

Submission
No 35

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

Organisation: Central NSW Joint Organisation

Date Received: 31 January 2025

Impact of Renewable Energy Zones (REZ) on rural and regional communities and industries in New South Wales

January 2025



CENTRAL NSW
JOINT ORGANISATION

- Bathurst
- Blayney
- Cabonne
- Cowra
- Forbes
- Lachlan
- Lithgow
- Oberon
- Orange
- Parkes
- Weddin

30 January 2025

Portfolio Committee No. 4 – Regional NSW
Submission made via Parliamentary website

Dear Mr Banasiak and members of the Committee,

Re: Impact of Renewable Energy Zones (REZ) on rural and regional communities and industries in New South Wales

Central NSW Joint Organisation (CNSWJO) speaks with a unified voice for its collective priorities. This region has a proud history of working collaboratively, representing over 180,000 people covering an area of more than 53,000sq kms comprising the local government areas of its membership - Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Lithgow, Oberon, Orange, Parkes and Weddin.

Tasked with intergovernmental cooperation, leadership and prioritisation, CNSWJO has consulted with its stakeholders to identify key strategic regional priorities. The CNSWJO Strategic Plan can be found here - www.centraljo.nsw.gov.au.

Thank you for the opportunity to provide feedback to the review of Renewable Energy Zones. CNSWJO understands the Terms of Reference for the review to be:

- (a) current and projected socioeconomic, cultural, agricultural and environmental impacts of projects within renewable energy zones in New South Wales including the cumulative impacts
- (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
- (c) the historical, current and projected future financial costs associated with construction and maintenance of large scale projects within Renewable Energy Zones
- (d) proposed compensation to regional New South Wales residents impacted by Renewable Energy Zone transmission lines:
 - (i) adequacy of compensation currently being offered for hosting transmission lines
 - (ii) adequacy of the shared benefits being offered to neighbours of large scale renewable projects
 - (iii) financial impact of compensation on the state's economy
 - (iv) tax implications resulting from compensation received by impacted residents
- (e) adequacy, and management of voluntary planning agreements and payments made to the LGAs impacted by Renewable Energy Zones

- (f) current and projected supply and demand levels of manufactured products, raw materials, and human resources required for completion of Renewable Energy Zones and their source
- (g) projected impact on visitation to regional areas with renewable energy zones resulting from changes to land use
- (h) suitable alternatives to traditional renewable energy sources such as large-scale wind and solar
- (i) adequacy of community consultation and engagement in the development of Renewable Energy Zones, and associated projects
- (j) how decommissioning bonds are currently managed and should be managed as part of large scale renewable projects
- (k) the role and responsibility of the Net Zero Commission and Commissioner in addressing matters set out above, and
- (l) any other related matters.

This response is informed by CNSWJO 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 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 local government area in it, the communities of regional NSW have been desperately calling for better consultation and fairer implementation.

While not in a REZ and therefore not enjoying the support provided to communities in a REZ, this region does have various features that mean that renewable energy generators are lodging development applications. These include but are not limited to:

- significant Forestry Corporation lands able to leverage the changes to legislation enabling windfarms;
- proximity to electricity transmission infrastructure;
- proximity to port;
- proximity to Sydney; and
- boundaries with the REZ.

Please find following feedback on the Terms of Reference.

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

Without any of the publicly provided support for a REZ, this region has been advocating for years to get in front of the renewable energy challenge. This includes:

- seeking to have the cumulative impacts of renewable energy generation included in 2036 iteration of the Regional Plan for the Central West and Orana since 2018;
- finding the word "cumulative" in the commentary in the 2041 Regional Plan but no action identified to manage cumulative impacts (it is noted the Department of Planning has been working on a tool to understand cumulative impacts);
- advocating for the transport impacts on the region to be recognised and catered for where communities are likely to be severely impacted by the transport task not just for the

development but for replacement and decommissioning. See picture of a wind turbine broken down on the Cowra bridge;

- advocating for fairer compensation for all communities impacted by the net zero transition; and
- advocating for a rapid transition to a distributed energy model as the current approach is not working.



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

In 2023 the region resolved as follows:

1. *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.*

Since 2023 there may be a more coordinated effort emerging in the REZs; however, there has been little perceived change for the communities of the Central West all of whom are not in the Central West and Orana Renewable Energy Zone.

Those communities experiencing the most significant socioeconomic, cultural, agricultural and environmental impacts of projects, for example in Oberon, are seeing significant community pushback which was reflected in the recent local government election where 2 of 9 Councillors were elected to limit the development of windfarms.

Regarding cumulative impacts, the State Significant Development 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 Environmental Impact Statement. Page 3 of the Traffic Impact Assessment (TIA) 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 Paling Yards Wind Farm refers to the transport impact of neighbouring windfarms not along the transport route – which is through the Central West REZ.

This is just the transport task – the cumulative impacts on water, energy security, jobs, housing, health services, community safety and the visitor economy are also poorly tackled, if considered at all.

