# Submission to the Draft NSW Energy Policy Framework



PO Box 333 Forbes NSW 2871 Phone: 0428 690 935 Email: jenny.bennett@centraljo.nsw.gov.au Website: www.centraljo.nsw.gov.au Chair Cr Kevin Beatty, Mayor, Cabonne Council Via Upload: <u>Draft energy policy framework | Planning Portal - Department of Planning and</u> <u>Environment (nsw.gov.au)</u>

To whom it May Concern

1.

#### **Re: Draft NSW Energy Policy Framework**

Joint Organisations (JOs) were proclaimed in May 2018 under the NSW Local Government Act 1993. The Central NSW Joint Organisation (CNSWJO) represents over 177,000 people covering an area of more than 51,000sq kms comprising the eleven Local Government Areas of Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Lithgow, Oberon, Orange, Parkes and Weddin.

Tasked with intergovernmental cooperation, leadership and prioritisation, JOs have consulted with their stakeholders to identify key strategic regional priorities. The CNSWJO Strategic Plan can be found here: <u>Strategic Plan & Regional Priorities</u>

This response is informed by policy developed in region.

In the first instance, this region is supportive of the NSW Government's net zero aspirations. For more than a decade it has been the CNSWJO Board policy to support an orderly transition to a renewable energy future. This requires not just legislation, but thoughtful implementation including appropriate and timely engagement with community.

However, from the announcement of the Central West Renewable Energy Zone (REZ) (now the Central West Orana REZ) which to this day has not a single Central West Council in it, the communities of regional NSW have been desperately calling for better and fairer implementation.

That an Energy Policy Framework (the Framework) is at last being considered is very welcomed. However, it does not go far enough and to some extent is not fit for purpose.

Please find attached a report adopted by the CNSWJO Board where it was subsequently resolved:

That the Board note the Just Transition to a Renewable Energy Future Report and;

- call on the NSW Government to, as a matter of urgency;
  - a. provide a whole of government approach to the logistics of the infrastructure effort to rewire regional NSW;
  - b. review the State Significant Development Process particularly with regard to
    - i.cumulative impacts; ii.its applicability to the large-scale infrastructure effort in rewiring NSW; iii.timeframes for the post consultation period; iv.additional compulsory pre consultation requirements v.a fit for purpose mandated planning agreement policy and process; and
  - c. identify all cumulative impacts of rewiring of regional NSW including transport and housing;
  - d. note development outside the Renewable Energy Zone and Energy Co remit is also substantial;
  - e. provide just compensation to communities for these impacts where this compensation includes consideration of the ongoing, cumulative impacts of poor processes to date;
  - f. direct NSW Government agencies and State-Owned Corporations to develop and implement policy that better engage and inform community on State Significant Development;
  - g. provide assurance for energy security for the communities of Central NSW through the next decade of transition and beyond;

- *h.* ensure that there is sufficient water for urban communities leading into the next drought and that they have priority over the energy transition effort; and
- *i.* develop and implement policy that allows for optimal outcomes for agriculture co-located with large scale renewable energy generation;
- *j.* royalties on power generation from renewable energy productions go to all affected communities including those responsible for and impacted by the transport task;
- *k. freight impacts for the Central NSW region be urgently assessed;*
- 2. advocate for more funding for distributed energy generation, including seeking support for roll-out in the Central NSW region from Essential Energy, Endeavour Energy and Iberdrola;
- 3. advocate for incentivising domestic battery uptake in region, to help both support the energy transition and energy security;
- 4. note in particular the advice regarding windfarm projects in Forestry Corporation softwood forests in Bathurst, Lithgow, Oberon and Orange;
- 5. update the advocacy policy and the CNSWJO Risk Management Plan in line with the resolve above; and
- 6. ask the Advocacy Subcommittee of Mayors to monitor the situation closely and act in the interest of the region between Board meetings with an ongoing focus on supporting communities through this difficult period including seeking recompense and energy security.

Accordingly, the following advice is provided regarding the Framework:

- 1. The State Significant Development (SSD) pathway is not fit for purpose for the scale of development anticipated with it corollary cumulative impacts.
- 2. Urgent work needs to be undertaken on the transport logistics task and its impacts on all affected communities both on transport routes and those who will be impacted by changes to the freight task. An example is the impacts to the Great Western Highway as a result of Golden Highway being the primary route for renewables.
- 3. Regarding just compensation, the following is supported at this time:
  - \$850 per megawatt per annum for solar energy development;
  - \$1,050 per megawatt per annum for wind energy development;
  - Payments are over the life of the development and indexed to CPI;
  - The full amount is paid as through the equivalent of a Voluntary Planning Agreement to affected council/s;
  - These payments are mandatory; and
  - Hydro generation and battery developments are included in the compensation regime.

