

Submission
No 48

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

Organisation: Net Zero Commission

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Submission to the Portfolio
Committee No. 4 – Regional NSW
Inquiry into the impact of Renewable
Energy Zones (REZs) on rural and
regional communities and industries

January 2025

Net Zero Commission

Introduction

The Net Zero Commission (the Commission) was created by the *Climate Change (Net Zero Future) Act 2023 (NSW)* (the Act) and 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 operates independently but is accountable to the NSW Parliament. It is not subject to the control or direction of the Minister for Climate Change (the Minister), except to the extent expressly provided under the Act or another Act.

The [Joint Standing Committee on Net Zero Future](#), established in June 2024, monitors and reviews the Commission's functions under the Act.

Functions of the Commission

As set out in the Act, the Commission has the following functions:

1. to monitor and review, and to provide advice and recommendations to the Minister on, progress towards the primary targets and interim targets in NSW,
2. to monitor and review, and to provide advice and recommendations to the Minister on, progress in relation to the adaptation objective in NSW,
3. to monitor and review action currently being taken in NSW to address climate change, including –
 - a) the environmental, social and economic impacts of the action, and
 - b) action related to the strategies, policies and programs of the Government of NSW,
4. to identify and recommend action that should be taken by the Government of NSW to address climate change, including strategies, policies and programs that should be implemented by the Government of NSW,
5. to educate and inform the Government of NSW, businesses, organisations and individuals to promote action to address climate change.

Considerations for the Commission

When exercising its functions, the Commission must consider the guiding principles as set out in section 8 of the Act. The principles require that action to address climate change should take into account “the need to support local communities, including Aboriginal communities, who may be affected by the action” (s 8(8)(d)), including the “impact on local employment and industries” (s 8(8)(d)(i)). Action to address climate change should also take into account “the knowledge of rural, regional and remote communities” (s 8(8)(c)).

The Act also includes the provision for the Commission to provide advice and make recommendations to the Minister on how to give effect to the guiding principles (s 15(2)(a)).

The importance of REZs and getting the settings right

The Net Zero Commission welcomes the opportunity to provide this submission. The successful delivery of REZs is critical to NSW's clean economy future, and it will be the foundation for extensive new economic opportunities and jobs. However, this success will depend on strong and meaningful engagement with affected communities, together with robust mechanisms to appropriately share the benefits with, and minimise the costs, to those communities.

The timely and effective development of REZs is critical to our clean energy future and NSW meeting its statutory emissions reduction targets. They offer new economic and employment opportunities for rural and regional communities. At the same, they can also have impacts and costs that may be of concern to these same communities.

Monitoring the rollout of REZs will be an important area of focus for the Commission.

More broadly, the Commission envisages that experience from the development of REZs will often also be applicable to the roll-out of renewable energy projects outside designated REZs. In this way, the work of the Committee through this current Inquiry has the potential to assist more generally with the transition to renewables.

The Commission's initial assessment in its 2024 Annual Report

The Commission's first annual report, submitted on 1 November 2024, was necessarily constrained in its scope and depth given the short period time available for its preparation, only months after the initial establishment of the Commission.¹ Nevertheless, the Commission highlighted that unless the pace at which renewable generation is built and connected to the grid accelerates, the targets set by the NSW Electricity Infrastructure Roadmap (Roadmap) will not be achieved in 2030. It also noted the importance of securing community support and sharing the benefits more equitably within affected communities.

This topic was briefly addressed in Section 2.2 of the 2023-24 Annual Report:

Securing broad community support is critical to the ongoing rollout of utility-scale renewable generation and is an emerging challenge for transmission projects. In the past 5 years, wind, solar and transmission project proposals have been subject to growing numbers of negative community responses. Any failure to ensure strong community engagement and social licence can lead to delays and increase project costs. However, beyond a project focus, it is critical that there is an equitable basis for distributing the benefits and sharing the impacts of the transition. There are economic and social opportunities for regional communities in the expansion of renewable generation, but they need support to take advantage of them. For instance, in the coming decade or longer, communities and local government will need support to be able to respond to and

¹ Net Zero Commission 2024.

appraise project proposals. A draft NSW energy policy framework was put on public exhibition in early 2024 and a national community engagement guideline was released by the Australian Government in July 2024 but there is more to do in this area.

Importantly, following the submission of the Commission's annual report on 1 November 2024, the Department of Planning, Housing and Infrastructure released the final *Renewable Energy Planning Framework*² and the *Benefit Sharing Guideline*³ for solar, wind and (rural) battery energy storage systems. The framework provides formal guidance for large-scale renewable energy projects seeking approval through the planning system, while the guideline is specifically designed to ensure equitable distribution of benefits to hosting communities.

Furthermore, the Australian Government's *First Nations Clean Energy Strategy*⁴ released in December 2024, outlines the principles and actions that all levels of government, industry and the community must take to ensure the rights and interests of First Nations people are integral to the clean energy transition.

Looking ahead, the Commission will ensure it monitors and assesses progress in the roll out of REZs as part of its ongoing work and annual reporting responsibilities.

² NSW Department of Planning, Housing and Infrastructure 2024a.

³ NSW Department of Planning, Housing and Infrastructure 2024b.

⁴ Australian Government 2024.

References

Australian Government. 2024. First Nations Clean Energy Strategy. Available at <<https://www.energy.gov.au/energy-and-climate-change-ministerial-council/working-groups/first-nations-engagement-working-group/first-nations-clean-energy-strategy>>.

NSW Department of Planning, Housing and Infrastructure. 2024a. Overview of the Renewable Energy Planning Framework. Available at <https://www.planning.nsw.gov.au/policy-and-legislation/renewable-energy/renewable-energy-planning-framework?utm_source=nsw-planning-portal&utm_medium=online&utm_campaign=renewable-energy-planning-framework>.

NSW Department of Planning, Housing and Infrastructure. 2024b. Benefit Sharing Guideline. Available at <<https://www.planning.nsw.gov.au/sites/default/files/2024-11/benefit-sharing-guideline.pdf>>.

Net Zero Commission. 2024. 2024 Annual Report. Available at <<https://www.netzerocommission.nsw.gov.au/2024-annual-report>>.

Net Zero Commission

An aerial photograph of a wind farm in a rural landscape. The image shows several large white wind turbines scattered across a vast, green agricultural field. A road or path winds through the landscape, connecting the turbines. The background features rolling hills and more fields under a clear sky. The entire image is overlaid with a semi-transparent dark teal color.

For more information

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