

Senate Budget Estimates – 7 November 2022

Opening Statement – Australian Energy Infrastructure Commissioner

Thank you for the opportunity to appear before Senate Estimates. For those members new to the committee, my terms of reference, role, annual reports and other resources that may be helpful are available on the Commissioner's website, www.aeic.gov.au

I have tabled my full Opening Statement to the Committee so hopefully you will have a copy to refer to. In the interests of time, I will just read out the introduction pages of the Statement. Further updates on our case data and activities can be found in the written statement that has been tabled.

By way of background, I commenced the role, as the National Wind Farm Commissioner, in November 2015 – for an initial three-year term. The role is independent and has no formal powers.

Our accommodation, staff and IT support are provided by the Department of Climate Change, Energy, the Environment and Water. Our Office is in the Melbourne CBD and close to many of our key stakeholders. I am supported by three staff members.

Following a comprehensive review of the role in 2018 by the Climate Change Authority, the then Government accepted the review's recommendations and renewed the role for a further three years, with the Commissioner's scope expanded to include large-scale solar and energy storage projects.

In March 2021, the then Government announced the expansion of the Commissioner's role to include new major transmission projects. The name of the role was also changed to the Australian Energy Infrastructure Commissioner.

In the May 2021 budget, the government announced funding for the continuation of the role for an additional four years from November 2021.

The responsibilities of the current role include:

- facilitating the handling of complaints from concerned community residents about planned and operating wind farms, solar farms (5 MW or more), energy storage facilities (1 MW or more) and new, significant transmission projects
- identifying and promoting the adoption of best practices for industry, government and related agencies – with regard to the development, planning, construction, operation and governance of such projects, and
- improving information transparency about the industry – including information about proposed and operating projects, proponents, planning applications and other information that may be relevant to the public interest.

As I write, top issues that are on my mind include:

- Large-scale transmission project impacts – including matters relating to landholders, neighbours, the broader community and project governance.
- Offshore wind energy – contributing our knowledge and experience to the establishment of the industry, governance regulations and frameworks, community and stakeholder engagement and common-sense approaches to the required on-shore transmission.
- Benefits and challenges of ‘Renewable Energy Zones’.
- Fairness of commercial agreements between landholders and project proponents.
- Decommissioning of projects – who is responsible, who pays, how is funding guaranteed, implications of tenant default and subsequent risks to landholders and governments.

- Workplace and community safety – transparency and management of safety incidents related to large scale renewable energy projects (such as incident alerts, incident response, fleet analysis, root cause analysis, corrective actions).

Included in the rest of this Opening Statement document are the following:

- An update on our case statistics and some observations on trends
- An update on transmission matters
- Examples of our more recent stakeholder engagement, advocacy and initiatives.

Our 2021 Annual Report to the Federal Parliament has been tabled and is available on our website. This is our first Annual Report since our role was expanded to include transmission. The report contains commentary along with key observations and recommendations in relation to new, significant major transmission projects.

In response to growing concerns raised with our Office regarding the fairness of commercial agreements, we also released a guideline for landholders to assist them in reviewing and negotiating agreements before they sign.

I recently presented to the Energy Minister's Meeting in Melbourne on 28 October 2022. I provided a summary of key issues to be solved to enable the timely and effective deployment of major transmission projects along with the status of progress of resolutions to the issues. The presentation also conveyed a number of initiatives and interventions we have implemented.

In closing, I would like to thank the Department for their ongoing support and assistance to our Office – we receive timely and wise advice at all times.

And, my deep appreciation and thanks to our small but dedicated team in our Office, providing a national service across the country.

With that, I will hand back to the Chair for any questions the Committee may have.

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Appendix A: Operational Update

1. Case statistics

I would like to update the Committee on our case statistics. The majority of cases received by our Office are about proposed projects. Victoria continues to be the jurisdiction with the most complaints.

As at 30 September 2022, the key case statistics are as follows:

We have received 812 cases since the inception of the Office in November 2015. Of these:

- 150 cases were about five proposed transmission projects (132 closed)
- 97 cases related to 26 operating wind farms (93 closed)
- 426 cases related to 75 proposed wind farms (422 closed)
- 17 cases related to 12 proposed solar farms (15 closed)
- One case related to one proposed pumped-hydro project (open)
- 121 cases did not specify a project (all 121 closed)
- 783 of the 812 cases received have been closed (29 are open).