A few supporting comments are made here. Firstly, all Central NSW Councils are procuring Large Generation Certificates (LGCs) as part of their commitment to Net Zero as part of the Central NSW Joint Organisation Renewable Energy Supply Agreement. This is a significant amount of money every year going to incentivising the building of more renewable energy generation from regional communities.

A comparison of LGCs to the mooted \$1,050 per megawatt per annum for wind energy development compensation is worth looking at. Let's take for example the Paling Yards wind turbine development in Oberon currently in the NSW Planning Portal. Firstly, assuming:

- a 40% capacity factor for wind renewable energy production;
- Paling Yards is a 310 MW wind farm;
- the current price for a LGC is \$46; and
- all LGCs will be realised and they are realised annually as is the case at present.

\$1,050 per megawatt per annum equates to just 0.7% of the annual income from only LGCs. The renewable energy generator, in this example the Paling Yards development, sells its electricity on top of its LGCs. On the futures market electricity is currently sitting at \$105 per megawatt hour. The return of income to an affected community is less than trivial and should be more given the

transport task will require cutting down trees, significant road improvements and unknown freight impacts.

Communities are likely to be severely impacted by the transport task not just for the development but for replacement and decommissioning. See below a picture of a wind turbine broken down on the Cowra bridge.

As it stands, generation is being significantly incentivised and communities are not being compensated. This is very unfair.



One wind turbine blade road transport breakdown on Cowra bridge – image credit: Over and Above Photography

Secondly, councils through the Integrated Planning and Reporting framework develop Community Strategic Plans that account for the entirety of a community's aspirations. This includes not just council services and infrastructure but all of those provided by the public and private sectors. Any compensation should go therefore go to councils to be used in response to community priority. This keeps compensation effective, efficient, transparent and accountable.

Then, there is concern in region that the existing Department of Planning framework is only paid lip service and that "guidelines" are insufficient. This is particularly the case for compensation and cumulative impacts. Regarding compensation, it should be mandatory and not voluntary.

Regarding cumulative impacts, the SSD pathway is not fit for purpose for private businesses to "share" their potential impacts. This region is particularly concerned with the transport cumulative impacts. For example, the Paling Yards Wind Farm in the NSW Planning Portal has various documents attached to its EIS.

### The Traffic Impact Assessment (TIA)

<u>majorprojects.planningportal.nsw.gov.au/prweb/PRRestService/mp/01/getContent?AttachRef=SSD-29064077%2120230726T085356.394 GMT</u> finds the following about cumulative traffic impacts:

### 4.2 Cumulative Traffic Impacts

The applicant, GPG, is currently developing another wind farm called Crookwell 3 (SSD-6695) which is located 25km to the north of Goulburn and 35km to the south of Paling Yards Wind Farm. Discussions were held with the applicant to understand the anticipated construction timeline of Crookwell 3 with a view to determine any possible cumulative traffic impacts should the construction of two wind farms were to overlap. It is understood that the construction of Crookwell 3 will commence in the second half of 2022 and continue in the first half of 2023. However, at the time of writing, the construction of Paling Yards Wind Farm is set to commence in the second part of 2023 at the earliest. Based on the above information provided by GPG, no overlaps in the construction of two these wind farms are expected and therefore it was not considered necessary to determine the cumulative traffic impacts of both developments.

This company is but one of many developing windfarms in and around Oberon. However, the TIA identifies a route through the Central West and Orana REZ – the cumulative impacts from Port of Newcastle, along the Golden Highway in the Mid-Western region, down the Castlereagh Highway and along the Great Western Highway are those that need consideration.

Further, the report on cumulative impacts of the <u>Paling Yards Wind Farm</u> refers to the transport impact of neighbouring windfarms not along the transport route - which is through the Central West REZ.

Finally, this region is hoping to see more than guidance on the development of solar farms co-located on agricultural land. It is possible to design solar farms that allow for grazing and cropping and this needs to be realised.

If you require further information or clarification on comments in this submission, please do not hesitate to contact me on 0428690 935.

