds windfarm) have committed to provide neighbour payments ot landowners close to projects but not hosting infrastructure on their land.
	Local energy security and supply enhancements Energy bill discounts	No specific benefits identified in the rapid review. There may be opportunities flowing from investment of benefit funds and government programs.
	Expansion of local business activity to meet project needs	Developers are required to prepare Industry Participation Plans. These must identify local suppliers and business opportunities. Local procurement is encouraged but not mandated; emphasis is on developing awareness and capacity locally.
Natural Environment	Local decarbonisation	No specific benefits identified in the rapid review.There may be opportunities flowing from investment of benefit funds and government programs.
	Environmental improvements	No specific initiatives identified beyond the requirements for offsetting biodiversity impacts. Emissions reductions associated with the REZ replacing fossil fuels in the grid are significant (EnergyCo estimates approximately 10.29 million tonnes of carbon dioxide (CO_2) emissions replaced annually. This is around 2.2% of total Australian emissions and 6.9% of electricity sector emissions in 2023).

Key Risks and Mitigation Strategies

Planning approvals place requirements on projects in several key areas of risk including infrastructure, accommodation, visual amenity and environmental impacts. In many cases these are dependent on more detailed strategies that need to be developed and implemented with further input from the NSW Government and Local Governments. Effective risk management and mitigation will depend on the quality of this further planning and its implementation, with a significant burden on Local Government to provide oversight and ensure these processes work well.

While an area of significant community concern, the information available indicates the loss of land for agriculture is limited compared to the total areas available to agriculture in the wider region. The coexistence of agriculture within many renewable energy facilities and the significant benefits to landholders for use of the land counter these impacts significantly.

Housing, workforce and service impacts remain significant risks with cumulative impacts from development a key concern that are not clearly understood and addressed. As construction planning progresses this should be a priority to safeguard the local economy and community from lasting negative impacts. Further insights into how local health, education and social services will handle the increased demand during the construction phase is also needed.

Unfortunately, the risk of community division has been realised in the area during the early phases of the REZ development with the long term legacy to play out in coming years.

Table 3: CWOREZ Community risk and mitigation strategies - high level assessment

Community Priority	Risks	CWOREZ Assessment
People and Community	Exacerbate workforce and skills shortages	Cumulative diminished workforce availability in the region is possible due to increased competition for workers. EnergyCo has identified inadequate training support and has made some targeted investments. An Accommodation and Employment Strategy is required for developments, including consideration of cumulative impacts.
	Community division	This risk has already been realised. There has been significant community division in the region during the initial design and development phase, as evidenced by objections to proposals and submissions to the NSW Parliamentary Inquiry. The long term perceived positive impacts of the opportunity investments described above and the approach taken during construction and operation will determine the long-term legacy of division in the region.
Place	Increased demand and costs for housing	Existing housing and short-stay accommodation in the REZ is highly constrained. Major cumulative impacts to diminished short term accommodation availability and affordability within the area are possible, to be mitigated primarily by accommodation camps. An Accommodation and Employment Strategy is required for developments, including consideration of cumulative impacts. Accommodation camp requirements are included in planning approvals, with the construction of these camps subject to further detailed approvals.
	Infrastructure degraded by project utilisation	Approvals include a requirement for a dilapidation survey prior to and immediately after construction to identify any impacts on roads from the development, with a requirement for damage to be repaired by the project. Projects (windfarms) are required to make good any disruption to radiocommunications, including mobile and internet services.
Services	Additional demand on local services	It is likely that pressure on health, food and social services would be exacerbated by the large influx of non-resident construction workers to construct the projects, particularly where construction periods overlap. Multiple documents highlight strain on GPs, mental health services, and emergency care. This remains a significant risk and it is not clear how well it will be addressed as it is largely outside of the remit of EnergyCo and developers. Expansion and improvement of services to support the region during the construction period is the responsibility of the NSW government and will depend on planning within services and the availability of additional resources within local budgets. Accommodation camp management plans must include details on how health and medical services will be provided for the project workforces.

