

**Submission
No 14**

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

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Summary**

Thank you for this opportunity to express my views on the urgent need to move to renewable energy generation in NSW. I live in regional NSW, at Coledale, and feel that there is great community support for a just transition to zero emissions before further damage to the climate is done.

Building renewable energy through Renewable Energy Zones (REZs) is a unique opportunity to improve rural and regional communities in New South Wales (NSW) by creating economic benefits, diversifying farmers' income, and enhancing nature restoration efforts. Climate change is the biggest threat to nature, causing problems like drought, bushfires, storms, ocean acidification, rising sea levels, and global warming. In NSW, 1,000 plant and animal species are at risk of extinction mainly due to climate change and habitat destruction. Recent bushfires and floods show what could happen if we don't act against climate change. The Paris Agreement requires us to cut emissions by 43% by 2030 to limit global warming to 1.5 degrees.

The 2024 report from the NSW Net Zero Commission warns that NSW is not on track to meet its 2030 and 2035 emissions targets. Decarbonizing the electricity and energy sector is crucial for reaching net zero by 2050. NSW's dependence on coal-fired power is making the energy system less reliable and more costly for consumers. For example, a heatwave in late November 2024 caused a surge in electricity demand, but four out of twelve coal power units were offline for repairs, risking blackouts.

To meet emissions targets, reduce climate change effects, ensure a reliable energy supply, and lower energy costs, it is essential to ramp up renewable energy production. The previous NSW government established the REZ system to generate large amounts of renewable energy, and progress is being made—NSW has 53% renewable energy capacity. The current NSW government should continue developing renewable energy in REZs without unnecessary delays. Any necessary improvements to the REZ system should not slow down renewable energy expansion.

Terms of Reference

A. Current and Projected Socioeconomic, Cultural, Agricultural, and Environmental Impacts of Projects in Renewable Energy Zones in New South Wales

Socioeconomic Impacts

Renewable Energy Zones (REZs) are already benefiting rural and regional communities by creating economic activity and community benefits. It is expected that large-scale wind and solar projects in NSW will contribute \$715 million to communities and councils from 2024 to 2050. In Australia, large wind and solar projects could generate up to \$68 billion in economic activity by 2030. Delaying the shift to renewable energy could harm all of Australia, with a projected GDP loss of \$6.8 trillion from 2024 to 2050 if we don't take strong climate action. This is a critical time for economic investment in

NSW's regions. It's important to involve communities in discussions to maximize the social, economic, and environmental benefits of renewable energy projects.

****Agricultural Impacts****

REZs offer long-term security for regional farmers, allowing them to host renewable energy projects on their land and diversify their income. Research shows that from 2024 to 2050, these projects could provide farmers with between \$2.6 to \$3.3 billion in payments. Farmers can also continue agricultural practices alongside renewable energy, such as grazing sheep with solar farms. This dual land use benefits both farmers and developers, as sheep grazing can keep grass trimmed on solar farms without harming wool production.

****Environmental Impacts****

Climate change greatly threatens the environment. Developing renewable energy projects in REZs helps NSW reach net zero emissions while reducing climate change impacts. Transitioning to renewable energy also creates opportunities for nature protection and restoration. Positive examples include projects that create national parks, restore native vegetation under solar panels, and use technology to protect birds near wind farms. To ensure these practices are common, the NSW government should identify environmental priorities for each REZ, requiring developers to contribute to positive outcomes for nature. Although development can have negative environmental effects, strong nature laws and planning reforms can promote better practices. The NSW government has begun to reform these laws, but more work is needed.

****Post-Mining Land Use Opportunities****

For communities shifting from coal mining to renewable energy, REZs can help establish post-mining land use plans that support biodiversity and ensure mining companies fulfill their rehabilitation obligations.

****B. Fire Risk Management and Insurance Implications****

The NSW Department of Planning, Housing and Infrastructure states that renewable energy projects do not increase fire risks. However, climate change is causing insurance costs to rise, with Australians paying \$30 billion more for home insurance compared to ten years ago. A report from August 2024 notes a 30% increase in households struggling with insurance costs. Areas at higher risk of extreme weather are facing challenges in obtaining insurance. To reduce the financial pressures caused by climate change, NSW needs a rapid transition to renewable energy.

****G. Impact on Regional Visitation****

There is unlikely to be a significant impact on visitation to areas with REZs due to minimal land use changes. The Clean Energy Council reports that only a tiny fraction of agricultural land will be needed for solar projects. Implementing dual land use can further minimize land changes, and placing renewable energy projects on degraded land will help preserve the reasons people visit these regions.

****H. Alternatives to Traditional Renewable Energy Sources****

Urgent action is necessary to lower emissions and reach net zero by 2050. Transitioning to renewable energy is the quickest way for NSW to achieve this goal, with 40% of national and 53% of NSW energy capacity already from renewables. A mix of large-scale and household renewables is important for a reliable energy system. Considering alternatives like nuclear energy would delay the necessary transition away from coal power and worsen climate change impacts.

****I. Community Consultation Standards****

Effective early consultation with communities is vital for development. Currently, there is no consistent standard of community engagement across REZs. Some developers engage well, while others do the bare minimum. Improving consultation practices and providing guidance from the NSW government will help lift standards. A regional community benefits plan should prioritize both local and broader community aspirations, offering benefits like discounted power and co-ownership of renewable energy assets. The Renewable Energy Planning Framework should clarify what constitutes “early and meaningful” community consultation, with considerations for specific barriers faced by regional communities.

****J. Management of Decommissioning Bonds****

Community members have raised concerns about decommissioning renewable energy projects. The NSW Government’s new guidelines help landholders negotiate these issues, but more transparency is needed around decommissioning plans. Currently, the government has opted not to introduce decommissioning bonds to avoid high costs for the industry and consumers.

****L. Engaging First Nations Communities****

Genuine engagement with First Nations communities is crucial throughout the planning, construction, operation, and decommissioning phases of renewable energy projects. These communities hold essential knowledge about sustainably caring for the land. Policies should support local First Nations businesses and ranger programs. The NSW government should collaborate with Federal authorities and First Nations communities to effectively implement the First Nations Clean Energy Strategy, focusing on providing clean energy, equitable partnerships, and economic benefits for First Nations peoples.