

DRAFT SUBMISSION

Draft Energy Policy Framework

February 2024





Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the State.

OVERVIEW OF THE LOCAL GOVERNMENT SECTOR



Local government in NSW employs **55,000 people**



Local government in NSW is responsible for about **90% of the state's roads and bridges**



Local government in NSW looks after more than **\$177 billion** of community assets



NSW councils manage an estimated **4 million tonnes of waste** each year



Local government in NSW spends more than **\$2.2 billion** each year on caring for the environment



NSW councils own and manage more than **600 museums, galleries, theatres and art centres**



NSW has more than **350 council-run libraries** that attract tens of millions of visits each year



NSW has more than **400 public swimming and ocean pools**

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Opening

Local Government NSW (LGNSW) welcomes the opportunity to provide its views to the NSW Department of Planning, Housing and Infrastructure (the Department) on the **draft Energy Policy Framework (2023)**. The transition to renewable energy and the development of renewable energy infrastructure networks is an important sustainability issue currently facing rural and regional local governments and their communities. The impact of this technological step-change will transform the wellbeing and economic productivity of local communities, particularly in Renewable Energy Zones, but must be carefully managed in close consultation with councils and their residents to ensure the best outcomes can be achieved.

The primary purpose of this submission is to highlight the issues local government faces in seeking to manage the impact of renewable energy infrastructure developments in their communities.

This submission is informed by the policy positions of LGNSW and consultation with councils. Please note this submission is provided as a draft, pending endorsement by the LGNSW Board at its next meeting. We will advise of any amendments to the submission in due course.

Background

LGNSW welcomes the **draft Energy Policy Framework (2023)** focus on specifically addressing different renewable energy types to help implement the NSW Government's Electricity Infrastructure Roadmap (the Roadmap). The Roadmap sets out the NSW Government's vision to coordinate investment in electricity transmission, generation, storage and firming infrastructure and transform the NSW electricity system into one that is cheap, clean and reliable.

In 2020, the [*Electricity Infrastructure Investment Act 2020*](#) identified that the Energy Corporation of NSW (EnergyCo) will be appointed as the Infrastructure Planner for the State's first five REZs in the Central-West Orana, New England, South West, Hunter-Central Coast and Illawarra regions.

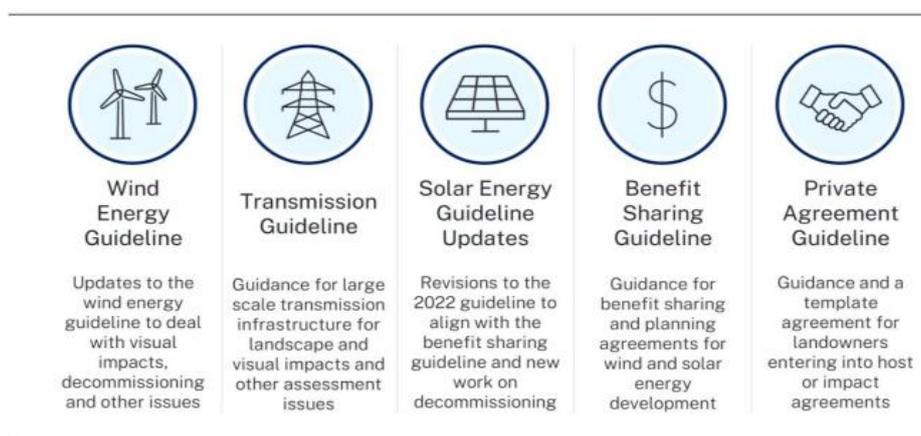
As the Infrastructure Planner for these REZs, EnergyCo will recommend network infrastructure projects and will work closely with communities, investors and industry to coordinate investment in renewable energy generation, electricity networks and storage infrastructure in REZs for the long-term benefit of energy consumers, local communities and industry in NSW.