Yours sincerely,

Jenny Bennett Executive Officer Central NSW Joint Organisation (CNSWJO)

# <u>Attachment</u>

Just Transition to a Renewable Energy Future Report

Regional Strategic Priorities	7. Transition to a sustainable, secure and affordable energy future
Portfolio Mayor	Cr Mark Kellam
Sponsoring General Manager/s	Mr D Waddell, Mr B Byrnes, Mr G Tory and Mr P Devery

Report by Jenny Bennett dated 6 November 2023

Rec	comi	mendation/s	
Tha	at th	e Board note the Just Transition to a Renewable Energy Future Report and;	
7.	call	on the NSW Government to, as a matter of urgency;	
	b.	provide a whole of government approach to the logistics of the infrastructure effort to rewire regional NSW;	
c	c.	review the State Significant Development Process particularly with regard to ii.cumulative impacts;	
		iii.its applicability to the large-scale infrastructure effort in rewiring NSW;	
		iv.timeframes for the post consultation period;	
		v.additional compulsory pre consultation requirements	
		vi.a fit for purpose mandated planning agreement policy and process; and	
	I.	identify all cumulative impacts of rewiring of regional NSW including transport and housing;	
	m.	note development outside the Renewable Energy Zone and Energy Co remit is also substantial;	
	n.	provide just compensation to communities for these impacts where this compensation includes consideration of the ongoing, cumulative impacts of poor processes to date;	
C	о.	direct NSW Government agencies and State-Owned Corporations to develop and	
	0.	implement policy that better engage and inform community on State Significant Development;	
	p.	provide assurance for energy security for the communities of Central NSW through the nex decade of transition and beyond;	
	q.	ensure that there is sufficient water for urban communities leading into the next drought and that they have priority over the energy transition effort; and	
	r.	develop and implement policy that allows for optimal outcomes for agriculture co-located with large scale renewable energy generation;	
	s. t.	royalties on power generation from renewable energy productions go to all affected communities including those responsible for and impacted by the transport task; freight impacts for the Central NSW region be urgently assessed;	
<b>B</b> .		vocate for more funding for distributed energy generation, including seeking support for roll-	
0.		in the Central NSW region from Essential Energy, Endeavour Energy and Iberdrola;	
9.		vocate for incentivising domestic battery uptake in region, to help both support the energy	
5.		transition and energy security;	
10		e in particular the advice regarding windfarm projects in Forestry Corporation softwood	
		orests in Bathurst, Lithgow, Oberon and Orange;	
11.		late the advocacy policy and the CNSWJO Risk Management Plan in line with the resolve	
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12. as		the Advocacy Subcommittee of Mayors to monitor the situation closely and act in the	
		erest of the region between Board meetings with an ongoing focus on supporting	
	con	nmunities through this difficult periodincluding seeking recompense and energy security.	

#### Precis

An absence of consistent policy at the federal level in Australia for the past decades has led to a narrowing of the window to meet the nation's international obligations on greenhouse gas emissions' reduction and closure timeframes of coalfired power generation.

This has led to some extremely poor outcomes for communities in the current NSW scramble to rewire the state. These poor outcomes are likely to continue for at least the next decade. Ironically, the poor execution of the rewiring of NSW is likely to lead to the process stumbling with ongoing challenges for community. The goal posts continue to change, for example recent advice on doubling the generation capacity at the neighbouring Central West and Orana Renewable Energy Zone (REZ).

Arguably, NSW needs to be on a war footing to achieve its aspirations for reducing greenhouse gas emissions. Production needs to be scaled up supported by leadership to effect the change required. Further, a completely different approach to coordination and focus from a logistics perspective needs to be enabled. Instead, business as usual processes such as State Significant Development pathways with their corollary weaknesses and community impacts are in play.

It is imperative that as a region local leaders familiarise themselves with the likely implications of this ongoing very poorly executed transition and provide support to those communities who continue to experience the greatest impacts.

In this region the communities most likely to be impacted at this time are those to the east of the region where wind and hydrogeneration have the greatest potential.

Concurrently there are risks to the whole region that energy security may get lost as the priority for existing infrastructure is to support the neighbouring REZ and other large-scale generation.

What is particularly galling is that for all the pain regional communities will endure, it is likely that timeframes as outlined by the Australian Energy Market Commission for greenhouse gas reductions will not be achieved.

There needs to be a significant rethink about what is achievable where distributed energy systems and incentivising batteries in the domestic setting, including electric vehicles, would be much more logistically possible than the current effort.

#### **Reason for this report**

At the May 2023 Board meeting it was resolved that a report be provided on the issues with State Significant Development (SSD) approvals including but not limited to:

- 1. concerns regarding poor engagement with community and its impacts;
- 2. funding for Councils to manage the costs of community response including legal and other expert advice; and
- 3. minimising sterilisation of agricultural land including allowing grazing below panels.

