**Submission No 12**

# INQUIRY INTO IMPACT OF RENEWABLE ENERGY ZONES (REZ) ON RURAL AND REGIONAL COMMUNITIES AND INDUSTRIES IN NEW SOUTH WALES

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The state of renewable energy through REZs is a once in a generation opportunity to transform rural and regional communities in NSW for the better through economic community benefits, the ability to diversify industry and income streams for farmers, and increased nature restoration and protection opportunities.

Climate change poses the biggest risk to nature, through impacts including drought, bushfires, storms, ocean acidification, sea level rise and global warming. Many plants and animals cannot adapt to the effects of climate change. NSW has approximately 1000 plant and animal species and ecological communities that are at risk of extinction due primarily to climate change and habitat destruction.

The bushfires and floods over the last few years gave us a taste of what is to come if we don't take action to prevent climate change. The Paris accord states that to limit global warming to 1.5 degrees and prevent catastrophic climate events and mass extinction we must reduce emissions by 43% by 2030.

The NSW Net Zero Commission's 2024 annual report concerningly outlined how, under current trajectories, the most recent projections for NSW's emissions reductions show that the targets for 2030 and 2035 will not be reached. Significant decarbonisation in the electricity and energy sector is central to reaching net zero by 2050.

NSW's continued reliance on coal-fired power is resulting in an energy system that is increasingly unreliable and increasingly expensive for consumers. For example, heatwaves across Sydney in late November 2024 led to sudden soaring demand of electricity as households and workplaces increased air-conditioning use to manage the almost 40-degree days. Out of the 12 coal power-generation units across the state, 4 were offline for maintenance or breakdowns, 2 of which were unplanned, leading to risk of blackouts.

Ageing coal-fired power is unable to meet NSW's electricity demands. We need to build renewable energy in a timely manner to reach our emissions reductions targets, minimise the impacts of climate change on our environment, provide reliable energy for our state, and bring down energy prices to alleviate cost of living pressures.

The REZ system has been established by the previous NSW government to deliver the vast amount of utility-scale renewable energy needed and the build is well on the way – nationally there is almost 40% renewable energy capacity and in NSW there is 53%. The focus of the NSW government should be to continue rolling out renewable energy developments in a timely manner in REZs. To ensure the best outcomes for communities and the environment, improvements to the current REZ structure should be made where necessary but this should not come at the cost of slowing down the build of renewable energy.

Terms of reference

(a) current and projected socioeconomic, cultural, agricultural and environmental impacts of projects within renewable energy zones in New South Wales including the cumulative impacts

Socioeconomic impacts

We are already starting to see the positive economic impacts that REZs are bringing to rural and regional communities through community benefits and economic activity. It's expected

that large-scale wind and solar projects in NSW will deliver $715 million between 2024-2050 in contributions to communities and councils. Modelling by the Regional Australia Institute shows that up to $68 billion in economic activity could be generated across Australia by 2030 from large scale wind and solar projects.

There is also the economic risk of not acting and delaying the transition to renewable energy, significantly impacting not just rural and regional communities but all of Australia. New modelling shows that Australia's GDP will take a hit of $6.8 trillion between 2024 and 2050 if serious action on climate change is not taken.

This is a once in a generation opportunity for economic investment in NSW's regions. Strong consultation processes are needed to ensure communities reap the full social, economic and environmental benefits of renewable energy developments in their areas.

## Agricultural impacts

REZs are strengthening long-term security for regional farmers. The ability for farmers to host renewable energy projects on their land allows for the opportunity to diversify their income. Analysis by Farmers for Climate Action and the Clean Energy Council shows that large-scale wind and solar projects in NSW are expected to deliver between $2.6 – $3.3 billion between 2024-2050 in direct landholder payments.

There are also opportunities for dual land use, allowing farmers to retain agricultural practices while hosting renewable energy. Colocation of solar farming and sheep grazing is an increasingly common practice and successful model of dual land use. Not only does it benefit farmers who can continue to graze sheep but also benefits developers who save costs as they don't need to trim the grass on the solar farms themselves. A recent study on sheep grazing on solar farms found no negative impact on wool production and even an improvement in the quality of wool produced.

## Environmental impacts

The impacts of climate change pose the biggest threat to the environment. The development of renewable energy projects within renewable energy zones has an overall positive impact on the environment by helping NSW get to net zero and mitigating the devastating impacts of climate change.

The renewable energy transition presents opportunities to protect and restore nature. There are several case studies across Australia that demonstrate these opportunities:

• Neon Energy establishment of World's End Gorge National Park as part of the vegetation offset strategy for the Goyder South wind farm.

• SA Water & Seeding Natives revegetation project, involving the planting of almost a ton of native grass and saltbush seed under thousands of solar panels across the state to secure the return of native scrub vegetation and local jobs.

• Cattle Hill wind farm use of Identiflight AI technology as part of their mitigation strategy to protect eagles from turbine blade strike. Since implementing this technology, there have been no impacts involving endangered and protected eagles at the project for more than a year, despite eagle activity being higher than ever.

To ensure practices of protecting and restoring nature through renewable energy developments in REZs are commonplace, the NSW government should identify ecological protection and restoration priorities for each REZ and require developers to contribute to nature positive environmental regional outcomes.

There is always a risk that any form of development can negatively impact the environment. The best way to ensure our environment is properly protected is to strengthen NSW's nature laws and reform the planning system to increase nature positive developments, as recommended in the Independent Review of the Biodiversity Conservation Act 2016. NCC has welcomed the important first step taken by the NSW government in reforming our nature laws through the passage of the NSW Biodiversity Conservation Amendment (Biodiversity Offsets Scheme) Bill 2024, though there is still a lot more work to be done.