The purpose of the **draft Energy Policy Framework (2023)** aims to support the transition to renewable energy in NSW. It aims to do this quickly enough to futureproof a cheap

and reliable supply of renewable energy for the people of NSW. A significant amount of new transmission infrastructure, renewable energy generation and storage and firming infrastructure will be required over the coming decades to meet the NSW Government’s net zero target. By 2035, four of the state’s five coal-fired power stations (which currently generate approximately 75% of NSW’s annual electricity) will come to their scheduled end of life. The NSW Government’s Electricity Infrastructure Roadmap sets out a 20-year plan to deliver the necessary infrastructure to build a new renewable network.

The **draft Energy Policy Framework (2023)** provides an overview of the new policy framework for the assessment of energy development and infrastructure in NSW. It acknowledges that renewable energy development is not without impacts, and it must enable infrastructure while also managing land use conflict, balancing environmental and social impacts, addressing community concerns and supporting robust and meaningful community engagement.

There are five guidelines that form part of the draft Energy Policy Framework:



LGNSW acknowledges there are also secondary energy forms such as battery storage, transmission and pumped hydrogen that do not form part of the Framework.

LGNSW Position

The LGNSW [Policy Platform](#) consolidates the voices of councils across NSW, reflecting the collective positions of local government on issues of importance and guiding LGNSW in its advocacy on behalf of the local government sector.

Specific positions relating to renewable energy projects include:

7.11 The State and Federal Governments to develop a strategic approach to state significant developments and renewable energy zones to ensure their impact on local infrastructure farmland and neighbouring communities is properly considered, and local councils receive development contributions to fund the local infrastructure required to support them.

7.12 Greater independence and integrity in the development application process by introducing provision for councils, rather than proponents, to appoint independent consultants to undertake the reports needed for development assessment (such as Statements of Environmental Effects and Environmental Impact Statements).

8.9 The State Government to work with regional and rural councils to find solutions that address the unique housing pressures associated with major infrastructure and state significant developments, renewable energy zones and seasonal demands for short-term and tourist accommodation in regional NSW.

The significant social and economic impacts in rural and regional communities across New South Wales, caused by an influx of renewable energy projects, requires a transparent and comprehensive framework for assessment.

Response to proposed policy framework

Councils acknowledge the need for the policy framework and view the development of the guidelines and tools as a positive step, however further work on the guidelines and the process surrounding their use is required.

The framework only applies to wind and solar energy developments (and transmission lines), however this does not enable the cumulative impacts of all renewable energy projects to be managed collectively. The application of the framework should be expanded to storage/firming projects such as batteries, pumped hydro and other renewable energy options.

In addition, the framework only applies to wind and solar developments that are classified state significant development (SSD). The framework, and the Benefit Sharing Guidelines in particular, should apply to renewable energy projects regardless of whether they are SSD, state significant infrastructure (SSI) or critical significant state infrastructure (CSSI). The scale or significance of these projects is likely to result in local impacts which warrant acknowledgement.

Councils should also be given the option to seek benefit sharing on renewable energy projects below the SSD threshold (<\$30M value) as these smaller scale projects can also result in negative impacts on local communities.

Recommendation 1: That the application of the framework should be expanded to storage/firming projects such as batteries, pumped hydro and other renewable energy options.

Recommendation 2: That the Energy Policy Framework (and the Benefit Sharing Guidelines in particular) apply to all renewable energy projects regardless of whether they are SSD, SSI or CSSI, with councils given discretion to apply benefit sharing to projects below the SSD threshold.

1. Wind Energy Guideline

The Wind Energy Guideline is a positive step to articulating the assessment considerations of wind energy projects. Section 2 identifies recommendations for inclusion in both the wind and solar energy guidelines, however the matters below are specific to the Wind Energy Guideline:

Offshore Wind Generation

Suitable land for wind energy development is often difficult to identify in regional areas where other land use pressures compete. To alleviate this land-use pressure and share locational equity across other parts of the State, it is recommended that new locations for off-shore wind energy be identified.

A noticeable absence of consideration in the draft Wind Energy Guideline is investigation of offshore wind energy, which will have its own unique environmental issues for consideration. It is recommended that water based, wind generated energy be included in the guideline as there are many potential locations for either offshore, estuarial or inland water bodies to host wind turbine infrastructure.

