

Submission  
No 44

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

**Organisation:** NSW Government DCCEEW

**Date Received:** 31 January 2025

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# NSW Government Submission

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Inquiry into the Impact of Renewable Energy  
Zones (REZs) on rural and regional  
communities and industries in New South  
Wales

January 2025

OFFICIAL



# Acknowledgement of Country



Department of Climate Change, Energy, the Environment and Water acknowledges the traditional custodians of the land and pays respect to Elders past, present and future.

We recognise Australian Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to place and their rich contribution to society.

Artist and designer Nikita Ridgeway from Aboriginal design agency – Boss Lady Creative Designs, created the People and Community symbol.

NSW Government Submission

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## Acknowledgements

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## Introduction

The NSW Government welcomes the opportunity to provide this submission to the NSW Legislative Council's Portfolio Committee No. 4, as a response to the inquiry into the impact of Renewable Energy Zones (REZs) on rural and regional communities and industries in NSW.

This whole-of-government submission has been coordinated and prepared by the NSW Department of Climate Change, Energy, the Environment, and Water (DCCEEW). It incorporates input from key departments and agencies including:

- Department of Climate Change, Energy, the Environment and Water (DCCEEW), including the Energy Corporation of NSW (EnergyCo), an executive agency related to DCCEEW responsible for leading the development of Renewable Energy Zones (REZs) and Priority Transmission Infrastructure Projects (PTIPs) under the Roadmap.
- Department of Planning, Housing and Infrastructure (DPHI)
- Department of Primary Industries and Regional Development (DPIRD)
- Department of Education
- Transport for NSW

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## Response

This submission is structured around key themes below which relate to the NSW Government's approach to REZs in regional NSW.

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### 1. The NSW Electricity Infrastructure Roadmap

#### About the Roadmap

The Electricity Infrastructure Roadmap (the Roadmap) is NSW's pathway to powering the State with affordable, clean and reliable energy for everyone. It sets out how we are going to transition the electricity network to one that will keep the lights on and put downward pressure on energy prices for years to come.

The Roadmap is enabled by the *Electricity Infrastructure Investment Act 2020* (the EII Act), which was passed with multi-party support. With three out of four of the state's remaining coal-fired power stations scheduled to retire in the next ten years, we need to be ready to meet our future energy needs. The Roadmap will support the delivery of at least 12 gigawatts of new renewable energy generation, 2 gigawatts (16 gigawatt hours) of long-duration storage by 2030, and a further 12 gigawatt hours of long-duration storage by 2034.

As well as delivering affordable, clean, and reliable energy to every household and business across the state, the Roadmap will bring secure, long-term jobs to NSW, create new apprenticeships, empower businesses, and boost economic opportunities in our local communities.

Around 6,300 construction jobs and 2,800 ongoing jobs are expected to be created across NSW by 2030 – mostly in our regions. There will be demand for workers, local manufacturing, retail, and transport in the construction phase, as well as ongoing roles.

Regional communities hosting renewable infrastructure will share in the benefits of this once-in-a-generation economic opportunity. Up to \$265 million in developer contributions will be dedicated to community enhancement and improving social outcomes. In addition, local communities will benefit from improvements to roads, telecommunications and upgrades to local electricity distribution networks.

## Renewable Energy Zones

Renewable Energy Zones (REZs) are the equivalent of modern-day power stations. They combine new renewable energy infrastructure with storage and high-voltage transmission infrastructure. By connecting multiple renewable energy projects and electricity storage, REZs capitalise on economies of scale to deliver affordable, reliable, and clean electricity for homes and businesses in NSW.

The NSW Government identified the indicative locations of the five declared NSW REZs following a detailed state-wide geospatial mapping exercise in 2018, along with coordinated community consultation. This initial analysis sought to identify optimal locations to host renewable energy generation around the State, including areas with strong renewable energy resource potential, proximity to the existing electricity network and consideration of potential interactions with existing land uses. Upfront land-use planning and coordinated community consultation are central to Renewable Energy Zones and will help ensure a strategic approach to electricity infrastructure development.

## Access schemes

Access schemes are a key part of the NSW Government's plan to coordinate and encourage renewable energy and storage investment in REZs. Access schemes help to govern the volume and quality of projects that may be granted the right to connect to REZ network infrastructure and establish ongoing requirements.

