Submission No 132

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

Organisation: New England Greens

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New England Greens Submission: Impact of Renewable Energy Zones on rural and regional communities and industries in NSW

Thank you for the opportunity to make a submission on this important topic. We would like to make the following comments on the issues listed in the Terms of Reference.

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

Renewable energy developments provide major economic, agricultural, social and cultural benefits. Of particular importance is the benefit to agriculture of the additional income from hosting wind and solar farms. It reduces financial stress related to the increasing risk of droughts and unpredictable weather. In many cases, the presence of solar panels increases crop yields and improves the quality of wool of sheep grazing under them, without reducing yields. In Canada, solar shepherds, manage sheep grazing under solar panels, allowing them to enjoy high incomes thanks to the investment in renewable energy.

Analysis by Farmers for Climate Action and the Clean Energy Council shows that large-scale wind and solar projects in NSW are expected to deliver between $2.6 – $3.3 billion between 2024-2050 in direct landholder payments.

Neighbours living within 3.5 km of a wind turbine have also been able to negotiate annual compensation. For the Pines wind farm to be constructed south of Oberon, neighbours living within 3.5 km of a turbine will benefit from payments averaging about $14,000 a year, i.e. around $500,000 over the 35-year life of the project for almost 200 neighbours. Equally importantly, the developers will consult neighbours about the location of the turbines, with the amount of compensation to depend on the precise location of the turbine and its proximity to the neighbour. Other wind farms, e.g. Thunderbolt, have offered similar levels of compensation to neighbours.

Benefits also accrue to all residents in the local government area (LGA) thanks to Community Benefit funds. A FAQ written by NSW Department of Planning, Housing and Infrastructure estimates that community benefit funds will amount to $414 million for communities in REZ over 25 years. In addition to community benefit funds and direct payments to landholders and neighbours of renewable energy installations, residents will also benefit from lower cost energy, e.g. the $100 on offer to offset future electricity bills for all households in the Oberon LGA.

Governments could have a role in helping with the negotiations, or at least offering support in the negotiation process, to ensure people living near wind or solar farms receive a fair deal and that the planning process protects visual and other amenity for all residents of the area. The low marginal cost of energy produced by wind and solar farms, combined with relatively low costs of transmitting power to the local area, offers the potential for all residents of REZ to enjoy low cost electricity, easing cost-of-living pressures for all residents.

To ensure that renewable energy developments in REZs protect and restore the natural environment, the NSW government should identify ecological protection and restoration priorities for each REZ and require developers to contribute to nature positive environmental regional outcomes.

(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

The Insurance Council of Australia stated in November 2024 that: "*Current information indicates that insurers generally do not have specific concerns related to a property hosting transmission lines or neighbouring energy infrastructure. At the time of writing, the Insurance Council is not aware of any instances where Insurance Council members have been unable to provide insurance or have increased premiums as a result of a farm (or a neighbouring property) hosting energy infrastructure*."

Insurance costs are, however, increasing because of global warming. The financial cost for everyday Australians of failing to address climate change is high. We need a timely transition in NSW to renewable energy to alleviate the impacts of climate change and reduce financial stress on households.

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

Such costs should be borne by the developers. The FAQ written by NSW Department of Planning, Housing and Infrastructure concludes that decommissioning costs are likely to be small and that the ongoing risks are extremely low and the cost of decommissioning can be recuperated in as little as 2 years of operation, even if a company goes bankrupt, so the best approach is for landholders to enter into private agreements to host the project infrastructure.

(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

These are all valid points that need to be considered. In particular, transmission line hosts should have similar compensation payments to those being offered to wind turbine hosts.

(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

Analysis by the Clean Energy Council shows that less than 0.027% of land used for agriculture production would be needed to power the east coast states with solar projects. Implementing dual land use practices where agricultural practices exist alongside renewable energy generation further reduces land use change in regions. Renewable energy projects can be sited strategically to prioritise the development of renewable energy projects on degraded land and ensure that a project's location will not present a barrier to enjoyment of visiting regional areas.

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

A French government report concludes that, because of the massive hikes in construction costs, previous plans for more nuclear power in France will be "unachievable". The planned Sizewell C nuclear plant in Suffolk, UK, to be built by French nuclear giant EDF in cooperation with the UK government, was costed at £20 billion in 2020. According to the *Financial Times*, the cost is now expected to double to £40 billion, or A$79 billion. This project is unlikely to go ahead.

Other countries are phasing out nuclear. CSIRO's Generation Costs Report shows that nuclear power in Australia is far more expensive than renewables plus storage. Currently, there are no foreseeable suitable alternatives to traditional wind or solar and none that will generate the substantial benefits to regional and rural Australia.

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

Improvements in consultation practices are desirable, as is further guidance and regulation from the NSW government to ensure the standard of consultation is lifted and consistent in all communities.

The NSW Renewable Energy Planning Framework should provide clearer guidance to what "*early and meaningful*" community engagement looks like.

Early consultation should include early education for communities on the renewable energy development and consultation process, as well as options for community and other benefits. Developers should also be required to demonstrate a culture of genuine community consultation through providing financial assistance for community participation, including the assessment of projects and consideration of the nature and cumulative impacts.

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

Communities near renewable energy developments need more reassurance on plans for decommissioning. Decommissioning agreements should be considered as part of the approval process and be made publicly available to provide transparency to impacted communities. The projected costs of decommissioning should be held in trust by the government and flexibility to allow a project to continue operating until the end of its effective life included.

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

The **Net Zero Commission** was established in December 2023 under the ***Climate Change (Net Zero Future) Act 2023***. It is a NSW Government agency responsible for providing independent expert advice to ensure NSW is on a clear path towards net zero.
The commission's role is to:

- monitor, review and report on the State's whole of economy progress towards its emissions reduction targets and the adaptation objective that NSW is more resilient to a changing climate
- provide independent, expert advice on the NSW Government's approach to addressing climate change
- provide recommendations to the NSW Government on plans or policies to meet the states emissions reduction targets and the adaptation objective
- educate and inform the NSW Government, businesses, organisations, and individuals on ways to promote action to address climate change.

All the above suggests that the Net Zero Commission may indeed have a role in providing independent expert advice in relation to REZ and that this Inquiry should heed that advice.