Recommendation 3: That the Wind Energy Guideline include consideration of offshore wind generating projects and their potential locations.

Traffic and Transport Management Plans

The construction phase for most renewable energy projects is the most intensive and impactful on surrounding communities. The haulage of equipment to site, particularly for the large turbines used in wind energy projects, creates a logistical challenge of oversized, overweight vehicles travelling on regional arterial and local roads. Similarly, transmission tower infrastructure for associated renewable energy projects can equally cause traffic and transport inconvenience and cost – including delays and harm to the productivity of the freight network. This element of transport impact is not sufficiently articulated in the draft Wind Energy Guideline.

The number of vehicle movements, their frequency and their damage to local roads can be a cost for councils required to repair local road assets and an inconvenience for local residents using those roads for vital access. To avoid conflict, the preparation and disclosure of haulage route considerations and their impact should be addressed with suitable traffic and transport management plans for the construction phase of these projects. This should also include an audit of the state of repair of local roads prior to commencement of construction with a financial commitment to repair any damage caused.

Public notification in advance of when these movements will occur should also be part of a wider community engagement plan so that communities are given alternative access options to lessen the construction impact.

Recommendation 4: That the traffic and transport impacts of hauling infrastructure to project sites during construction be included in the Wind Energy Guidelines as part of a Traffic and Transport Management Plan.

2. Solar & Wind Energy Guidelines

The wind and solar guidelines have been in use for some time, and the additional updates proposed are acknowledged, however there are several further improvements to be made to both.

The **water requirements** for the commissioning and operation of renewable energy projects are often overlooked at the proposal stage. This additional water for concrete production and workers on site for example, may not be factored into regional water budgets. There may be an unrealistic expectation by proponents that a water allocation can be purchased from neighbouring properties or provided via the local water utility allocation without impact on other users.

The guidelines are unclear on the **size of the impact area** to be considered for developments. Councils consider that limiting the impact zone to the development site and adjacent properties is insufficient. The impact area could vary according to the issue being assessed e.g. water, visual amenity, biodiversity, housing.

Recommendation 5: That the solar and wind energy guidelines:

- Require proponents to clearly identify water volumes required and proposed source(s) in order to confirm likelihood of availability and access.
- acknowledge that local conditions should define the size of the impact area and not necessarily be limited to the site and adjacent properties only.

Waste Management Plans

Waste generated through the commissioning, operation and decommissioning of renewable energy projects can be substantial. In regional communities the volumes can overwhelm or significantly shorten the expected life of the landfill, triggering a need for new landfills or landfill cells to be opened resulting in unexpected costs to councils for planning approvals, design and construction.

Not only is substantial waste generated at commissioning and decommissioning phases, but there is also evidence of equipment failure during the operational phase. For example, solar panel failure may be in the order of 1% of all panels. The volume of damaged and failed panels or turbines could potentially increase because of future climate driven extreme weather events.

Ideally proponents will have explored options for reuse/recycling of materials such as pallets, reducing the quantity of material destined for landfill.

To strengthen the framework and achieve good waste management outcomes, there is an opportunity to mandate a detailed Waste Management Plan for all renewable energy projects. This would ensure that councils and other consent authorities have a full understanding of the total quantity of waste which will be generated from the project as well as detailed information relating to the proposed mitigation measures designed to minimise waste and management options for the remaining residual waste. This would also provide an opportunity for councils that may be interested to explore how they can work together with the developers in implementing circular economy practices into the developments.

Proponents should be required to provide documentation as part of the approvals process to verify that consultation with council has occurred in relation to the management of packaging and materials (solar panels, turbines, ancillary materials) before the project is approved.

Recommendation 6: That when lodging a development application, proponents be required to demonstrate that they have consulted with the relevant council regarding the management of waste from the site through all phases of the project.

Decommissioning Calculator

The calculator included in both the draft Wind and Solar Energy Guidelines is a welcome addition. It provides a valuable insight into the quantum of materials that go into a major generation facility. However, this information could and should be actively used in the assessment process, rather than just being a tool between the landowner and developer.