Subsequently a similar report to this has been provided to the Advocacy Subcommittee 29 September 2023 and GMAC October 2023 for further input.

This report responds to Board resolve and makes recommendations seeking adoption as listed above.

# Legislative, Policy and Risk Considerations

#### Policy

After a decade of policy at the Federal level that did not enable Australia's comparatively lower-level international commitments to reducing carbon emissions, the State and local government in NSW have had to take the lead.

CNSWJO members are well into this work with its renewable energy purchase agreement, renewable energy targets, plans for their implementation and continuing roll out of renewables in region. This region knows there is lost ground to be made up for example in waste emissions and the electrification of fleet, however the enablement of these is beyond local control.



It has been CNSWJO and Centroc before it to have policy seeking an orderly transition to a renewable energy future. The current CNSWJO Strategy adopted in November 2022 calls for an action to *Review policy approach to the anticipated rapid transition to a renewable energy future on the Social Licensing issues and raise awareness for renewable energy infrastructure.* 

To date this involved a review of advocacy where this report provides more detail framed by the Board resolve of May.

The Board's advocacy position is as follows:

Building on the work and reputation of Centroc, the CNSWJO will work collaboratively with relevant State, Federal and other government agencies to accelerate the transition towards net zero carbon for our Councils and communities. This work will occur where value to the communities of Central NSW is greatest and aligns with the NSW Government's stated goal of a 70% reduction in emissions by 2035 (based on a 2005 baseline).

An orderly transition to a renewable energy future is a priority of the CNSWJO Board. This includes consideration of energy security during the transition period.

It is noteworthy that regional Australia will bear the brunt of the impacts of rewiring the nation and policy at both the State and Federal levels needs to be developed that accounts for this, including better communications and consideration of compensation.

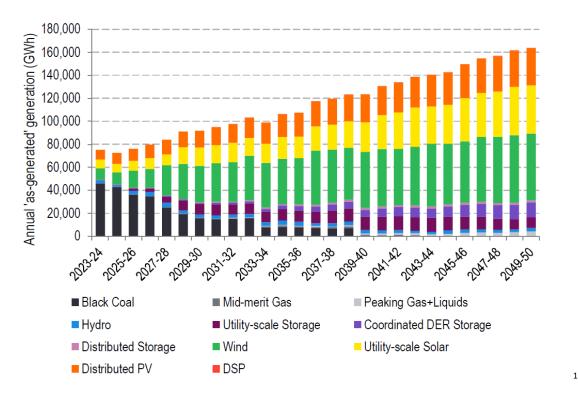
Based on the principles of subsidiarisation, decentralization and place-based planning, this advocacy will consider the electoral cycle, the likelihood of change, the need for urgency and demonstrated leadership in region.

### Legislation

At the State level the previous government invested significantly in transitioning the State's energy production to renewables including setting up Renewable Energy Zones (REZs) and other legislation. For example, in October 2021, both houses of the Parliament of NSW passed the <u>Energy Legislation</u> <u>Amendment Bill 2021</u>, which amended the Forestry Act 2012 to allow renewable energy projects to be considered within softwood plantations.

### Discussion

The Australian Energy Market Commission (AEMC) has identified a pathway for the nation to move to renewables. This clearly shows the rapid introduction of wind and utility scale solar with its corollary impacts on transmission lines and regional communities.



#### Concerns regarding poor engagement with community and its impacts

Arguably, NSW Government legislation enabling the transition to a renewable energy future has been rushed, will continue to be rushed and its socialisation has been extremely poor. For example, the cumulative impacts on accommodation of the anticipated REZ construction are not considered, councils have not been engaged and assumptions have been made about their capacity and role in managing various issues, for example temporary worker housing. Other agencies, such as TfNSW, are raising concerns about the transport task where, as Australian Government policy is so far behind in embracing renewables with its corollary lacklustre manufacturing, a significant amount of the infrastructure needed must be imported by sea then transported into region.

<sup>&</sup>lt;sup>1</sup> EY CNSWJO Capacity Assessment Report (Draft) p27 – please note DSP is demand side participation



Wind turbines imported at Port Kembla. Image: Giant wind farm components imported at Port Kembla (with video) - Daily Cargo News (thedcn.com.au)

The logistics of the build are not being coordinated. Communities have lost confidence and are asking questions like:

- Where will the water for all this construction come from?
- Who pays for the water and sewer needed to house workers for the larger construction efforts?
- How will our quality-of-life change?
- Will this affect energy security for our community?
- How long will this go on for?
- Why is no one talking to us about this?

