

Submission
No 38

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

Organisation: AMEC
Date Received: 31 January 2025

To: The New South Wales Legislative Council's Portfolio Committee No.4 – Regional NSW

Re: Impact of Renewable Energy Zones on rural and regional communities and industries in NSW

31 January 2025

Introduction

The Association of Mining and Exploration Companies (AMEC) welcomes the opportunity to provide this submission and expresses concern about the impact of Renewable Energy Zones (REZs) on rural and regional communities and industries, particularly on exploration activities in New South Wales.

About AMEC

AMEC is a national industry association representing approximately 600 member companies across Australia. Our members are mineral explorers, emerging miners, producers, and a wide range of businesses working in and for the industry. AMEC has a growing number of companies working and investing in NSW.

Recommendations

- To ensure consultation occurs at the early project stage, we recommend a tri-party agreement be attached to the application form between the explorer, landowner & renewable energy proponent. Penalties & compensation need to be introduced and enforced where a lack of consultation has occurred.
- The partnership that has been established between the Central-West Orana Renewable Energy Zone between NSW Farmers and EnergyCo be expanded to include exploration rights holders to ensure all impacted stakeholders are included in discussions. The same partnership should exist in all zones within NSW.
- Renewable energy proponents should be required to lodge an upfront rehabilitation bond and be treated with the same robust legislation as mining projects.
- The Department of Planning maintains a current NSW map on its website of approved renewable energy projects, including applications underway which will improve transparency and allow the community, industry, and interested parties access to current and proposed approvals.
- Develop a robust framework for the NSW Government to evaluate and prioritize projects, ensuring decisions are made with a thorough consideration of socioeconomic, cultural, agricultural, and environmental impacts.

- Enforce mandatory consultation between renewable energy proponents and mineral title holders to address concerns and preserve access to prospective land for exploration and extraction.
- Establish compensation frameworks for exploration companies impacted by renewable energy projects, covering expenses incurred and annual fees for land they cannot explore.

Consideration of the socio-economic impacts and long-term opportunity cost

Establishing a framework for the NSW Government to evaluate and prioritize projects is crucial. This approach ensures that decisions are made with careful consideration of the broader socioeconomic, cultural, agricultural, and environmental impacts. The declaration of these REZs does not infer approval to construct renewable energy infrastructure. However, after REZs are declared, the Government will need to make decisions around the permitting pathway impacts. Other states in Australia are employing a process like that in NSW for exploration and mining, where entities apply for renewable energy licences, including Renewable Energy Infrastructure Licences (REIL) and Associated Infrastructure Licences (AIL).

AMEC and industry ask the Government to consider the long-term economic and community benefits of mining industry projects and renewable energy projects. This includes the opportunity cost of future benefits that are foregone when a renewable energy project may be granted operational licences over an area of high mineral potential. Noting the long-term implications as renewable Energy Projects may be indefinite.

Renewable energy projects are important for cost-competitive decarbonised electricity. They often have a large economic impact and injection of capital into the economy during the construction phase. However, there are few jobs for ongoing operations, they do not export a product that contributes to growing GSP/GDP, and they do not return a royalty benefit to the Government. Comparatively, mining companies can provide long-life, high-value jobs to communities and royalty benefits to the Government for all NSW citizens. Where possible, the option to have both is ideal, but in some cases, this will not be possible.

Impacts of Renewable Energy Projects on NSW Exploration Industry

Numerous exploration permit holders have informed AMEC that, in many cases, the renewable energy proponent does not consult with the explorer. This is an issue that is easily rectified yet has enormous consequences. Mining and renewable energy projects can work well together; in fact, there are often synergies, including power supply with off-grid solutions, shared infrastructure, and economic diversification. Due to the location of the mineral deposit, it is critical not to sterilise the area for any future potential mineral development. With communication and collaboration, the optimal location and timing for both mineral and renewable energy projects can be agreed upon.

The NSW Department of Planning recently released an updated guideline ¹ which was welcomed by AMEC, stating that *any agreement for large-scale renewable energy infrastructure cannot restrict access to or use of the land for mineral exploration*. This guideline needs to be enforceable and enforced to be effective.