Limitations of the calculator are that it only allows for rehabilitation and decommissioning on a project-by-project basis and allows for subjective assessment. Standards could be developed that also ensure the best environmental outcomes for a greater area of impact than just the host site.

Recommendation 7: That the Decommissioning Calculator be enhanced to include standards that consider optimum environmental outcomes for the local area both on and surrounding the host site.

3. Transmission Guideline

The draft Transmission Guideline is based on a presumption that transmission of energy will use the existing network and that the network needs capacity enhancement via aerial powerlines. Distribution lines and service connections then carry the electricity in consumable form to neighbourhoods and individual sites.

The guideline canvases the potential for undergrounding of transmission lines but does not sufficiently consider the benefits, particularly at the consumer delivery end of transmission to neighbourhoods and individual sites. The technology exists and could be better encouraged for the community benefit, rather than just monetary costs.

Similarly, alternate construction methods for transmission lines and the easements that are created could lessen the social, financial and environmental impact on agricultural land. To reduce impacts / encroachment of valuable agricultural land, mapping could be improved to provide clearer guidance on suitable pathways for transmission lines (both between renewable energy projects and to users).

Councils consider this guideline to be the least well-developed, requiring more detail in relation to issues of social licence and compensation for the broader community and not just to landholders whose properties transmission lines traverse. Some councils have indicated compensation amounts that do not reflect current commercial value. LGNSW supports the provision of fair and reasonable compensation for compulsory acquisition of land.

Recommendation 8: That the undergrounding of transmission lines and alternative construction methods be given further consideration in the draft Transmission Guideline to encourage solutions that lessen social, financial and environmental impacts.

4. Benefit Sharing Guideline

Benefit 'caps'

The concept of a mandated Benefit Sharing Guideline is new, whereas wind and solar guidelines have now been in use for some time with accepted approaches under negotiated voluntary planning agreements (VPAs). Therefore, the concept has raised some contention in discussions on how it may be applied fairly and equitably in a way that avoids diminishing current benefits.

The draft Guideline proposes a benefit sharing rate of \$850 per MW per year for solar projects, and \$1050 per MW per year for wind projects. LGNSW understands these figures have been informed by data some councils have provided to the Department for VPA contributions for existing projects. However, under the Benefit Sharing Guideline this level of contribution would now be the total contribution, covering contributions to council, private agreements and any community funds. Councils strongly object to the total benefit being set at \$850/1050 per MW as this would represent an overall decrease in benefit to the community.

Councils are also concerned that linking the benefit values to CPI will not keep up with the actual cost increases 'on the ground', again resulting in an effective reduction in

benefit to the community. Including a regular review measure (e.g. every 5 or 10 years) of the cap amount would help to ensure the appropriateness of the total benefit caps.

Recommendation 9: That the Department:

- increase the proposed benefit caps so that they include the existing VPA (1.5% of total development value) *plus* reasonable amounts for private and community benefit.
- In addition to tying the benefit cap to CPI, include a regular review measure to ensure the benefit value is not eroded.

Nature of benefits

Aside from private agreements with landholders, councils are of the view the bulk of benefit payments should be entrusted to the relevant council to manage on behalf of the community. The reasons for this include:

- **Councils are best placed to understand their community's needs** at a strategic level, ensure funds are used appropriately and in line with those needs / desires, and to transparently report how funds are being used. Councils must comply with the Integrated Planning and Reporting (IP&R) framework which includes developing 10 year Community Strategic Plans and 4 year delivery plans for the local government area. Councils undertake significant and ongoing community engagement with residents to ensure priorities are understood and addressed through the IP&R process, ensuring transparency and a wholistic view. Councils also have strong governance and financial management obligations to ensure appropriate use of public monies.
- Through the IP&R process communities often identify larger infrastructure needed for the community, such as community or sporting centres, swimming pools, parks or streetscape improvements, road upgrades. **Pooling the benefits** from a renewable energy project can enable these larger projects to be delivered for the local community.
- Councils would also prefer to **pool benefit payments from multiple projects**. Collectively managing the funds can put larger (and often higher-order) community needs within reach that may not have been possible using the benefit payment from one project alone.
- Councils are **best placed to work with other entities** to deliver community needs or address impacts. For example, the community surrounding a renewable energy project often experience housing shortages or lack of affordability during the construction phase with the influx of workers. With a lump sum from developers, councils could partner with NSW Land and Housing Corporation or other providers to secure affordable housing in the area.