Please find attached recent correspondence from the Oberon Against Wind Turbines community group sent to all Board members and a media release provided by way of response.

Anecdotal advice is there are only two cranes in Australia that have the height to construct the taller wind turbines and there is a three year wait to manufacture any more in Germany. Further, ten oversize overmass vehicles requiring escort will be needed, every 'out of school holidays and weekends' night for the next decade, to transport imported equipment for the build. Meanwhile the goal posts change, for example Energy Co are seeking to double the generation of the improperly named Central West and Orana REZ.



One wind turbine blade road transport breakdown on Cowra bridge - image credit: Over and Above Photography

Outside the REZs, renewable energy production will occur in locations that are suitable for a variety factors including;

- proximity to port to import materials not manufactured in Australia;
- renewable generation potential, eg wind; and
- proximity to transmission infrastructure.

The east of the Central NSW Joint Organisation region aligns with the above factors where it is likely, given the poor coordination, that impacts will occur more broadly across the region as goal posts change.

Based on commentary from the Premier <u>NSW renewable energy delivered through overhead cables:</u> <u>Chris Minns (smh.com.au)</u> it is unlikely that the NSW Government will turn around its current approach with respect to overhead transmission and proceeding with the REZs.

#### **Development in State Forests**

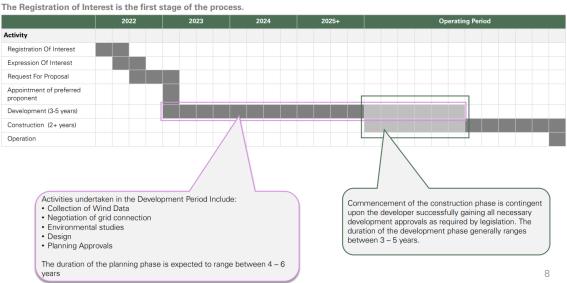
As advised above, Legislation has been effected to enable renewable energy projects to replace coal and ultimately most greenhouse gas emissions.

#### The Forestry Corporation provides the following advice:

A total of 47 renewable energy providers registered their interest in establishing renewable energy projects in NSW State forest pine plantations. Respondents overwhelmingly identified wind power as the most feasible technology, with pumped hydro systems and battery storage opportunities also identified. The pine plantations near Oberon, Sunny Corner, Bondo, Orange and Laurel Hill were identified as the most feasible locations for initial investigations.



If any suitable proposals are identified, they would also have to undergo the normal planning application and approval process, which includes detailed requirements for community consultation and environmental assessments.



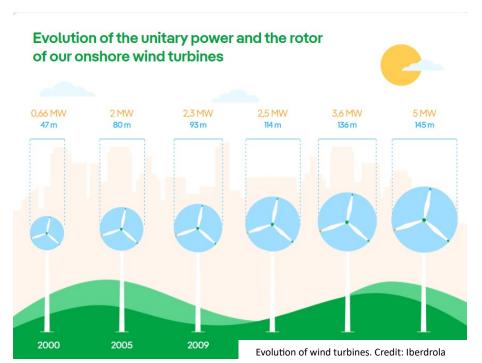
Different projects will have slightly different timelines. Below is an indication of a potential timeline through to operation The Registration of Interest is the first stage of the process. These projects will fall into a SSD pathway with its requisite consultation framework.

Given the feedback from communities across the State, this process is not delivering good outcomes for communities.

#### Legacy

Communities that host renewable energy developments have an interest in seeing the development benefit their local community and economy. This is especially the case as turbines are increasing in size.

In part, this is seen as a fair response to the changes incurred as a result of hosting the development. It is also seen as allocating a fair share of the increased productivity (from the



use of local land and resources) to local benefit. Renewable energy developments are located within active landscapes in which local communities live and work. As such, benefit sharing offers the opportunity to integrate the development into people's lives in a positive way. For local communities, effective benefit sharing strategies contribute to:

- a feeling that the project is "giving back" and contributing fairly to the local area;
- opportunities to see important benefits flowing from local developments;
- developing positive and direct relationships with the project and project staff;
- the ability to have renewable energy contribute to achieving local plans and goals;
- developing positive and tangible associations with the project; and
- increasing people's active support for the project.