The NSW Consumer Trustee, or the Energy Corporation of NSW (EnergyCo), assess REZ access scheme tenders against published merit criteria which include assessment of community engagement practices, tailored approaches to minimise impacts, community benefit commitments, regional economic development, and First Nations participation.

## Generation, Long Duration Storage (LDS) and Firming Tenders

In its role as the Consumer Trustee, AEMO Services runs competitive tenders for Long-Term Energy Service Agreements (LTESAs).

LTESAs offer investors an option to access competitively set minimum prices for eligible projects. They provide long-term certainty to incentivise investment. They also protect the financial interests of consumers by supporting investment in generation, long-duration storage and firming projects.

These tenders support investment, construction and operation of renewable energy generation, long-duration storage, and firming infrastructure in NSW. Tenders are conducted in a two-stage process that assess financial value for consumers and benefits for surrounding communities. Projects are first assessed on merit criteria for project viability and sustainability, as well as benefits to local communities and First Nations peoples.

## Transmission projects regulatory pathways

Transmission projects in NSW can be delivered either under the National Electricity Rules (NER) or the NSW Electricity Infrastructure Investment Act (EII Act).

Major transmission projects progressing under the NER in NSW include HumeLink, the Victoria-New South Wales Interconnector (VNI West) and Project EnergyConnect. These projects are all being delivered by Transgrid, who is the primary transmission network service provider for NSW.

REZ Network Infrastructure Projects (RNIP) form part of a REZ and are progressed under the EII Act. An example of an RNIP includes the new network infrastructure (including transmission lines and energy hubs) that will service the Central-West Orana (CWO) REZ.

Priority transmission infrastructure projects (PTIPs) are progressed under the EII Act framework, and the Australian Energy Regulator (AER) issues separate regulatory determinations for each project according with requirements of the EII Act. An example of a PTIP in NSW is the Hunter Transmission Project which is delivered by Transgrid.

## Transmission Acceleration Facility

In February 2022, the NSW Government established the Transmission Acceleration Facility to fast-track critical transmission infrastructure projects such as REZs and PTIPs.

Transmission investors are generally unwilling to undertake early development activities, such as route selection, planning processes and engineering and design works until they have confidence that the project will pass the regulatory tests. The Facility provides funding to the development of REZs and transmission projects on the basis that these costs are ultimately recoverable via regulatory frameworks and access fees for REZs.

Without the Facility, the private sector will be unable to deliver transmission infrastructure in the timeframe needed to meet the Roadmap objectives, and avoid major reliability and affordability impacts as existing coal plant retirements occur. Early financial support through the Facility will reduce delays and finance risks for project developers, ultimately lowering the project costs passed on to consumers.

Once a project is ready for market, the Facility will fund further procurement processes for EnergyCo to source a Network Operator with the right to build, own and operate the assets, either through competitive tendering or direct procurement. These costs will be recovered from successful Network Operators and reinvested in the Facility to prepare new projects for market before repayment in 2040.

## Electricity Supply and reliability Check Up

In 2023, the independent Electricity Supply and Reliability Check Up (the Check Up) was commissioned to help the NSW Government understand how the energy market and policy



landscape has evolved since the Roadmap was released. The Check Up recommended practical steps to keep the NSW electricity system transition on track.

The Government accepted 44 of the 54 Check Up recommendations, noted 3 recommendations were complete or underway at that time, accepted part of 3 recommendations, and did not accept 4 recommendations.

As of 31 January 2025, the implementation of responses to 30 Check Up recommendations have been completed, with a further 20 in progress.

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## 2. Governance Arrangements

### Role of the Roadmap Steering Committee

Following the Check Up, the NSW Government designated the Roadmap as a Strategic Priority to bring a whole-of-government effort to make sure that, as coal-fired power retires, NSW households and businesses have enough renewable energy, transmission and storage to replace it as quickly as possible.

This action recognises that the successful delivery of the Roadmap is critical to the managed transition to renewable energy in NSW, and key to achieving the State's Net Zero targets. Coordination is required across many portfolios to ensure timely delivery and manage the impacts and secure benefits for community.

A whole-of-government Roadmap Steering Committee was established in early 2024, chaired by the Premier's Department, to coordinate implementation actions to support Roadmap delivery across government. Meetings commenced in February 2024.