At the commencement of the 2022 calendar year, 71 cases remained open at various stages of the Office's complaints handling process. Many of these open cases related to proposed transmission project complaints that were received towards the end of 2021.

For the 2022 calendar year, through to 30 September 2022, we have so far received 75 cases. Of these:

- 39 cases relate to proposed transmission projects (26 closed)
- Five cases relate to 4 operating wind farms (two closed)

- 20 cases relate to 14 proposed wind farms (17 closed)
- Two cases relate to two proposed solar farms (one closed)
- One case relates to one proposed pumped hydro project (open)
- Eight cases did not specify a project (eight closed)
- 54 of the 75 cases received this year have now been closed (21 open).

For the 2022 calendar year, through to 30 September 2022, we have so far closed a total of 117 cases, including 63 cases that were lodged with the Office prior to 1 January 2022. As at 30 September 2022, there were a total of 29 cases that remained open at various stages of the Office's complaint handling process.

General observations on case handling:

- For the 2021 calendar year, the Office received 212 cases. This is the highest total number of complaints per year since the inception of the Office.
- Since the role was expanded in March 2021 to include new large-scale transmission projects, the majority of cases received by the Office relate to transmission projects.
- The lack of complaints received about operating projects could indicate that once a project is operating and construction activities have been concluded, many of the concerns raised about the project prior to operations have either been resolved or did not eventuate.
- These outcomes further highlight the critical importance of effective community engagement and complaint handling during the development and construction phases of the project. Conversely, there are examples of where a poorly engaged community has mobilised to successfully stop a project or delay it significantly via the planning or legal system.

- Figures 11 and 12 in our 2021 Annual Report (on pages 15-16 of the report) track of the types of issues raised in cases received. There has been a notable drop in cases about wind farm vibration, shadow flicker, noise and health.
- Proponents are often seeking our suggestions as to how they should develop their complaint handling procedures and well as how to handle specific complaints. This is a very effective approach to building capability within industry – as well as helping to build the relationship directly between the complainant and the proponent. A complainant can always raise issues directly with our Office.

Finally, we continue to place a heavy emphasis on site visits and community outreach to inform us of the local perspective, particularly when handling complex complaints. Since commencing the role, we have visited 73 project sites. In several cases, due to case handling activities or ongoing systemic matters, some project locations have been visited multiple times.

2. Transmission matters

Our Office has been involved in ongoing engagement with governments, agencies, proponents, landholders and community groups to assist with the planning and development of proposed transmission projects such as:

- Western Renewables Link (VIC)
- HumeLink (NSW)
- Project EnergyConnect (SA-NSW)
- Marinus Link (TAS-VIC)
- VNI West (NSW-VIC)
- North West Tasmania Development (TAS)
- Offshore wind energy transmission.

Since the role of our Office was expanded in March 2021 to include new, significant large-scale transmission projects, our Office has received 150 cases relating to six proposed large-scale transmission projects. In addition, our Office has received a large amount of “campaign” correspondence in relation to proposed transmission projects, in particular the Western Renewables Link in Victoria and the HumeLink project in New South Wales.

The vast majority of these cases raise concerns relating to transmission line route selection, impacts of the proposed alignment on neighbours and legitimacy of land access and lack of protocol compliance by proponents while carrying out field investigations.

Since the expansion of our role to include transmission, we have also:

- Reviewed complaint handling procedures and undertaken regular reviews of open complaints with transmission proponents.
- Held regular meetings with proponent executives and relevant Minister.

- Initiated the revision of the key agreement and related document templates proposed to be presented to landholders (e.g. TransGrid's landowner compensation framework for transmission projects).
- Initiated the development of universal fact sheet on bushfires and transmission.
- Assisted proponents with development of on-ground landholder liaison training.
- Contributed to the development of the Victorian Essential Services Commission's Land Access Statement of Expectations and subsequent Code of Practice.
- Provided policy support for the development of a proposed Strategic Benefit Payment model for landholders.
- Advocated for the re-engineering of the RIT-T process such that applications are made subsequent to completion of early works and only when detailed costs and alignment are known.
- Undertaken a number of site visits to new proposed transmission project route alignments and field survey areas, along with meeting landholders, neighbours and community groups.
- Held meetings with various community and local government stakeholder groups, to gain a first-hand understanding of key issues and concerns.
- Provided detailed advice to industry proponents on improving their communication and correspondence with landholders and other stakeholders.