Local Economy	Competition for land, resources and business services	Loss of land for agriculture has been a key concern for the community. The transmission cumulative impact study identifies a worst-case impact of $1.32 million per year (around 0.2 per cent of the total gross value of annual agricultural production across the four impacted LGAs), with much of this temporary during construction. A permanent loss of 0.04 per cent of the total area of agricultural land use is forecast. The potential impacts in other areas are acknowledged but detailed assessment information was not readily available or identified by the rapid review.
Natural Environment	Visual amenity impacts	Planning approvals for projects identify specific properties or a defined radius in the vicinity of the development where property owners can request visual impact mitigation measures (landscaping and visual screening) at the project's expense. There are also requirements on the visual appearance of infrastructure (e.g. paint colours).
	Direct environmental impacts	An Environmental Management Strategy is required for approved developments, with independent environmental audits required. Clearing for project is limited to specific areas, this clearing is required to offset biodiversity impact and a biodiversity management plan must be in place for each development. A bird and bat adaptive management plan is required for windfarms. Waste and bushfire requirements are also included in planning approvals. Water sourcing plans are also required.

Conclusions

The CWOREZ will make a very significant contribution towards decarbonising the Australian energy sector and wider national and State emissions goals. In combination the projects will also yield significant investment in the local communities over the 30-year life of this infrastructure. Landholder payments, infrastructure upgrades and local employment and business opportunities will also be important for the future development of the region.

There are however significant risks that either require further detailed planning to ensure effective mitigation or where it is not clear that they have been adequately addressed. In particular, the risks to local services, pressure on housing and accommodation and the local workforce are recognised but not yet clearly mitigated based on the information reviewed for this rapid risk and opportunity assessment. Division in the community is a risk that has already been realised in the region and is likely to leave a lasting legacy. Others such as the loss of agricultural land appear to be less significant than the community may have feared.

This rapid assessment will have missed many detailed plans and initiatives that are either not yet announced or buried in project documentation or in media releases from developers and government. Bringing this forward in an accessible format will help make the case for the development and provide an opportunity for commitments to risk mitigation to be made clearer.

Overall, a positive risk and opportunity balance seems more than possible for the communities of the CWOREZ, but work between government, industry and local communities will need to occur through the crucial construction period and beyond to secure this outcome for the region.

Local Agency

Leaning into Local Agency

"it's not always clear how and when communities can have their say as part of transmission project planning and landholders and communities often say they have no power to influence decisions that impact them."[22]

The uncertainty experienced by communities is further compounded by a lack of agency in the development process. For the most part, proponents have only been 'encouraged' to communicate 'with stakeholders, including community' and most projects will achieve planning approval via State Development pathways that can either override local policies if required or have limited local input and decision-making capacity. This approach leaves communities feeling that they are absent from the decision-making table and have input only at the convenience of industry and government.

Understanding Local Agency

Agency is 'the capacity of persons to transform existing states of affairs'.

It may be represented in renewable communities through the actions of local governments, community groups, businesses, and local leaders. In practice, agency can be viewed as the sum of capacity (1), reason to act (2), and social capital (3), minus any barriers (Ling, 2013).

Capacity is having the resources and skills to participate. Small communities with under resourced local institutions are capacity challenged for core business. Without additional resources, the capacity of local communities to engage and lead change is significantly constrained.

Reason to act - renewable energy provides a clear reason to act, to ensure the community can strike the best deal for their future.

Social Capital - The strength of local connections and agreement upon key issues impacts the authorisation and effective mobilisation of the networks, organisations, or individuals leading change.

Barriers – elements that impact the effectiveness of Agency, including:

Time – the pace and urgency of the energy shift means there is limited time to influence developments.

Unequal power dynamic – there is a significant knowledge and financial inequity between proponents and the communities being asked to host renewable projects.

Local division and differences between local and state/national interests – The division in communities over renewables undermines local agency. Local community priorities also may not neatly align with that of proponents or governments.

[22] Community engagement in decision-making for transmission projects, Community factsheet, 2024

Community leaders and organisations have not been passive in this environment. Many are utilising their limited power to constructively influence local outcomes. In many others there is need for support to foster and empower agency at the local level.

"Communities want recognition of the role the region will play, and the collective impact they will have to endure."