It is paramount that the NSW Government enforces the requirement for proponents of large-scale solar/wind projects to consult with mineral title holders within their proposed project areas and work constructively with these parties to address any concerns and preserve access to prospective land for exploration and extraction. This is particularly important for the Central West Orana REZ (prospective for Group 1 minerals) and the Southwest REZ (Group 11, plus some Group 1). AMEC Members report that consultation either does not occur with the minerals industry (and Geoscience NSW) or occurs too late in the process. If a mining development failed to consult with relevant stakeholders there is no chance that the project would be approved for development.

In the Renewable Energy Transition Update, November 2024², it is noted that a partnership has been established between NSW Farmers and EnergyCo to enhance outcomes within the Central-West Orana Renewable Energy Zone (CWO REZ). We request that this partnership be expanded to include the exploration community, who hold legal rights to explore in NSW, to ensure all stakeholders are represented and their voices are heard in the collaborative process.

The REZs and as noted above, any large-scale proposed or currently operational solar and wind projects are a significant potential constraint on land access for mineral exploration and mining. As such their locations and extents should be made readily available to explorers (and others) through the relevant data portals. There are no data layers for the REZs or proposed/operational wind and solar projects on SEED. MinView has nothing on the REZs or wind projects but does have point data only for operational solar farms. It would be relatively easy to create and maintain spatial files on both platforms. Figures 1 and 2 below demonstrate the contrast in the level of detail available for the 2 different land uses.

¹ <https://www.planning.nsw.gov.au/policy-and-legislation/renewable-energy/renewable-energy-planning-framework>

² <https://www.energy.nsw.gov.au/sites/default/files/2024-11/NSW-RenewableEnergy-Transition-Update-20241112.pdf>

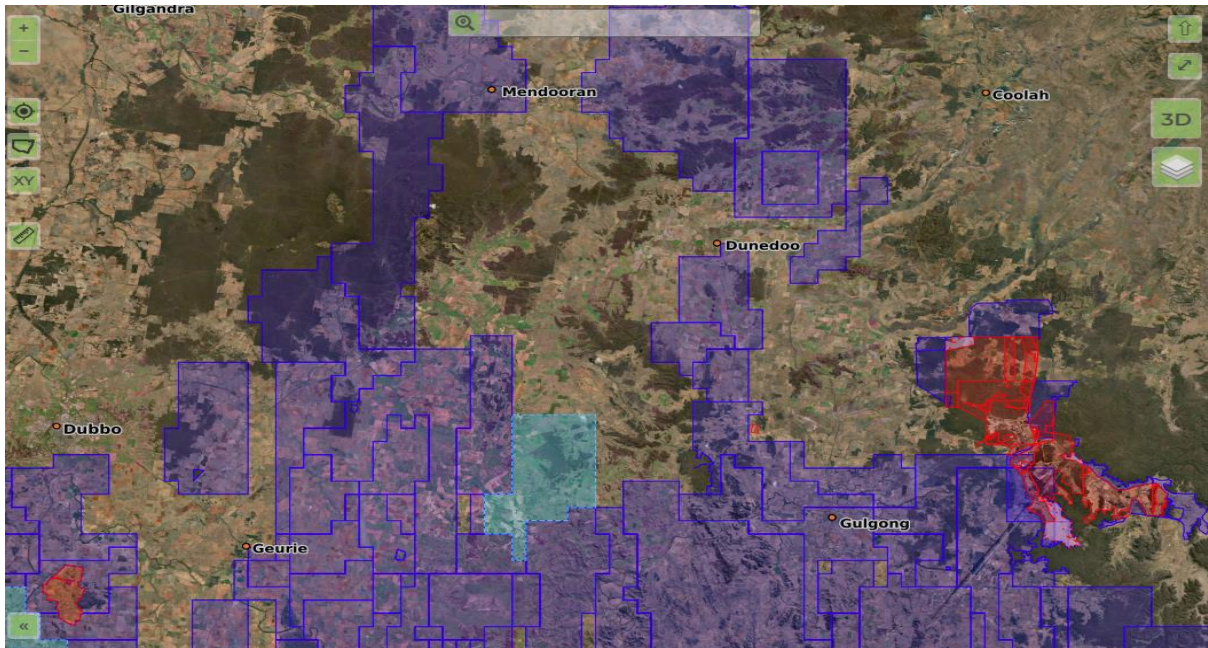


Figure 1 MinView³ Screen capture of exploration and Mining tenure in a section of the CWO REZ.