How benefits (financial and otherwise) are received and taken up by a local community relates directly to how the idea is developed and introduced. It is imperative that benefit sharing occurs in a context of good community engagement so that people see both the processes and outcomes of benefit sharing as being fair and equitable. If benefit sharing is financially generous and proposes to deliver excellent local outcomes but is not matched with good community engagement, it may be seen as a dishonest effort to buy community support. A fair process will increase people's acceptance of the outcomes, even if the outcomes are not strictly what they would have preferred. Conversely, and particularly for benefit sharing, if the outcomes are at odds with people's expectations and experience of the process, it can reduce acceptance. Deploying innovative benefit sharing models takes consistent engagement to both design and implement with a community. Ambitious benefit sharing programs generally need on the ground local resourcing to design and implement them well.

Arguably, the SSD process for renewables in this region is irretrievably poor and not fit for purpose for the scale of cumulative development required. The engagement has been terrible. Incorrect assumptions are being made about what affected councils can deliver rather than how affected councils and communities can be supported through the process.

# Funding for Councils to manage the costs of community response including legal and other expert advice

Where this report suggests the SSD is not fit for purpose for the scale development required for rewiring eastern Australia, at this time it is councils who are bearing the brunt of resourcing the concerns of community.

Where the resourcing by councils and community goes well beyond the development application process, at the very least councils should be resourced to represent their communities in these unprecedented times. As advised above, it is the assumptions being made by developers, particularly for housing, transport and water as well as their lack of consideration for cumulative impacts that expose community to extreme significant impacts and risk. A significant risk is to be managed is the need for water and its scarcity with the likelihood of drought and bushfire during the construction effort. Anecdotal advice is that these developments are being approved without identifying water sources and assumptions are being made that councils will provide access to urban supply systems.

Councils across Central NSW are reporting shortages of planning staff and so their capacity to internally resource a community response to SSD. Communities must be able to challenge these assumptions and it is outrageous that councils, whose financial sustainability is constrained by the NSW Government rate cap, are being asked to step up time and again to call for recognition of cumulative and other community impacts.

### Minimising sterilisation of agricultural land including allowing grazing below panels.

Co-location of sheep grazing and solar panels has been trialled in region in Parkes. The ABC reported that early results are good.<sup>2</sup>

Where this region may have dreams of well thought-out renewable energy generation development co-located with agriculture - the reality is that, given the goal post changing and paucity of thought on the logistics and impacts of the massive development effort, there will need to be on ongoing focus on supporting communities through this harrowing



Sheep trial in Parkes collocating sheep grazing and solar generation. Image Credit: ABC News

period, recompense and energy security. Advocacy regarding the energy transition construction needs to include these more optimal approaches and it is recommended that the state develop policy in this regard.

#### An alternative approach

It is unsurprising that the historically metro focussed, centralised and "deeply frustrated by the lack of action in climate change" bureaucracy in NSW has come up with a "lines on maps" approach to

<sup>&</sup>lt;sup>2</sup> https://www.abc.net.au/news/rural/2020-08-25/parkes-solar-panel-sheep-trial-early-positive-results/12581756

the construction effort required to transition energy generation in NSW. Upon finding a NSW Cabinet willing to contemplate emissions reduction and implement action to meet net zero targets, legislation has been swift and the scramble is on. The naming of the 'Central West REZ' without a single Central West LGA in it, announced without any discussion with any community affected, has typified the paucity of knowledge about affected communities.

Looking at the reality of the logistical effort required to make these 'lines on maps' real, it is clear that this approach will fail. While bureaucrats may be anchored in REZs, and they will without doubt be part of the solution, an alternative approach is required.

There is some discussion about offshore windfarms<sup>3</sup>. When considering reducing bushfire risk to transmission, the logistics challenge of the inland build and concerns from communities across regional NSW, consideration of offshore wind farms of significance has merit.

Essential Energy is of a view that they are ready willing and able to support distributed generation.<sup>4</sup> This is supported by the work being undertaken by Ernst & Young in region building a business case for investment in infrastructure that meets the nexus between Net Zero and energy security in Central NSW.

At the very least there should be an incentivised battery and electric vehicle scheme implemented immediately to support domestic and fleet transition.

# Value for members

Research undertaken can be used by members for their advocacy purposes.

#### **Financial Implications**

Nil at this time

<sup>&</sup>lt;sup>3</sup> <u>https://illawarraoffshorewind.com.au/</u>

<sup>&</sup>lt;sup>4</sup> "Cheaper and guicker:" Distributed networks put case to host wind and solar | RenewEconomy