The Roadmap Steering Committee has finalised a whole-of-government implementation plan securing commitment to deliver a coordinated program of work integrating electricity infrastructure delivery with projects spanning transport, skills and workforce, local content, social services, the environment, housing and utilities. The implementation plan is updated regularly to inform government of progress on these important actions.

The Premier's Department has established Subcommittees under the Roadmap Steering Committee, including for Transport, First Nations, Housing, Communications, Skills & Workforce and Local Content.

Infrastructure NSW, through its Coordinator General role, has an expanded remit coordinating enabling infrastructure in support of the Roadmap and has been working closely with the Premier's Department and the Roadmap Steering Committee.

### Role of the Net Zero Commission

The Net Zero Commission was created by the *Climate Change (Net Zero Future) Act 2023 (NSW)* and was formally established in July 2024. It is responsible for providing independent expert advice to ensure NSW is on a clear path towards net zero. The Commission is independent from the Minister and the Government and is accountable to the NSW Parliament.

The Commission was directly contacted and invited by the NSW Legislative Council's Portfolio Committee No. 4 – Regional NSW to make a submission to the inquiry. Because of its independent status, the Commission's response will be prepared and submitted separately from that of the NSW Government.

## Role of the Agriculture Commissioner

In 2024 the NSW Government passed legislation to establish an independent statutory Agriculture Commissioner. As stated in the Minister for Agriculture's [media release](#), the Commissioner's initial work plan and priorities will include addressing ongoing challenges related to critical renewable energy infrastructure to support our energy transition and the impact it can have on landholders, and in particular, farmers.

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## 3. The NSW Planning and Renewable Energy Planning Framework

### NSW planning framework

The *Environmental Planning and Assessment Act 1979* (the EP&A Act) is the state's primary land use planning legislation. Amongst other things, the EP&A Act sets out the importance of community participation in planning decisions, different types of strategic land use planning including land use zoning, and planning pathways that govern the assessment and approval of development and infrastructure.

Land use zoning determines the type of development allowed on each plot of land. Energy infrastructure, both renewable and non-renewable, is generally permitted on all land zoned for rural purposes. Land zoned for rural purposes makes up about 78% of the state.

Most renewable energy projects are considered as state significant development (SSD) due to their size, economic value or potential impact. As an SSD, they must undergo a rigorous development assessment process that is coordinated by the DPHI, supported by its Rapid Assessment Framework. Additionally, generation, storage, and transmission network developments within each REZ conduct their own impact assessments, which are also subject to assessment and approval by the DPHI.

The assessment process begins with DPHI conducting early engagement with applicants prior to lodging to help understand the potential scope, permissibility and other elements of a project. DPHI will also prepare the Secretary's Environmental Assessment Requirements (SEARs), according to which applicants prepare their environmental impact statements (EIS).

The assessment process includes community and local council consultation requirements, comprehensive engagement with government agencies and coordination of their advice, as well as a detailed consideration of any environmental, social and economic impacts.

While it is important that the planning system supports the Government's commitment to transition our electricity system and the timely approval of development applications, it needs to do so whilst also maintaining robust protections for the environment and NSW communities.

## Renewable Energy Planning Framework

Planning for renewable energy projects is an important first step toward NSW reaching its renewable energy goals. The NSW Government has collaborated with communities, the renewable energy industry, and government agencies to release the Renewable Energy Planning Framework (the Framework) in November 2024.

The Framework explains how the impacts of renewable energy developments are assessed and managed. It includes planning policies and guidelines for wind and solar energy generation and transmission infrastructure. Additionally, it features a Benefit Sharing Guideline to ensure that host communities benefit from renewable energy projects.

‘Benefit sharing’ is a general term used to describe the different approaches and mechanisms that aim to distribute the financial and other benefits of a project between the applicants and the host community through mutually agreed opportunities.

The Guideline as part of the Framework establishes a clear and consistent model and principles for the distribution of benefits to host regional communities. The Guideline applies to all new solar, wind and battery energy storage system projects and will ensure benefits are delivered in a way that is transparent, focussed on communities and are positive, tangible and long-term. A large portion of these benefits are likely to be delivered via voluntary planning agreements.

The Guideline is expected to generate an estimated total \$414 million in benefits for REZ communities over 25 years. This is in addition to the hundreds of millions of dollars in funding that will be made available to REZ communities under the REZ Community and Employment Benefit Program.