For further information on transmission matters, please find attached the following appendices:

- *Appendix B – Submission to Australian Energy Market Operator Draft 2022 Integrated System Plan – 21 February 2022*

- Appendix C – *Submission to Australian Energy Market Commission Draft Transmission Planning and Investment Review Stage 2 – 16 August 2022*
- Appendix D – *Australian Energy Infrastructure Commissioner’s presentation to Energy Minister’s Meeting – 28 October 2022.*

3. Initiatives and advocacy

With regard to our role in identifying and promoting best practices, I would like to provide the following updates:

Annual Report Recommendations

- Our Annual Reports continues to be a highly regarded repository of best practice recommendations for adoption by industry and government and has received wide media coverage, particularly in rural Australia.
- The latest report is our 2021 Annual Report, tabled in Australian Parliament in July 2022. The majority of the recommendations in the report are a direct result of lessons learned from cases we have handled, knowledge gained from field visits and extensive discussions with stakeholders.
- The report also details our accomplishments in achieving adoption of our reforms and recommendations.

Other Best Practice Activities

- Publication of a guide for landholders entitled *Considerations for Landholders before entering into Commercial Agreements*.
- Engaged regularly with the Department in relation to the development of the offshore energy regulatory framework, including providing best practice advice in ensuring that communities are engaged and any concerns are addressed. Our Office has also met regularly with:
 - The Department's Offshore Renewable Energy Section, the National Offshore Petroleum Safety and Environmental Management Authority and the National Offshore Petroleum Titles Administrator
 - Various offshore energy proponents who are proposing to develop projects in offshore Australia

- Key industry representatives, such as the Global Wind Energy Council.
- Facilitating various industry and government roundtables to share best practice planning approaches and policies as well as address specific issues. As an example, the Commissioner recently led a roundtable workshop in Brisbane for the hydrogen industry – discussing lessons learned from wind, solar and transmission sectors that could be applied to hydrogen.
- Formal consultations on a wide range of government and industry guidelines, frameworks, policies and processes relating to energy planning, including the following recent submissions:
 - Tasmanian Government Draft *Community Engagement, Benefit Sharing and Local Procurement Guidelines for Renewable Energy projects*
 - Australian Energy Market Commission *Draft Transmission Planning and Investment Review Stage*
 - Australian Energy Market Operator *Draft 2022 Integrated System Plan*
 - Victorian Government – *Victorian Transmission Investment Framework – Preliminary Design*
 - Moorabool Shire Council – *submission providing recommendations on transmission line setback distances*
 - New South Wales Government – *Large-scale solar energy guideline*
 - Australian Energy Market Commission *Transmission Planning and Investment Review*
 - The Energy Charter – *Guidelines for Co-existence of Transmission Infrastructure with Agricultural Operations*

- Civil Aviation Safety Authority – Advisory Circular *Obstacles (Wind Farms) outside the vicinity of a CASA certified Aerodrome*
- Victorian Government – *Community engagement and Benefit Sharing in Renewable Energy Development in Victoria (updated)*
- Presentations to a number of forums and conferences, including the following:
 - Australian Energy Week Conference in Melbourne
 - International Energy Agency Committee roundtable in Canberra
 - AEMO's Executive Joint Planning Committee
 - The Energy Charter Ag Roundtable
 - Sustainable Energy Futures School of Chemical Engineering at The University of Queensland, Brisbane, Queensland
 - Energy and Water Ombudsman Victoria (EWOV)
 - Clean Energy Council Wind and UPV Directorates
 - Special guest lecture: Griffith University/Community Power Agency *Socially Responsible Renewable Energy Development*
 - Western Victoria Councils Wind Farm Forum
 - numerous webinars and workshops on topics ranging from best practice community engagement through to commercial agreements.



Australian Government

Australian Energy Infrastructure Commissioner

21 February 2022

Daniel Westerman
Chief Executive Officer
Australian Energy Market Operator
GPO Box 2008
MELBOURNE VIC 3001
via email: [REDACTED]

Dear Mr Westerman

Re: Australian Energy Market Operator – *Draft 2022 Integrated System Plan*

The Office of the Australian Energy Infrastructure Commissioner welcomes the opportunity to provide feedback on AEMO's Draft 2022 Integrated System Plan.

