

22 September 2023

Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2001

Ref: ERC0357

Dear Anna,

Enhancing community engagement in transmission building- Draft determination

Energy Networks Australia (ENA) welcomes the opportunity to make this submission in response to the Commission's draft determination on enhancing community engagement in transmission building, following the National Electricity Rule change request lodged by the Honourable Chris Bowen MP, Commonwealth Minister for Climate Change and Energy.

ENA represents Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia. Our electricity transmission members, the transmission network service providers (TNSPs), are focused on delivering Integrated System Plan (ISP) and renewable energy zone (REZ) projects, which are urgently needed to facilitate the energy transformation that is central to Australia's carbon reduction commitments.

In this context, TNSPs recognise the need for open and genuine community engagement early in the planning process to build social licence for these important projects. More broadly, TNSPs have been working proactively with Energy Charter and a number of agricultural groups and farmers federations to co-design a range of guidelines and continuously improve their community engagement. A number of examples are outlined below that have been completed or are in progress:

- **Energy Charter Better Practice Social Licence Guideline** – This Better Practice guideline was launched in May 2023 after a collaborative process with the Ag Energy Taskforce, AEIC, various farmers groups and TNSPs. The Guideline provides a checklist of actions and activities required to minimise the impact and meet landholder expectations to deliver shared value and build social licence. Actions cover planning to decommissioning.
- **Energy Charter Landholder and Community Better Practice Engagement Guide** – This guideline was launched in September 2021 after collaboration between TNSPs and various farmers groups. The primary purpose of the Guideline is to encourage improved outcomes for landholders and communities across a range of different electricity and gas projects.

- **Energy Charter Evaluating Transmission Undergrounding** – This work has commenced using a similar model as the Energy Charter adopted for the Better Practice Social Licence Guideline. It is seeking to improve the experience of landholders and communities by providing greater transparency on how the viability of undergrounding vs overhead designs are evaluated. This initiative is targeting completion in March 2024 and will take into account relevant matters from the NSW Undergrounding Inquiry and the AEIC community engagement review.
- **Land agent engagement training** – The Energy Charter is building on previous work undertaken in conjunction with TasNetworks and the AEIC to deliver land agent engagement training to a wider group of teams and ensure readiness for upcoming engagement on large transmission projects. This project is due for delivery in October 2023.
- **Land access payments and community benefits** – Network companies have been working with State Governments to improve land access payments and community benefits arrangements. As a result of these efforts, a number of policies are in place or under consideration.

In addition to these initiatives, TNSPs are listening to stakeholder feedback that more needs to be done to deepen and broaden the scope of community engagement. Only through open and genuine engagement will TNSPs be able to build and maintain the necessary trust with communities and stakeholders to support these important projects.

ENA welcomes the Commission's preferred Rule, which will provide further impetus to the ongoing efforts to improve community engagement. ENA also agrees with the Commission that its preferred Rule will promote the National Electricity Objective by increasing the likelihood that ISP and REZ projects are delivered on time, resulting in better outcomes for consumers. ENA considers that the following aspects of the draft Rule will provide a more effective framework for community engagement:

- **Definition of stakeholders and interested parties**

The draft Rule would require TNSPs to engage with stakeholders who are 'reasonably expected to be affected by the development of the actionable ISP project, future ISP project, or project within a REZ stage (including local landowners, local council, local community members and traditional owners).' ENA considers that this requirement, which is given effect through a change to the definition of 'preparatory activities', appropriately identifies those stakeholders that ought to be consulted. ENA notes that the Commission also proposes a consequential change to the definition of 'interested parties', which ENA also supports.

- **Focus on ISP and REZ projects**

ENA concurs with the Commission's view that the new provisions should only apply to ISP and REZ projects. While TNSPs will undertake community engagement in relation to all transmission projects, ENA considers it appropriate

to focus this Rule change on ISP and REZ projects. Smaller RIT-T projects (particularly repex projects) typically involve only minor changes to existing land use, or site/easements and therefore raise fewer stakeholder and community issues compared to ISP and REZ projects. By targeting improvements to community engagement for ISP and REZ projects, the Commission's approach ensures that TNSPs commit additional resources to those engagement activities that will deliver the highest value for electricity consumers.

- **Principles-based 'community engagement expectations'**

ENA supports the Commission's proposed definition of 'community engagement expectations', which takes a principles-based approach. The key advantage of the Commission's approach is that it leaves room for TNSPs to develop their own engagement methods that are fit-for-purpose, rather than prescribing the form of engagement, while also clarifying what the community expects from each engagement. In adopting this approach, the Commission has implicitly recognised that TNSPs are already part of their communities and are best placed to understand and respond to their needs.

The draft Rule therefore strikes an appropriate balance between setting expectations regarding community engagement and allowing TNSPs scope to tailor their engagement activities to best meet the needs of each community, having regard to the circumstances of each project.

- **Flexible transitional arrangements**

ENA also supports the transitional arrangements that allow TNSPs to opt into the new arrangements for those projects where consultation has already commenced. ENA considers that this flexible approach will allow each TNSP to expand its engagement activities where it is practical to do so, thereby maximising the potential benefits for consumers.

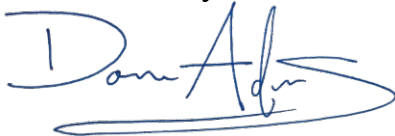
ENA also notes that the transitional arrangements allow the AER 12 months to update its Cost Benefit Analysis guidelines. ENA would welcome the Commission's reconsideration of this timeframe, noting that the required changes may be reasonably limited. From a practical perspective, TNSPs cannot delay community engagement until these guidelines are updated. TNSPs will therefore continue to undertake engagement to the best of their abilities in advance of the guidelines being finalised.

While the Commission's Rule change is appropriately focused on gaining social licence through effective engagement during the transmission planning phase, ENA notes that social licence is much broader in scope as community acceptance for the final project must be secured and maintained. It may be helpful for the Commission to comment on these broader aspects of social licence, which may include landowner compensation and community benefit sharing, in its final determination. While these aspects of social licence are outside the scope of this Rule change, it would be helpful to explain that social licence activities and costs extend beyond the early planning stage.

It is also worth noting that other initiatives are underway to improve the way that TNSPs engage with the community, most notably a review being undertaken by the Australian Energy Infrastructure Commissioner, Mr Andrew Dyer; and the development of guidelines by State-based planning bodies, such as VicGrid. TNSPs are actively engaged and participating in each of these initiatives, which will help to enhance the social licence framework in the coming months. While the social licence framework will continue to evolve, ENA considers that the Commission's preferred Rule can be implemented without delay.

ENA looks forward to working with the Commission as it finalises its determination. In the meantime, if you would like to discuss this submission, please contact Verity Watson (vwatson@energynetworks.com.au) in the first instance.

Yours sincerely



Dominic Adams
Acting Chief Executive Officer