The benefits for host regional communities as a result of government policy will be focused at the neighbourhood, local community and regional (or REZ) scales.

Under the Guideline, the rates that are to be applied to determine the total funding value for any benefit sharing arrangements entered between developers and the community are:

- \$1,050 per megawatt per annum for wind energy developments;
- \$850 per megawatt per annum for large-scale energy developments; and
- \$150 per megawatt hour per annum for battery energy storage systems in rural zones.

These rates are expected to be adjusted each year for inflation over the life of a project.

Transmission projects are subject to a range of existing benefit sharing arrangements including landowner payments under the NSW Strategic Benefits Payment Scheme (see more below).

Coupled with the additional hundreds of millions of dollars in funding which will be made available to communities under the REZ Community and Employment Benefit Program, communities will continue to see local improvements from the State’s ongoing transition to renewable energy.

## REZ cumulative impact studies

As part of the Roadmap Steering Committee, DPHI is assisting with the development of cumulative impact studies for the Central-West Orana and South West REZs. EnergyCo will be undertaking a similar cumulative impact study for the New England REZ. Cumulative impact studies ensure

government considers the impacts of development in a coordinated and strategic way, responding to community needs.

These studies are helping to confirm the scale and timing of cumulative impacts of planned infrastructure developments and provide both an evidence base and recommendations for NSW government agencies. They will include actions and plans to help alleviate pressure on local and regional infrastructure and services resulting from the cumulative impacts of REZs, and will address issues like traffic and transport, housing and workforce accommodation, social infrastructure and services, water security and waste management.

The outputs of these studies will be provided to the Roadmap Steering Committee throughout 2025, as they are completed.

## Housing impacts

One of the key deliverables of the Housing and Accommodation Subcommittee of the Roadmap Steering Committee is the development of housing strategies for each REZ, utilising the cumulative impact study findings.

These strategies are in development. The primary objective of these housing strategies is to identify opportunities for legacy infrastructure and permanent housing, whilst also providing sufficient construction worker accommodation for the workforce required to deliver the REZs.

Additionally, the NSW Government has sought to alleviate housing pressures by implementing planning reforms to support the delivery of construction worker accommodation within REZs. These reforms include:

- enabling local planning pathways for housing construction workers for renewable energy projects;
- ensuring the relevant construction, design, and safety standards that apply to manufactured homes and relocatable homes also apply to construction worker accommodation.

## Managing environmental impacts

While renewable energy projects have significant benefits in ensuring that NSW can meet its net zero targets, they do involve direct and indirect impacts on the environment.

The *Biodiversity Conservation Act 2016* (BC Act) and the Biodiversity Offset Scheme (BOS) sets out the requirements proponents must meet for proposed new developments, including renewable energy projects. The BOS requires that proponents first aim to avoid biodiversity impacts, then minimise any impacts remaining to the highest extent possible, and where impacts cannot be avoided or minimise, to offset those impacts. The DCCEEW works with proponents through all stages of the planning approval process to help them apply the BOS.

## Decommissioning and rehabilitation

Decommissioning and rehabilitation is considered within the NSW planning framework for large-scale renewable energy proposals. If a project is approved, DPHI imposes conditions on the development consent to ensure that infrastructure is removed, and the land returned to its pre-existing use.

The NSW Government has carefully considered whether decommissioning bonds should be required for large-scale renewable energy projects.

Ultimately, the Government determined that the risks and costs of decommissioning are best managed through commercial negotiations between landholders and industry, particularly as the cost of decommissioning heavily depends on what the host landholder is willing to accept at the completion of the project. For example, if a landholder wishes to retain access roads and cabling, the cost to decommission a single turbine could be as little as \$3,000 once materials are recycled and resold. It is appropriate for the landowner to consider these costs when they enter into lease agreements and negotiate remuneration from the project.

To support informed negotiations, the Renewable Energy Planning Framework provides a [Private Agreement Guideline](#) and [decommissioning calculators](#), enabling landholders to assess critical decommissioning factors and estimate associated expenses.

The NSW Government remains committed to enforcing rehabilitation and decommissioning requirements tied to approvals for all large-scale solar and wind projects and will continue monitoring the effectiveness of the decommissioning calculators over time.