It is the CNSWJO Board’s view that work on cumulative impacts ought to be done in the public sector as it is unreasonable to expect private companies to know the broader development scenario and its impacts.

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

No comment, except to say that these should apply outside REZs to all impacted areas.

the historical, current and projected future financial costs associated with construction and maintenance of large scale projects within Renewable Energy Zones

No comment, except to say that these should apply outside REZs to all impacted areas.

proposed compensation to regional New South Wales residents impacted by Renewable Energy Zone transmission lines:

- (i) adequacy of compensation currently being offered for hosting transmission lines**
- (ii) adequacy of the shared benefits being offered to neighbours of large scale renewable projects**
- (iii) financial impact of compensation on the state's economy**
- (iv) tax implications resulting from compensation received by impacted residents**

Regarding compensation or impacted communities, this is inadequate and simply not fair. The voluntary guidance provided by the NSW Government is less than 1% of the incentivisation provided through Large Generation Certificates. Please see the Case Study to the right "Compensating communities impacted by the rewiring of NSW."

Regarding neighbours, neighbours across REZ boundaries should be included and impacts on neighbouring LGAs of the transport and other challenges of rapid development need to be considered.

adequacy, and management of voluntary planning agreements and payments made to the LGAs impacted by Renewable Energy Zones

Again, equity for non-REZ areas must be included. Further, adequate compensation ought to be mandatory.

current and projected supply and demand levels of manufactured products, raw materials, and human resources required for completion of Renewable Energy Zones and their source

While this region does not have access to this information it is noteworthy that if we produced blades, panels and batteries in this region, for example in the Parkes Special Activation Precinct, the transport logistics west of the Great Dividing Range would be minimised. Given the Australian Government's "Made in Australia" initiative there is opportunity to fast-track development with enduring legacy.

projected impact on visitation to regional areas with renewable energy zones resulting from changes to land use

No comment, except to say that any compensation should apply outside REZs to all impacted areas.

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

With support from the NSW Government this region has invested in the business case for priority infrastructure that addresses the nexus between energy security and net zero.

Case Study: Compensation for communities impacted by the rewiring of NSW

At the time of writing the NSW Government is giving consideration to a revised energy policy framework. Included in this framework is guidance for voluntary compensation for affected communities. This includes a \$1050 per megawatt hour voluntary benefit sharing arrangement.

Assuming

- A 40% capacity factor for wind renewable energy generation
- The current price for Large Generation Certificate (LGC) is \$46; and
- All LGCs will be realised and they are realised annually as is the case at present.

\$1050 pa equates to just 0.7% of the annual income from only LGCs. The generator then sells its electricity at profit on top of that.

As it stands, renewable energy generation is being significantly incentivised and impacted communities are not being compensated. This is simply not fair.

The business case includes a positive benefit cost ratio where investment in distributed energy is the priority. This region would welcome an opportunity to present this business case to the Committee.

The CNSWJO Board is also of a view that the current approach through REZs and large-scale wind and solar generation will not get the nation to its targets in time. Better, strategic investment in the network, batteries and distributed energy will deliver faster results. This can be delivered through local action enabled by local government through Joint Organisations (JOs).

CNSWJO and eight other JOs have been working with working with the NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW) to leverage the difference that coordinated local action across regional NSW can make through the Joint Organisation Net Zero Acceleration (JONZA) Program with good success. Again, this region would welcome an opportunity to present more detail in this regard.

adequacy of community consultation and engagement in the development of Renewable Energy Zones, and associated projects

CNSWJO was represented at the inaugural local government stakeholder session for the Central West (now Central West and Orana) REZ. It was notable that affected LGAs first heard they were “in” the REZ in the newspaper and that no Central West LGAs were in the REZ.

While not in a REZ, this region has identified consultation, particularly through the State Significant Development pathway, is insufficient. Developers do the bare minimum for consultation and do not adequately address cumulative impacts. Further, the costs to local government in having to respond to developers is substantial. The community has little or no resource to engage effectively in the process.

how decommissioning bonds are currently managed and should be managed as part of large scale renewable projects

No comment, except to say that improvements to management should apply outside REZs to all impacted areas.

the role and responsibility of the Net Zero Commission and Commissioner in addressing matters set out above

The impacts on all affected communities of the transition to renewable energy should be included in the remit of the Net Zero Commission and Commissioner.

In conclusion

REZs are a great idea, poorly executed. The logistics of the rewiring of NSW are only just beginning to be tackled. Communities have been poorly consulted and assumptions about lines and dots on maps do not deliver transport routes, housing, water, sewer or workforce.

Cumulative impacts must be the remit of the State and should apply to all renewable energy generation.

Compensation should apply equally to all affected communities be they in a REZ or not and should be mandatory and appropriate.

Finally, the NSW government has the opportunity to work with local government to achieve its net zero aspirations. CNSWJO stands ready, willing and able to assist but needs genuine partnership to effect change. In the meantime, the communities of Central NSW do what they can with what we have knowing we could do so much more.

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

Yours sincerely,

Jenny Bennett

Executive Officer

Central NSW Joint Organisation (CNSWJO)