Local agency in renewable projects matters and is fundamental to communities experiencing that they've been listened to, and that they've secured a good deal. Industry and government should not view local agency as a threat to progress as, it can benefit all parties:

- Strong local agency results in a seat at the table, with opportunities for genuine power and influence by local communities. It builds certainty, trust, and opportunity to work directly to ensure projects will have a positive opportunity-risk balance.
- Supporting appropriate local agency can also de-risk projects for proponents. By pre-investing in communities to support local agency, negotiating openly and transparently, building shared agreements, and honouring commitments, industry can reduce objections, support achievement of good approval and build timelines and invest with greater confidence.
- For government, supporting local agency minimises opposition to energy transition and the policy goals of the energy shift. It can also improve the regional development and economic outcomes from the energy shift that are realised as sustained regional prosperity in rural regions.

Effective local agency can steer projects towards sustainability and community benefit, while misdirected efforts can exacerbate issues and contribute to project failures.

Communities should be supported to strengthen their local agency within each element of the agency equation:

- *Capacity* – seek out multi-year funding from proponents, proponent collectives, or relevant governments for dedicated resources to support community to navigate ahead of, and during, project timelines – enabling communities to coordinate, discuss, come together, and seek skilled expertise. Dedicated resourcing *adds to* available capacity, rather than stretches strained existing local resources.
- *Reason to act* – seek clear information from proponents, relevant authorities, and elevate complaints where needed, to provide a clear problem statement around which to organise.
- *Social Capital* – pre-emptively seek to map and strengthen local networks, across local SME, industry, civil society.
- *Barriers* - consider the barriers applicable in the region, and how they may be minimised.

Points of Influence

"It is at the point of most uncertainty that communities can have the most influence"

There are several regions who have already showcased how strong local agency is combatting uncertainty and leading change, acting at important times throughout the process, resulting in points of influence.

Hay, NSW – Where local government is leading a process of comprehensive community engagement, articulating the region's Principles for Renewables, and setting their deal conditions.

Wheatbelt, WA – Where six councils have joined to investigate and advocate for greater outcomes.

Wimmera, VIC – The Wimmera Southern Mallee Renewable Energy Collaboration (REC) is an initiative seeking to achieve best practice engagement and to enhance place-based outcomes for WSM communities as part of the shift to renewable energy.

Gippsland, VIC – Where the Gunaikurnai Land and Waters Aboriginal Organisation has entered engagement agreements with offshore wind developers to ensure their voice and involvement in discussions on projects. Separately in the region, all offshore licence holders are holding combined community engagement sessions, so that community members are not being asked to attend or be engaged in many different processes.

Currently in Australia, new energy regions are at different stages, which shapes the priorities for local agency. These stages include planning ahead of proposals being brought forward for community input; active negotiation and agreement making with one or more developers that have projects in the design and approval process; and/or seeking benefits realisation and managing risks in practice for projects that are under construction, awaiting grid connection, or already in operation (Table 3). Many new energy regions are experiencing waves of development and are operating across each of these phases concurrently.

Table 3: Points of influence for communities in new energy regions

Phase	For Communities	For Government and Industry
Planning ahead *aka - Best Case – Organise ahead of project proponents arriving in the region*	Strengthening local agency and conducting: - community-wide opportunity/risk assessments, - economic visioning and - Principles for Renewable Investment Is work that takes time but is worth the investment. The best time to do this is ahead of renewable energy projects arriving in town, allowing community to move at its	Fund and resource communities to undertake planning work, over a multi-year period. Examples *State Government funded*: EnergyCo's three-year payments of $250,000 per annum to six councils involved with the delivery of the New England REZ.[23]

[23] Multi-million dollar boost for councils to help deliver NSW renewable energy future | EnergyCo