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## 4. Community Consultation & Engagement

The NSW Government recognises the importance of effective and transparent community engagement and is committed to working closely with communities on the planning and rollout of REZs and associated renewable energy infrastructure. To achieve this, the NSW Government is progressing a broad range of initiatives to improve community engagement and social licence for the delivery of this new essential infrastructure.

The independent Check Up and the Australian Energy Infrastructure Commissioner (AEIC) Community Engagement Review identified opportunities and initiatives to build on existing actions and further foster community support for the electricity market's transition.

### Community engagement initiatives

In November 2024, DPHI published a suite of guidelines as part of the Renewable Energy Planning Framework to ensure that development is guided by meaningful consultation with communities, and that there is more transparency and clarity about where and how development happens.

As the Infrastructure Planner of the REZs, EnergyCo works closely with local communities to identify local priorities and concerns to ensure the economic benefits of the transition provide tangible, long-term benefits to communities hosting new energy infrastructure.

EnergyCo is building a regional presence across NSW to further strengthen relationships with communities and stakeholders as projects are developed, as well as support the employment of locally based staff. EnergyCo has a shopfront in Dubbo with 10 staff to support engagement for the Central-West Orana REZ and is rolling out a similar model in other regions, including New England.

EnergyCo regularly engages and collaborates on REZ coordination and delivery through key stakeholder forums, such as the First Nations Working Group, Community Reference Group, Steering Committee (local councils and key government agencies), candidate foundation generators

(industry) in the Central-West Orana REZ and generator design partners in the New England and Hunter-Central Coast REZs.

EnergyCo has also established a First Nations Outcomes team to work with First Nations stakeholders such as Local Aboriginal Land Councils and communities to ensure benefits of the energy transition are secured for First Nations people.

The NSW Government is committed to genuine and meaningful engagement with local Aboriginal communities in the implementation of the Roadmap.

Guidelines about consultation and negotiation with the local Aboriginal community are required under the EII Act. The Minister for Energy and the Consumer Trustee (AEMO Services) must take the First Nations Guidelines into account when exercising their functions under the EII Act.

General First Nations Guidelines were published in 2022. A Project Steering Committee made up of representatives from the NSW and Australian governments and First Nations stakeholders, including local Aboriginal community representatives, oversaw the development of the First Nations Guidelines, which apply broadly across NSW. The First Nations Guidelines:

- help to ensure the economic benefits of the energy transition under the Roadmap are shared with local Aboriginal businesses and communities
- provide support for Aboriginal people and communities to build skills and capacity to take advantage of opportunities into the future
- provide details about best practice approaches to consultation and negotiation with local Aboriginal communities.

Region-specific First Nations Guidelines provide details about local engagement protocols and identify the goals and aspirations of the local Aboriginal community. Each region-specific Guideline is developed in consultation with a First Nations working group made up of representatives from the local Aboriginal communities. Region-specific Guidelines for Central-West Orana, Hunter-Central Coast and South West REZs have been published, and planning for developing Guidelines for New England REZ has commenced.

## **Australian Energy Infrastructure Commissioner (AEIC) Community Engagement Review**

The NSW Government actively participates in national initiatives to strengthen community engagement practices for the planning and delivery of renewable energy infrastructure.

In July 2023, the Australian Government commissioned the Australian Energy Infrastructure Commissioner (AEIC) to conduct a review of community engagement practices for renewable energy and transmission infrastructure in Australia (the AEIC Review). The AEIC Review made nine recommendations, all of which were accepted or accepted in principle by the Australian, state and territory governments at the Energy and Climate Change Ministerial Council (ECMC) meeting in July 2024.

Most recommendations are already being addressed by existing NSW Government initiatives, and the NSW Government is working collaboratively with jurisdictions through the National Energy Transformation Partnership (NETP) working groups under the ECMC on measures and initiatives to address the other recommendations. ECMC prepared a Schedule of Activities alongside a response

to the Review to provide further details about actions (including for NSW) to address the AEIC Review recommendations.

This work includes addressing recommendation 1 of the AEIC's Review, which recommended that a process be undertaken to appoint a suitably qualified and experienced independent body or person to design, develop, implement and operate a rating scheme for the engagement, performance and capability of renewable energy developers.

## **National Guidelines for Community Engagement and Benefits**

The NSW Government is also working collaboratively at a national level through the ECMC to develop and implement additional initiatives that require a consistent approach across jurisdictions. The Australian Government has developed National Guidelines for Community Engagement and Benefits in close collaboration with the states and territories through the NETP working groups and with key industry stakeholders.