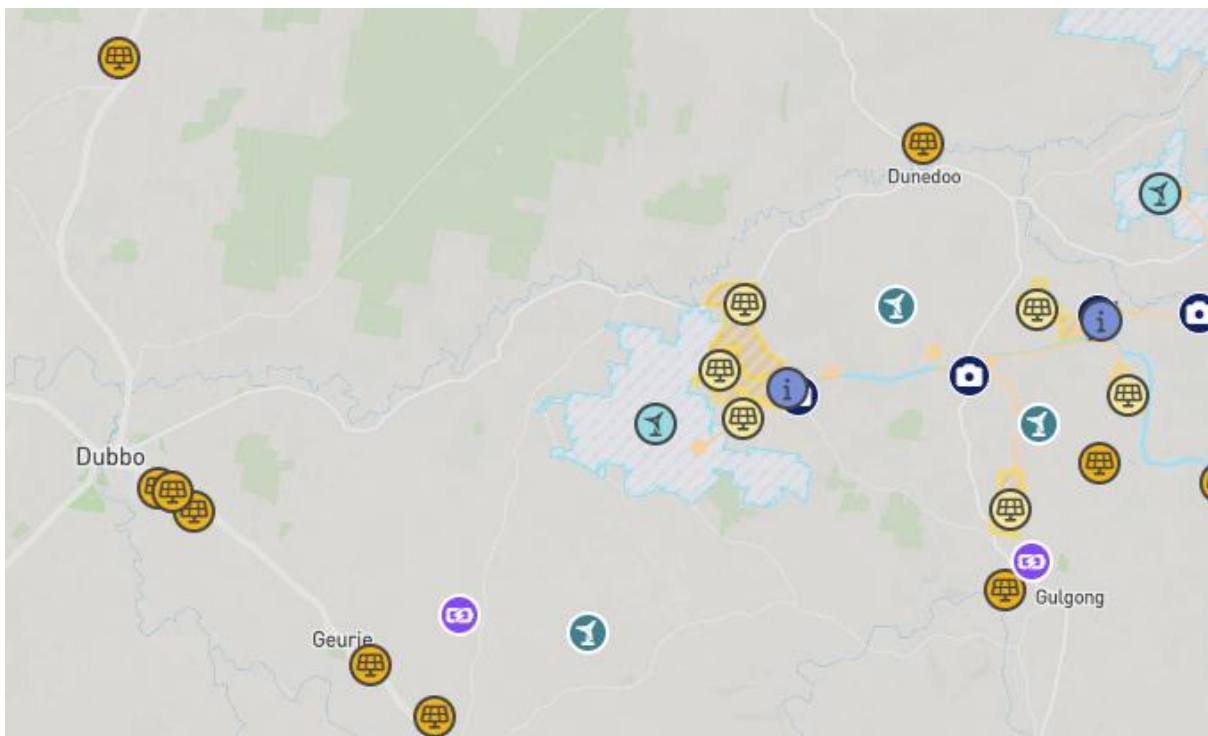


Figure 2 Screen capture of Central-West Orana REZ Transmission Project⁴ in the approximate location of the image in Figure 1.

³ <https://minview.geoscience.nsw.gov.au/>

⁴ <https://caportal.com.au/energyco/rez?select=central-west-orana-rez>

Lack of compensation to impacted exploration projects

Co-existence of mineral exploration and mining alongside renewable energy projects may be possible in certain circumstances where companies are considerate of the mutual business impacts, mitigation strategies, and/or appropriate compensation is agreed. Where this isn't possible, compensation needs to be considered for the exploration company and the State of NSW.

AMEC and our members have consistently expressed the importance of fair, equitable access to land for all users of land. However, in some instances, there may be difficulty with the co-existence of renewable energy projects and other industries, with mineral exploration and mining projects in certain locations. Frameworks for co-existence including adequate dispute resolution and provision for economic loss where co-existence is not possible, must be in place. The details of determination of the material diminishment of existing rights of a mineral tenement holder must be addressed where multiple land use cannot be accommodated.

Where an exploration project has incurred sterilisation of assets due to lack of communication or other impacts by the renewable energy proponent, they should be compensated for expenses that have been incurred. In addition, there is no reduction for the explorer for the annual administration levy and annual rental fees⁵ paid on the land which they cannot explore, so this cost should also be covered by the renewable energy project. The minerals that can potentially be extracted from an exploration lease are essential for constructing renewable energy infrastructure.