The Australian Energy Infrastructure Commissioner fulfils a national, independent role in Australia's energy sector and responsibilities include:

- facilitating the handling of complaints from concerned community residents about planned and operating wind farms, solar farms (5 MW or more), energy storage facilities (1 MW or more) and new large-scale transmission projects
- identifying and promoting best practices for industry, government and related agencies to adopt with regard to the planning, operation and governance of such projects, and
- improving information access and transparency about proposed and operating projects, and relevant government and industry information more broadly.

Our Office understands the importance of a 'whole of system plan' that provides a pathway for the timely and efficient development of the electricity system in eastern Australia. We recognise that the Integrated System Plan will play a crucial role in managing the various challenges in the planning and management of the energy grid in the coming transitional period.

We are pleased that you have released this draft document for consultation. In particular, our Office strongly encourages the development of a clear roadmap for the transformation of the energy grid – one that recognises the importance of a long-term vision for grid architecture, planning and deployment – whilst also considering the potential direct and indirect impacts to regional communities and landowners are appropriately managed and mitigated.

Further, our view is that it is essential to integrate long term grid planning and deployment with electricity generation planning to ensure availability of transmission to connect and transmit appropriate supply-side assets while ensuring that the utilisation of the grid represents an appropriate return on investment over the longer term.

Our Office offers the following information and comments below for your consideration.

Initial observations on the development of proposed large-scale transmission projects

For the draft ISP to become a reality, a significant number of new transmission projects need to be designed, developed, built, operated and maintained.

In anticipation of this significant transmission activity, in March 2021, the role of our Office was expanded to include new large-scale transmission projects.

Since taking on the expanded role, we have made a number of initial observations in relation to potential systemic issues and challenges regarding the design, development and deployment of large-scale transmission lines. Some of these observations include:

- It has been several decades since new, long-distance, large-scale transmission projects have been planned and deployed. Industry (and regulators) will likely have a steep learning curve as well as challenges in regaining and retaining the appropriate skills and expertise, including skills related to community and landholder engagement.
- There will be a need for clearly visible leadership and ownership of these major projects to enable achieving agreed project outcomes, delivering on the business case and ensuring ongoing clarity about the problem(s) to be solved by the project.
- In addition, there will need to be an appropriate, effective executive level governance of projects, including representation from major stakeholders, with material project decisions elevated to the executive.
- There should be careful consideration of design and route implications resulting from technology choices to deliver the project. Emerging and maturing technologies, such as underground cable options and large-scale storage solutions, may have a material impact and benefit in reducing the impact of the overall project on landholders and community.
- There is a need for updated, contemporary planning processes and guidelines to assist with the design and assessment of projects. Guidelines need to consider a range of parameters – as an example, minimum setback distances for above ground transmission lines and towers from residences, property boundaries, public facilities, state and national parks, airfields and runways, and public roads.
- The effectiveness of community and landholder engagement programs and their ability to adapt to the diversity of community and landholder circumstances along the length of the proposed transmission line is essential. Affected persons can include suburban home residents, lifestyle property residents, hobby farmers, specialised breeders and primary producers through to broad-acre farming. Such diversity of impacted persons can also lead to a diverse array of community opposition groups to the project that have differing issues and objections to navigate.
- There may be unintended consequences, resulting in widespread project opposition from numerous landholders and communities, due to the current public ‘multi-corridor approach’ to community consultation being used to select a final proposed transmission line route. An alternative approach may be to internally determine the preferred route corridor and then engage the community and landholders to finalise the actual route with their insights.
- Current compensation arrangements for landholders hosting transmission and related infrastructure may be perceived as inequitable when compared with landholder arrangements for hosting wind farms and solar farms, which could affect the success rate of negotiated agreements for hosting transmission lines and harm the ability to engender good will.
- The need for clear and consistent protocols for working with landholders, such as land access protocols that must be followed by proponents when accessing landowner properties for surveys/investigations, the process to negotiate and obtain easements from landholders, through to publishing consistent guidelines that clarify what activities a landholder can and cannot do near or within a transmission line easement.

- Other key issues of concern that have been raised by community members and landholders include:
 - effectiveness, or otherwise, of current community/landholder engagement programs, including skills and abilities of landholder liaison personnel
 - perceived potential for increased bushfire risk and decreased firefighting capability due to the presence of above ground transmission assets
 - impacts of the transmission lines to visual amenity and the natural environment
 - the potential for new grid and substations to attract prospectors for new solar and wind farm deployments, which may lead to further concentrations of renewable assets
 - potential loss of property value, and
 - reduction of productive agricultural land and impact on farm and industry economics.