The final national guidelines were published in July 2024, along with an impact evaluation framework for use by the Australian Government and by Transmission Network Service Providers. These aim to establish a central resource, endorsed by all jurisdictions, which will promote good practice principles and clarify expectations on transmission developers for building and maintaining social licence in communities impacted by major transmission infrastructure projects.

The Guidelines align closely with the NSW Undertaking Engagement Guidelines for State Significant Projects and the industry led Energy Charter.

## **Improved complaints handling and dispute resolution**

The NSW Government awarded a \$1.3 million grant to the Energy and Water Ombudsman of NSW (EWON) to expand its functions to provide communities affected by renewable energy and transmission infrastructure projects access to independent complaint handling and dispute resolution services. This initiative responds to concerns raised by community members to the AEIC Review and to the NSW Standing Committee of State Development's inquiry into the feasibility of undergrounding transmission infrastructure for renewable energy projects.

In December 2024, EnergyCo and ACEREZ, the network operator delivering the Central-West Orana (CWO) REZ transmission project, both became members of EWON. As such, EWON is now able to provide a free, independent dispute resolution service for landholders and community members hosting transmission infrastructure projects in NSW.

Through a 'no wrong door' approach, EWON will ensure landholders and community members are connected to the best channels to investigate and resolve their complaints. In the first instance, this will be the relevant developer through their formal complaints handling channels. If the complainant remains unsatisfied, EWON has the power to investigate and work towards a resolution.

## **Transmission planning and landholder support**

EnergyCo leads the coordination and delivery of REZs and priority transmission infrastructure. EnergyCo undertakes early and ongoing engagement with landowners, communities, and key stakeholders to ensure transmission infrastructure projects are delivered in a way that maximises the benefits for, and minimises impacts on, regional communities.

On transmission route design, EnergyCo works with landowners to gain in-depth knowledge of the local area, understand the potential impact on property holdings, and investigate opportunities to suit landowners' preferences on the location of transmission lines through their property. Throughout the process, EnergyCo is committed to providing support to landowners and has Land Acquisition Managers and Place Managers as a dedicated point of contact. There is a dedicated landholder support hotline, which is also open to REZ communities.

Responding to the communities' need for further guidance and support, DPHI released a [Transmission Guideline](#) in November 2024 for new major transmission infrastructure projects across NSW. The Guideline was part of the Renewable Energy Planning Framework to promote faster planning decisions, provide investment certainty for industry and host communities, and boost economic benefits for regional communities. The Transmission Guideline addresses route selection, community consultation expectations, and visual impact assessment. EnergyCo is also developing a visual and neighbour framework for transmission infrastructure to complement the Transmission Guideline.

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## 5. Community Benefits

There are a number of community benefit sharing schemes which will deliver enduring benefits to communities that host new energy infrastructure within REZs.

### Compensation for the acquisition of easements

Landowners hosting transmission lines in NSW are entitled to compensation for the acquisition of easements rights by Transgrid or EnergyCo under the *Land Acquisition (Just Terms Compensation) Act 1991* (Just Terms Act). The Just Terms Act compensation is an upfront, one-off payment that includes the market value of the land being acquired, loss due to severance and disturbance because of the project, and reasonable costs and expenses incurred in seeking independent advice.

The NSW Government is conducting a review of the Just Terms Act and is considering submissions to develop its draft recommendations.

### Strategic Benefit Payment Scheme

The Strategic Benefit Payments (SBP) Scheme was established to support the delivery of new major transmission projects in recognition of the contribution made by landowners in hosting vital infrastructure for the energy transition. The NSW Government considered several factors in its proposed rate, including balancing the costs of payments to consumers and ensuring landowners receive a meaningful benefit.

The SBP Scheme will pay eligible private landowners hosting new major transmission infrastructure \$200,000 per kilometre, paid out in annual instalments over a 20-year period, beginning once the applicable project is energised (i.e., operational). This is in addition to any compensation paid under the *Land Acquisition (Just Terms Compensation) Act 1991*.