- Councils can **establish a community grant fund** for smaller projects / initiatives. This could also help spread the funding to different groups in the community beyond the higher profile groups such as sporting clubs. Councils can establish advisory committees (with representatives from the community) to provide advice to council on the allocation of funds from all projects in an area.

Broader comments in relation to benefit sharing:

- Local government would like to see **more upfront payment of benefits**, rather than over the lifetime of the development. This would enable a greater quantum to instigate community benefit projects sooner rather than later.
- Overall, **transparency in benefit sharing is important**. Councils appreciate privacy is needed in relation to agreements with the host property, but other arrangements should be open to assist all parts of the community appreciate both the impacts and likely benefits of proceeding with a proposal.
- Impacts from a project can be felt across more than one local government area, for example where a development is at the edge of an LGA boundary. The issue of **how benefit sharing would work across multiple LGAs** has not been addressed within the guideline but warrants inclusion. Collaboration amongst councils and with proponents is the key to resolving such situations satisfactorily, but at the moment this relies on good communication and relationships between the parties.

Recommendation 10: That the Benefit Sharing Guideline:

- provide for the bulk of benefit payments to be entrusted to the relevant council to manage on behalf of the community.
- confirms that payments may be structured in different ways (e.g. larger upfront payments or a mix of upfront and annual), and that benefit payments from multiple projects may be pooled by councils for more effective management.

5. Private Agreement Guideline

Although the details of private agreements are between two private parties, local government wants to ensure fair negotiation standards for landowners so there is equity of benefits in their communities. The draft Private Agreement Guideline is comprehensive and helpful. LGNSW wants to ensure transparency of this process by ensuring that the guideline is applied when a project is approved.

Recommendation 11: That proponents demonstrate that the Private Agreement Guideline has been applied as a condition of approval.

6. Other Considerations

Energy Storage

Energy storage systems, most commonly battery energy storage systems (BESS) are going to become increasingly important pairings to renewable energy projects. They are also likely to be located in designated battery storage areas within the Renewable Energy Zones (REZs).

Assessment considerations unique to BESS have specific locational requirements, safety precautions and hazard protections relative to the technology in use. Considerations such as fire safety risk, contamination risk, hazard and handling risk should be explained in the Framework.

The draft Wind and Solar Energy Guidelines also amend the planning assessment framework by identifying potential consideration of Critical State Significant Infrastructure assessment status declaration by the Minister for Planning if a significant energy storage system (for example, a delivery capacity of 750 megawatts or more) is included.

Although a battery form of energy storage may change as technology advances, awareness of these precautions and protections should be included in the framework for even small-scale BESS to ensure adequate risk assessment. This should also extend to acknowledgement of other forms of secondary renewable energy that may partner in renewable projects such as pumped hydrogen storage or other gases, regardless of their scale.

Recommendation 12: That energy storage systems, of all scales and types also be considered in the draft Energy Policy Framework and that other renewable energy forms such as pumped hydrogen or gas capture be included in the Framework.

Standard Conditions

The Guidelines for each form of renewable energy provide invaluable advice for consideration of assessment processes. To ensure that these considerations are captured in the approval conditions, the Department of Planning, Housing and Infrastructure could provide a set of Standard Conditions for renewable energy projects within the NSW Planning Portal. This would assist Councils to apply a consistent approach across renewable energy projects.

Recommendation 13: That standard conditions are developed for each form of renewable energy and provided for Councils to access in the NSW planning portal.

Cumulative Impacts

The direct impacts of large-scale renewable energy projects may not necessarily be limited to the local government area (LGA) boundary within which they are situated. Where major developments are expansive, this can not only place added pressure on local infrastructure, services and housing within that LGA, but can also have direct impacts in neighbouring LGAs. LGNSW has always advocated for mechanisms and processes to ameliorate and compensate for these impacts and additional pressures that may occur in some cases on neighbouring councils. This needs to be considered in any assessment for such projects.