These and other observations, together with best practice recommendations for the sector and government, will be provided in our 2021 Annual Report.

Planning and governance

The Office considers that it is crucial to have a clearly articulated strategy and governance framework for the planning, deployment and ownership of the large-scale transmission grid. These mechanisms will enable a sustainable approach to generational planning and oversight of the grid's design, deployment and operation. Key considerations include:

- Clarifying and agreeing on the appropriate authority to approve the long term, large-scale transmission grid plan and ensuring its successful deployment to agreed milestones.
- Clarifying and agreeing on the respective roles and responsibilities (with regard to the design, development and deployment of the grid and the associated funding mechanisms) of the various Federal and State agencies/organisations, including the AER, AEMO, AEMC, ESB, DISER, TNSPs, VIC Grid, Energy Corp of NSW, Essential Services Commission (VIC), Energy Safe Victoria, DELWP, DPE and other state government equivalents.
- Given the scarcity of remaining land options in some key corridors, action should be taken sooner rather than later for the relevant bodies to secure and acquire easements likely to be required for future transmission corridors. A new funding mechanism will likely be required to fund this initiative.
- The agency responsible for the overall planning of the electricity grid should ensure there are regular reviews in place (incorporating impacts of new and emerging technologies) at least every five years to adjust the plan to meet changes in circumstances and technology.

Managing project risks and social licence

One of the more complex issues for new grid deployments will be gaining acceptance of large-scale transmission projects by affected communities and landholders. Further, community expectations as well as the ability to successfully galvanise opposition to projects through social media have increased significantly since the last generation of large-scale transmission projects were deployed.

It is vitally important that appropriate investments in building and maintaining effective relationships with landholders and community members are appropriately funded – noting that the costs of being burdened with ineffective relationships are quite severe.

Under the current regulatory framework, our Office understands that recovery of projected costs for public infrastructure is a matter that is of key concern for TNSP's when it comes to management of social licence and consideration of community benefits and compensation for landowners.

The current framework appears to be weighted on minimising risks related to 'overbuilding' or 'gold-plating' of transmission projects at the expense of the electricity consumer. Conversely, the framework does not appear to fully consider the risks of new major transmission projects being seriously delayed or halted as a result of material actions taken by groups opposed to a project (such as legal actions challenging the planning process or planning decisions).

Given the above, it would be beneficial to consider enhancing the regulatory funding framework to include risk assessments that considers factors such as risk of project delays that may result from planning objections/appeals, unsuccessful or inconclusive land acquisition negotiations along with well organised, impactful opposition to the project.

Funding models

It may be timely to consider whether the current RIT-T arrangements are appropriate as a mechanism for the efficient and effective delivery of new, large-scale transmission projects that are to be built to transform the grid (as opposed to augmentations to the existing grid).

In particular, the current cost recovery arrangements and expectations of the RIT-T process may impair the ability for TNSP's to fund and deliver new large-scale transmission projects within the normally expected costs and benefits to the electricity consumer.

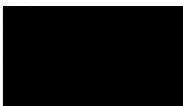
Major, new transmission projects may, instead, need to be funded by a hybrid of funding sources, e.g. from the RIT-T process (i.e. the consumer) plus additional funding from governments that reflect the transformational nature of such projects – and not place the entire burden of funding these projects on the consumer. Further, insufficient funding may lead to sub-optimal solutions being implemented, which may result in substantial costs later to rectify.

Further information

Thank you again for the opportunity to make a submission on this important draft plan. I would be delighted to discuss these matters with you and your colleagues in further detail and expand on the background to our various observations and suggestions above.

In the meantime, if you have any questions about this submission or require additional information, please contact us via email at aeic@aeic.gov.au or on 1800 656 395.

Sincerely



Andrew Dyer
Australian Energy Infrastructure Commissioner



Australian Government

Australian Energy Infrastructure Commissioner

16 August 2022

Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
SYDNEY NSW 2001
via email to: [REDACTED]

Dear Ms Collyer

Re: Australian Energy Market Commission - *Transmission Planning and Investment Review*

Further to our submission to you dated 9 October 2021, the Australian Energy Infrastructure Commissioner (AEIC) welcomes the opportunity to provide further feedback and input regarding the Transmission Planning and Investment Review (TPIR) consultation process.