## Community and Employment Benefit Program

The Community and Employment Benefit Program was announced by the Minister for Energy on 15 July 2024. The program is funded by developer access fees, which will deliver millions of dollars of investment in REZ communities to support significant legacy community services and infrastructure projects, such as improvements to mobile phone coverage, housing and accommodation projects, drought resilience projects and other projects or programs that will benefit the local community.

A Community and Employment Benefit Program was launched in the CWO REZ in July 2024 and will provide an initial \$128.4 million to REZ communities over the next four years.

## Planning agreements and payments to the LGAs

Local revenue mechanisms, such as contributions leveraged through Section 7.11 and 7.12 of the EP&A Act have limited application to renewable energy projects.<sup>1</sup> Instead, a key mechanism to enable the sharing of the benefits set out in the new Benefit Sharing Guideline is through voluntary planning agreements that establish a community benefit fund.

The Benefit Sharing Guideline sets out a range of principles that should be applied to the establishment and administration and distribution of these funds. The principles include that benefit sharing is standard practice, collaborative, transparent, community focused, proportionate, and deliver positive outcomes.

Planning agreements are subject to various requirements under section 7.4 of the EP&A Act. Council must consider these requirements, and the guidance set out in the *Planning Agreements – Practice Note – February 2021* (or latest version) if entering into a planning agreement.

The Benefit Sharing Guideline also sets out the Government’s expectation that planning agreements should also include review mechanisms that allows the terms of an agreement to be renegotiated in the event of any material changes to the Guideline.

## Shared benefits for neighbours of large-scale renewable projects

Renewable energy projects can also have an impact on land surrounding the project, and developers often enter into ‘neighbour’ agreements with adjacent landholders when a project impacts their land, and these impacts cannot be managed or mitigated in other ways.

The Private Agreement Guideline, as part of the Renewable Energy Policy Framework published in November 2024, provides guidance to landholders about what to consider when entering into these agreements. Neighbours may also enter into agreements with developers to share benefits from renewable energy projects. Further guidance can be found in the Guideline.

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<sup>1</sup> Section 7.11 / 7.12 of the Environmental Planning and Assessment Act 1979 (EP&AAct) enables local councils or other consent authorities to levy monetary contributions for public amenities required as a consequence of development.

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## 6. Renewable Energy Sector Board and Supply Chain opportunities

### Renewable Energy Sector Board and local content requirements

The NSW Renewable Energy Sector Board (the Board) is established under the EII Act. The Board has representatives from unions, the steel, electricity and manufacturing sectors, the renewable energy industry and electricity customers. The Board has provided the Minister with a plan for the NSW renewable energy sector with the goals of fostering local supply chains for goods and services and workforce development. The Minister and the Consumer Trustee (AEMO Services) must take the plan into account when exercising functions under the EII Act, such as the Consumer Trustee's tenders for Long Term Energy Service Agreements. The Board also directed these recommendations to EnergyCo as the Infrastructure Planner.

In December 2024, the Board launched an approach to increasing their local content requirements over time. This will help unlock investments in local manufacturing for the renewable energy sector by providing greater certainty to local suppliers of future demand.

### Supply chain opportunities for NSW

The transition to renewable energy provides an opportunity for potential local manufacturing of equipment needed for wind, solar, battery and transmission projects in NSW. The Board's plan identified a number of opportunities to develop NSW renewable energy supply chains, reflecting advantages such as existing industry specialisation, reduced time to market and increased supply chain resilience. These include racking and mounting of solar farm infrastructure, wind tower and blade manufacturing, and the battery energy storage supply chain including materials refining, cell manufacturing, and battery pack assembly.

NSW has strengths in the production of aluminium, copper and steel and an abundance of critical minerals. NSW has the potential to increase the demand for local raw materials and is a major producer of aluminium. Over half of Australia's crude steel is produced at BlueScope's Port Kembla facility. NSW also has an abundance of minerals that are critical for the renewable energy sector, including cobalt, nickel, silver and rare earth elements. This provides opportunities in mining and mineral processing, including for battery storage.

In February 2024, the \$275 million Net Zero Manufacturing Initiative was launched to support NSW businesses and industries develop new low emission technologies, build local manufacturing capacity of critical low carbon products and renewable energy components. It will support NSW's five Renewable Energy Zones and hydrogen hubs, giving them access to more materials produced in NSW.

Greater use of local content in the Roadmap buildout could add up to \$1.3 billion to the NSW economy, and create up to 3,410 new jobs. This contribution to the NSW economy can also help build and maintain social licence for the Roadmap, both in the communities hosting the new electricity infrastructure and NSW as a whole.