Further attention is needed to ensure cumulative impacts of renewable energy developments are considered within the draft energy policy framework, to ensure impacts from individual developments to form a regional picture. More detail on the use of cumulative impact studies should be included in the framework, particularly in relation to transmission lines. For example, cumulative impact studies only apply to the last point of the transmission route whereas they should consider the full length of the transmission line, and every council impacted on a transport route should be consulted.

Impact studies of renewable energy zones should be undertaken well before developments are proposed. The social impact on communities that are within REZs (or where renewable energy development is likely to occur) requires more detailed assessment, with support provided for those communities. Councils are deeply concerned that some communities will not have enough ambulances, emergency beds, doctors or teachers even if only 10% of energy project workers bring their families to live in REZs. At least one council has commissioned and paid for its own social impact study to ensure the implications of developments are fully assessed. The alternative is to trawl through EISs and rely on social impact studies (often amounting to thousands of pages) to determine what has been considered and whether it is adequate.

The cumulative impact on communities also extends to the effects of consultation. For example, in the Central West councils report that communities are confused by the multitude of projects they are being consulted on, with at least one engagement event occurring per week during 2023. It is critical that the consultation and engagement occurs, however there needs to be a better way than individual meetings for each development so that communities are not overwhelmed.

Recommendation 14: That the Department consider what mechanisms could be put in place to ensure that where appropriate, neighbouring councils are consulted throughout the assessment process and have input to the conditions of consent for renewable energy projects.

Conclusion

LGNSW welcomes the NSW Government's draft Energy Policy Framework on renewable energy and its commitment to transitioning to renewable energy projects. Local government seeks to work constructively with the NSW Government to develop transparency and consistency of assessment for renewable energy projects.

This submission makes several recommendations to further improve the framework and thereby encourage appropriate developments that also deliver long term community benefits. The Benefit Sharing Guideline is key to this outcome and LGNSW would be pleased to work with the Department and councils to incorporate our recommendations.

For further information regarding this submission, please contact [Susy Cenedese](#), LGNSW's Strategy Manager Environment on 9242 4080.

Summary of Recommendations

Recommendation 1: That the application of the framework should be expanded to storage/firming projects such as batteries, pumped hydro and other renewable energy options.

Recommendation 2: That the Energy Policy Framework (and the Benefit Sharing Guidelines in particular) apply to all renewable energy projects regardless of whether they are SSD, SSI or CSSI, with councils given discretion to apply benefit sharing to projects below the SSD threshold.

Recommendation 3: That the Wind Energy Guideline include consideration of offshore wind generating projects and their potential locations.

Recommendation 4: That the traffic and transport impacts of hauling infrastructure to project sites during construction be included in the Wind Energy Guidelines as part of a Traffic and Transport Management Plan.

Recommendation 5: That the solar and wind energy guidelines:

- Require proponents to clearly identify water volumes required and proposed source(s) in order to confirm likelihood of availability and access.
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Recommendation 6: That when lodging a development application, proponents be required to demonstrate that they have consulted with the relevant council regarding the management of waste from the site through all phases of the project.

Recommendation 7: That the Decommissioning Calculator be enhanced to include standards that consider optimum environmental outcomes for the local area both on and surrounding the host site.

Recommendation 8: That the undergrounding of transmission lines and alternative construction methods be given further consideration in the draft Transmission Guideline to encourage solutions that lessen social, financial and environmental impacts.

Recommendation 9: That the Department:

- increase the proposed benefit caps so that they include the existing VPA (1.5% of total development value) *plus* reasonable amounts for private and community benefit.
- In addition to tying the benefit cap to CPI, include a regular review measure to ensure the benefit value is not eroded.

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- provide for the bulk of benefit payments to be entrusted to the relevant council to manage on behalf of the community.
- confirms that payments may be structured in different ways (e.g. larger upfront payments or a mix of upfront and annual), and that benefit payments from multiple projects may be pooled by councils for more effective management.

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