Post mining land use opportunities

For regional communities that are transitioning away from coal mining and becoming industrial hubs for renewable energy generation and green manufacturing, such as in the Hunter and Illawarra, REZ's have the potential to solidify post-mining land use plans. The NSW government should prioritise the development of region-wide post-mining land use plans that have positive biodiversity outcomes and do not allow mining companies to evade rehabilitation obligations as set out in their development consents.

(b) current and projected considerations needed with regards to fire risk, management and containment and potential implications on insurance for land holders and/or project proponents in and around Renewable Energy Zones The NSW Department of Planning, Housing and Infrastructure has recently addressed various risks and hazards that are considered when assessing renewable energy projects.

This includes clarification that renewable energy does not increase the risk or impact of fires. Regarding insurance, the increase in extreme and intense weather events due to climate change has led to a rising cost of home insurance. Australians are collectively paying $30 billion more today on insurance than 10 years ago. An August 2024 report by the Actuaries Institute shows that Australian households experiencing home insurance affordability stress increased by 30% in the past year. Households in areas at higher risk of extreme weather, including many regional areas in NSW, are even being priced out of accessing insurance altogether.

The financial cost for everyday Australians of failing to address climate change is high. We need a timely transition in NSW to renewable energy to alleviate the impacts of climate change and reduce financial stress on households.

(g) projected impact on visitation to regional areas with renewable energy zones resulting from changes to land use There is not expected to be a major impact on visitation to regional areas with REZs, as the amount of changes to land use predicted are minimal. Analysis by the Clean Energy Council shows that less than 0.027% of land used for agriculture production would be needed to power the east coast states with solar projects. Implementing dual land use practices as outlined in (a) where agricultural practices can exist alongside renewable energy generation can further reduce land use change in regions.

Strategic siting of renewable energy projects can prioritise the development of renewable energy projects on degraded land and ensure that projects locations will not change the reason why people enjoy visiting regional areas.

(h) suitable alternatives to traditional renewable energy sources such as large-scale wind and solar

As previously stated, urgent action is needed to reduce our emissions and achieve net zero by 2050 to avoid devasting impacts of climate change on the environment and humanity. Transitioning to renewable energy is the fastest and most efficient way for NSW to achieve this and we are well underway. Nationally there is almost 40% renewable energy capacity and in NSW there is 53%.

A mix of utility scale renewables, rooftop solar, large-scale and household batteries are needed to achieve a reliable modern energy system.

Pursuing alternatives to renewable energy, such as nuclear energy, would worsen climate change impacts by delaying the renewable energy transition and furthering the lifetime of carbon polluting coal-fired power generation.

Nuclear energy is a dangerous distraction from the urgent need for governments at all levels to make every effort to tackle climate change by furthering the pace of the renewable energy rollout.

(i) adequacy of community consultation and engagement in the development of Renewable Energy Zones, and associated projects Early and genuine consultation and engagement with communities is essential in any development. There has not been a consistent standard for community consultation across REZs, with some developers following good practice and others doing the bare minimum. There are improvements that could be made in consultation practices and more guidance and regulation from the NSW government can ensure the standard is lifted to be consistent in all communities.

A regional community benefits plan should be developed, which prioritises the aspirations of both the local and broader communities of impact and include benefits such as discounted power for residents and co-ownership of assets like community batteries. The NSW Renewable Energy Planning Framework should provide clearer guidance to what “early and meaningful” community engagement looks like. For example:

• Early: many regional communities face barriers for participating in consultation processes, such as lack of internet access. When providing notice for a community meeting, developers need to take the specific barriers and needs for that community into consideration and ensure plenty of notice is given to allow full community participation. Early consultation also means early education for communities on the process and what options are for benefits and how they work.

• Meaningful: developers can demonstrate a culture of genuine community consultation through providing financial assistance for community participation in the assessment of projects, including consideration of nature and cumulative impacts. Community consultation should also incorporate opportunities for capacity building and engage diverse representatives from across the regions (j) how decommissioning bonds are currently managed and should be managed as part of large-scale renewable projects Some community members in REZs have expressed concerns around the plans and processes for the

decommissioning of renewable energy projects. To address these concerns, NCC welcomes the NSW Government's new private landholder agreement guideline and decommissioning calculators to help provide more information to landholders on how to best negotiate matters related to decommissioning in private agreements with developers. The latest Renewable Energy Transition update provides a reasonable explanation as to why the NSW government has decided not to introduce decommissioning bonds, mainly due to the significant cost of bonds to both industry and energy consumers because of the interest such bonds would incur over time.

While these updates are great resources for landholders, communities nearby renewable energy developments need more reassurance on the plans for decommissioning. Decommissioning agreements should be made publicly available to provide transparency to impacted communities.

(l) any other related matters.

Genuine engagement and consulting with First Nations communities must remain a central part of the planning, construction, operations and decommissioning of renewable energy projects. First Nations communities have cared for Country, sustainably looking after the land, waters, air, wildlife, climate and culture, for over 60,000 years. Genuine engagement and consulting with First Nations communities is essential to achieving positive environmental and cultural outcomes through the transition to renewable energy.

Policy mechanisms to achieve this can include weighted criteria for local First Nations business participation, and resourcing First Nations ranger programs. The NSW government should continue working with the Federal government and directly with First Nations communities to meaningfully implement an impactful and well-resourced rollout of the First Nations Clean Energy Strategy in NSW. This includes the three focus areas of:

- Power First Nations communities with clean energy
- Enable equitable partnerships
- Achieve economic benefits with First Nations peoples

Please consider the long term future of not only NSW but Australia as a whole for moving to renewable energy - long term sustainability is becoming more and more relevant as demand for energy increases in a cyclic manner due to climate change.