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## 7. Skills and workforce required for REZ delivery

### Skills and Training Initiatives

The Roadmap is projected to create 6,300 construction jobs and 2,800 ongoing jobs across NSW by 2030, many of which will be in areas of existing skills shortage such as electricians, electrical engineers and metal fitters and machinists.

To support the energy transition, the NSW and Commonwealth governments are jointly investing in training facilities across the State, including:

- **Hunter Net Zero Manufacturing Centre of Excellence** (TAFE NSW Tighes Hill campus, Newcastle): \$60 million over five years.
- **TAFE NSW Advanced Manufacturing Centre of Excellence** (Wetherill Park campus): Approximately \$54 million.
- **Illawarra Heavy Industry Manufacturing Centre of Excellence** (Wollongong campus): Over \$47 million.

The NSW Department of Education supports skills and training in the renewable energy sector through a range of programs and initiatives, including:

- **Smart and Skilled:** Providing subsidies for a range of qualifications relevant to renewable energy, including the Certificate III in Electrotechnology Electrician and the Certificate III in Engineering – Technical.
- **TAFE NSW Partnership:** Collaborating with local industry and employers in identifying their skill needs and accessing appropriate training under Smart and Skilled program.
- **Regional Industry Education Partnerships Program:** Connecting schools and employers to deliver bespoke opportunities for students to learn about training and employment pathways, develop new skills and networks, and get hands-on experience with local jobs and industries, including in renewable energy.
- **Apprenticeship and Traineeship Roadmap 2024-2026:** Developed in consultation with key stakeholders, the roadmap aims to address current and emerging skills needs, including in renewable energy, by raising the profile and responsiveness of apprenticeships and traineeships.

### Renewable Energy Workforce Plan

The NSW Government is developing its Renewable Energy Workforce Plan, in consultation with stakeholders, to develop the skilled workforce needed to successfully deliver the Roadmap and to ensure it delivers skills and employment legacies for affected communities. The NSW Government undertook consultation to develop the plan including through the Renewable Energy Skills Roundtable in June 2024 and a public consultation process in October 2024. The Government aims to finalise and launch the plan in 2025.

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## 8. Upgrades to State Road Network

EnergyCo and Transport for NSW (TfNSW) are working together to scope and deliver the required upgrades necessary for transporting the over-sized and over-mass (OSOM) components from ports to REZs along identified sections of the State road network

A Memorandum of Understanding is in place between EnergyCo and TfNSW to manage transport related projects and impacts for REZ development.

### Port to REZ (P2R) program

Under the P2R program, EnergyCo will work with TfNSW to upgrade pinch-points along the State Road network which will enable the passage of OSOM equipment from the Port of Newcastle to the Central-West Orana and New England REZs. EnergyCo has received State and Australian Government funding of \$128.5 million to deliver enabling infrastructure including the critical P2R upgrades.

P2R will include improvements to intersections and additional passing bays, enabling the safe passage of OSOM components and mitigating impacts on other road users. Delivery of P2R upgrades is expected to start from 2025 for completion late 2025 to support the construction programmes of essential renewable energy generation projects.

### CWO REZ upgrades

EnergyCo identified several intersections along the State Road Network from the Port of Newcastle to the CWO REZ which need to be modified to facilitate the transportation of OSOM components. The road upgrade project includes upgrades to 19 locations along a 320-kilometre route between the Port of Newcastle and Elong Elong.

The works would be undertaken by EnergyCo with the support of TfNSW. EnergyCo will engage a suitably qualified construction contractor to build the intersection upgrades. Construction of the upgrades is expected to take one year.

### New England REZ upgrades

EnergyCo is working closely with TfNSW to plan the transportation of OSOM components from the Port of Newcastle to the New England REZ. These upgrades will consist primarily of:

- Road widening works, sign relocation (and/or adjustments to make signs removable), utility adjustments, road resurfacing and line marking, as well as line of sight improvements and minor clearing and trimming of trees.
- improvements to intersections and pinch-points and new passing bay enabling the safe passage of OSOM components and reducing impacts on road users.

### South West REZ upgrades

Transport for NSW is investigating options to access the South West REZ from both South Australia and Victoria. This is in its early stages.