Phase	For Communities	For Government and Industry
	own pace, and avoid multiple parties imposing artificial timelines that restrict fulsome outcomes. This is often led by local governments or community organisations.	
Negotiation and agreement making	Proactively communicate publicly to ensure landholders and proponents are aware of each community / region's minimum expectations and preferred ways of working. Prepare for common community consultation requests with a community-led process that articulates opportunities and risks, creates one primary consultation process to reduce fatigue, and is funded by participating proponents.	Identify opportunities to coordinate community engagement with local government, involving multiple proponents where possible. Example: Gippsland Offshore wind feasibility licence holders are delivering joint community engagement events.[24]
During construction and operation	Respond to public feedback on direct and indirect impacts of projects.	Implement local procurement opportunities. Act to respond to identified risks, direct and indirect impacts.
Waves of development across each phase - operational projects amidst new projects seeking approvals	Take opportunities to bring people together amidst development, consider cumulative impacts, reassess opportunities and risks, and feed information back through operating and prospective proponents.	Fund and resource communities to undertake consultation and planning. *Industry funded*: A collective of businesses coordinated by the strong local backbone organisation, Wimmera Southern Mallee Development, and Energy Charter[25].

The points of influence differ at each stage and between regions. Each project is impacted by the regulatory environment within which it operates, with different requirements in each jurisdiction, and across different types of energy projects (wind, solar, transmission) within a jurisdiction. The processes are regularly updated, seeking improvements, but with each change comes new information to learn. The complexity of different processes and policy instability contributes to uncertainty, making it difficult for local governments, and local leaders across communities to know what is expected of them and where they can exert influence.

At a regulatory level, there are processes across different States where a proponent's community consultation is *suggested* or *taken into consideration*. But many times, this is *not compulsory*, *nor a prerequisite* to approvals. When community consultation occurs, this has primarily been a project-by-project activity, leading to duplication, inefficiency and consultation fatigue. More consistent processes and requirements are needed, with an onboarding process for each proponent to licence its use, within our State and Federal planning processes.

[24] Gippsland Offshore Wind Days - Greateastern; Gippsland, Victoria declared offshore wind area - DCCEEW

[25] Wimmera Southern Mallee Collaboration Program - The Energy Charter

First Nations leadership in this space is being supported by organisations including the First Nations Clean Energy Network who are working alongside communities and publishing important resources to support principles, planning and negotiations.[26]

The agency of local communities in renewables project planning and implementation directly impacts how they can be involved and leading discussions at the decision-making table, but also can enable them to set the table – ensuring opportunities are maximised, risks are minimised, and the community can realise appropriate benefits from hosting energy infrastructure – leading to greater support and minimised division.

[26] See especially https://www.firstnationscleanenergy.org.au/network_guides

Recommendations

Conclusions and Recommendations

Renewable energy developments are being driven by national and state climate and energy goals and the commercial imperatives of developers building transmission, generation and storage assets. Despite strong underlying support in communities, the enduring social licence that State and Federal Governments and industry are seeking for these developments continues to hang in the balance.

Communities simply want a good deal for their region. They see that these developments could have positive local impacts as well as contributing to wider national goals for Australia's future energy mix. However, the uncertainty surrounding what will happen and when in their local areas, a lack of assurance that the opportunities are real and that risks will be well managed, and limited pathways for local input to shape development threatens long term support.

Building on existing precedents from around Australia and clearer information on needs and solutions, government and industry is now positioned to strike a new deal for communities that can secure enduring social licence.

The following recommendations provide a clear way forward for realising that opportunity across Australia's new energy regions.

Recommendation 1: Upgrade new energy regions

New energy regions are poorly positioned for the coming construction phase due to a lack of housing and key services constraints. Even if industry provides for its core workforce, there will be wider pressures on already constrained local housing and services. Addressing these constraints consistently ranks amongst the highest priorities for communities. Governments need to respond proactively to prevent long lasting negative legacy impacts and create a positive legacy for energy development.

The *Federal Government, in partnership with the states*, should develop a **new energy regions package** targeted to increase core capacities in new energy regions. Investment should be targeted to:

- Expand local housing capacity through direct investment in enabling infrastructure and new key worker and community housing stock. Existing housing strategies are available in many new energy regions identifying needs and priorities.
- Invest in local services, particularly health and aged care, community services and childcare to expand capacity and upgrade facilities.
- Targeted local skills, business development and employment plans to increase local capacity to secure benefits from construction activity and on-going energy employment
- Local energy upgrades and decarbonisation initiatives to realise local benefits from energy infrastructure, and
- Other investments identified as needed to manage cumulative impact risks from concentrated energy developments, likely to include impacts on water, waste management, communications infrastructure and other local services and amenities.