There is a strong need for due consideration of the size, scale, and capacity to engage in litigious processes, that should not prohibit mineral explorer rights or mining operations across Regional NSW. Mineral exploration companies have limited funds often with cash and market capitalisation of less than a few million dollars. In contrast, the multi-billion-dollar renewable energy proponents have extensive funds to engage in legal actions. However, legal disputes are a last resort, resulting in land banking and lengthy, costly delays that ultimately come at the expense of not only the land users but the broader State. AMEC, therefore, seeks adequate dispute resolution pathways to be worked through without delay with the industry before any issues arise.

If the renewable infrastructure is built on mineral-prospective land, the State will lose the opportunity to supply the raw materials for renewable projects and the associated royalties. Renewable energy projects do not provide royalties so this revenue stream will be lost. There is a brief window of construction jobs that stimulate short-term economic activity and the supply of electricity at retail cost, unlike mining projects, which have the potential to generate long-term employment opportunities and deliver significant positive benefits to communities, such as infrastructure development, skills training, and local business growth, renewable projects do not generally require significant numbers of on-site

⁵ <https://www.resources.nsw.gov.au/sites/default/files/2022-11/tms-grant-information-sheet-phase-3.pdf#:~:text=Before%20your%20lease%20can%20be%20granted%2C%20however%2C%20you,be%20requested%20before%20your%20assessment%20lease%20is%20granted.>

employees. Mining projects often contribute to regional economic stability by creating jobs that span the lifespan of the operation, fostering partnerships with local suppliers, and funding community programs. Additionally, they play a critical role in enhancing social and economic development by supporting health, education, and environmental initiatives in the surrounding areas.

Management of decommissioning bonds- creating a level playing field

Exploration is a low-ground disturbance activity, yet explorers are required to lodge a bond with a minimum value of \$10,000⁶, which is excessive given the amount of disturbance. There is no requirement for the renewable energy proponent to lodge an upfront bond, despite the introduction of a new calculator to estimate the liability. This is unfair and creates an additional burden for the explorer who is required to conduct expensive drilling programs without any guarantee of success.

The decommissioning bonds should be held in trust by the Government in the same way exploration bonds are. Under the Mining Act 1992 Part 3⁷ an exploration license is granted to allow exclusive rights to explore certain minerals or groups of minerals within a specified area of land. To maintain the license, the explorer must pay the Department of Resources an annual fee and carry out on-ground exploration. The renewable energy proponent should contribute to the annual fee when they are occupying land for a project.

If listed, the holder of the exploration license will have made an announcement on the Australian Stock Exchange (ASX) under the Australian Joint Ore Reserves Committee for Reporting of Exploration Targets, Exploration Results, Mineral Resources, and Ore Reserves (JORC), and will need to update this in the event of mineral sterilisation, likely leading to a decrease in share value. This also creates additional costs in the preparation of reports, etc, which should be reimbursed.

Mutual benefits of co-located mining and renewable projects

Mutual benefits of co-located mining and renewable projects Renewables are key to enabling decarbonisation which can also support the mining industry to deliver decarbonised mineral products to markets. The REZs have highly renewable energy resources which may also benefit future mining projects through the supply of decarbonised electricity. With additional industry activity that renewable projects bring to these remote areas, there are also opportunities for cost-sharing for improved infrastructure such as upgraded access roads. There is an opportunity for industries to work together to achieve outcomes that are mutually beneficial to companies and the community. To maximise the synergies, a rigorous planning process to understand the infrastructure and energy needs of future mining projects should be undertaken by the Government before renewable energy infrastructure projects are permitted.

⁶ <https://www.resources.nsw.gov.au/sites/default/files/2022-04/Exploration-rehabilitation-security-deposits-guidelines.pdf>

⁷ <https://legislation.nsw.gov.au/view/pdf/asmade/act-1992-29>

Further consultation

AMEC welcomes the opportunity for further consultation on this important matter and the opportunity to discuss this in person. We also welcome the opportunity to consult further with AMEC members and the NSW Government to ensure the result is an outcome that promotes exploration and the mining industry in New South Wales and one that is optimal for all parties.

Further Information

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