The program should be targeted to those regions experiencing concentrated development pressures from multiple local energy projects. It should also prioritise smaller and more remote communities that have limited capacity and means to adapt through private sector investment.

Recommendation 2: Implement risk and opportunity accounts

Transparency is needed from governments and industry about the benefits and risks of the new energy economy for local communities. Fragmented arrangements across specific projects, details buried in planning documents and a confusing range of government programs and policies with specific implications for communities make it difficult to properly assess the local risks and opportunities from development.

Risk and opportunity accounts can overcome this issue. These accounts would use a common framework – ideally developed by the AEIC – and provide key information on local risks and opportunities at a project level and a region wide level. The aim is not to add to existing planning and engagement process, but to make the information available in one place and in a format that is accessible to communities and common across the industry.

Each project proponent would develop and maintain a risk and opportunity account, sharing this as part of its engagement with local communities. In the earlier phases of projects, key risks and opportunities would be acknowledged with commitments on how they will be addressed through the development process and identifying community input and how this has or will be addressed. As projects progress, approvals are achieved and project plans confirmed, these accounts would become firm commitments to the community, backed by planning conditions and agreements with local government (see Recommendation 3).

State Governments should then develop regional level accounts, integrating information from project level accounts and their own initiatives to provide communities with a transparent assessment of wider benefits for communities and cumulative impact mitigation. Again, these would evolve over time, with early accounts providing commitments to process and outcome with more detailed arrangements confirmed as approvals progress and the final suite of projects in a region is clear. These regional accounts would provide a new level of transparency for communities and a much clearer basis for communication on key risk and opportunity issues.

Independent review by the Australian Energy Infrastructure Commissioner should be considered to provide additional confidence in the rigour of the accounts. The Australian Government Developer Rating Scheme can also incorporate the provision of these accounts as an element in the scheme and the AEIC assessment of their quality into its rating system to further incentivise good.

These accounts will create **a clear foundation for social licence that is missing or buried in the complexity of development approvals and design**. Providing information to inform public debate in consistent ways is the best way to counter widespread misinformation and fear of change, as well as providing greater clarity to industry and government assertions that the energy shift will bring genuine benefits for communities.

A common framework will also allow communities to compare the relative merits of different proposals and encourage competition amongst industry to improve community benefits and better secure local support.

Recommendation 3: Secure benefits pathways for regions

Taking the uncertainty out of requirements for community involvement and building confidence that commitments will be delivered once approvals are in place is fundamental to social licence. Two areas of action are needed:

1. Ensure developer-community agreements are required by all State and Federal grid access and project investment arrangements.
2. Establish standard Terms Sheets and Contractual Agreement in each State to reduce the burden on communities and provide a common pathway to bind projects to the delivery of benefits and risk mitigation strategies that sit outside of planning approval processes. Terms Sheets would document initial agreements whilst projects are being developed, shifting to contracts following approval and financial close.

Recommendation 4: Invest in local capacity

Many communities have very limited capacity within local organisations to engage and influence developments. A temporary increase in resources, via an investment in local governments, community organisations and/or First Nations groups, is needed.

- The *Australian Government* should resource the AEIC, supported by Local Energy Hubs, to act as an independent resource for communities seeking assistance in relation to local energy proposals. This can include an on-demand support service and expansion of the resources it hosts.
- *State Governments* should provide additional resourcing ahead of approval processes. A multi-year grant investment for impacted LGA's will support proper local input to planning processes, capacity to engage communities and developers, development of local priorities for managing risks and focussing benefits. An example of such an approach is occurring in NSW REZ's, led by EnergyCo.[27]
- *Local Governments* should utilise available local capacity to develop local policies and ensure there are community strategic plans that articulate:
    - the vision the community has for its future, including economic visioning;
    - principles for renewable investment supported by community-wide opportunity/risk reviews;
    - preferred community benefit fund arrangements; and
    - preferred methods of communicating/engaging with proponents and managing consultation fatigue for the community.

[27] https://www.energyco.nsw.gov.au/news/multi-million-dollar-boost-councils-help-deliver-nsw-renewable-energy-future.

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