The AEIC fulfils a national, independent role in Australia's energy sector and responsibilities include:

- facilitating the handling of complaints from concerned community residents about planned and operating wind farms, solar farms (5 MW or more), energy storage facilities (1 MW or more) and new large-scale transmission projects
- identifying and promoting best practices for industry, government and related agencies to adopt with regard to the planning, operation and governance of such projects, and
- improving information access and transparency about proposed and operating projects, and relevant government and industry information more broadly.

The timely approval and efficient delivery of large-scale transmission projects that enable the significant energy transition in Australia to occur, whilst ensuring that potential impacts of such projects to regional communities and landholders are appropriately managed, is likely to be our collective highest priority for this decade.

We are delighted that you continue to progress this important review, particularly in regard to assessing appropriate options to provide clearer pathways for selecting, approving and deployment of mission critical large-scale transmission projects.

We offer the following information and comments below for your consideration.

1. AEIC 2021 Annual Report to the Federal Parliament

Our 2021 Annual Report to the Federal Parliament (the "Report") was tabled recently in Canberra. It is a public document and can be found at:

<https://www.aeic.gov.au/publications/2021-annual-report>

This is our first Report since the Commissioner's Terms of Reference was expanded to include large-scale transmission deployments. The Report offers a number of relevant observations and recommendations for consideration by the AEMC TPIR review.

Some general comments regarding transmission can be found on pages 22-24 of the Report.

Appendix C of the Report (pages 85-88) contains our submission to the AEMO Draft 2022 Integrated Systems Plan (ISP), which provides a summary of our overall assessment of the issues and challenges for deploying the ISP in an effective and timely manner.

Appendix A of the Report (pages 27-81) contain our updated Observations and Recommendations, including numerous observations and recommendations that are applicable or specific to large-scale transmission.

We would encourage the AEMC TPIR to consider reviewing and adopting relevant recommendations from our Report. To assist, we highlight the following recommendations from Appendix A of the Report:

Host Landholder Matters (Section 1, pages 27-40)

Effective host landholder relationships are essential to the successful development, deployment and operation of large scale transmission projects. This entire section is relevant, but specific areas related to transmission projects include:

- *Private transmission line easements* (page 33)
- *Large-Scale Transmission Projects* (Section 1.1.2 on pages 33-36), which includes sub-sections on *Land Access, Easement Acquisition, Correspondence and Communications and Landholder Relations*
- *Recommendations* (Section 1.2 on pages 36-40). All recommendations are relevant. New recommendations specific to transmission include: 1.2.12, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17.

Neighbour Matters (Section 2, pages 41-45)

The neighbours living in proximity to transmission projects are significant stakeholders and can be materially impacted by the development, construction and operational stages of the project. This entire section is relevant, but specific areas related to transmission include:

- *Transmission Considerations* (pages 43-44)
- *Recommendations* (Section 2.2 on pages 44-45). All recommendations are relevant. New recommendations specific to transmission include: 2.2.7.

Community Engagement (Section 3, pages 46-50)

Effective community consultation and engagement is essential for large-scale transmission projects to gain the support and 'social license' to operate. This entire section is relevant, but specific areas related to transmission include:

- *Transmission Considerations* (pages 47-48)
- *Recommendations* (Section 3.2 on pages 48-50). All recommendations are relevant. New recommendations specific to transmission include 3.2.17.

Planning Permits (Section 4, pages 51-55)

In the event that a planning permit (or renewal or extension of a planning permit) is required for a large-scale transmission project, most of this entire section is relevant. Specific areas related to transmission include:

- *Other Infrastructure* (page 53)
- *Recommendations* (Section 4.2 on pages 54-55). All recommendations are relevant. New or updated recommendations specific to transmission include: 4.2.10, 4.2.11, 4.2.14.

Governance and Compliance of Standards and Permit Conditions (Section 5, pages 56-65)

This section is relevant for large-scale transmission projects. Specific areas related to transmission include:

- *Setback Distances* (pages 58-59)
- *Large-Scale Transmission (new build)* (page 60)
- *Recommendations* (Section 5.2 on pages 61-65). All recommendations are relevant. New or updated recommendations specific to transmission include: 5.2.9.5, 5.2.15, 5.2.16, 5.2.17, 5.2.18.

Use and Selection of Experts (Section 6, pages 66-68)

This section is relevant for the development and approval of large-scale transmission projects. From a TPIR perspective, it will be important to be aware of the costs involved with regard to the engagement of independent third-party experts for peer reviews or audits of the various expert reports required for the planning and environmental approvals.

All recommendations (Section 6.2 on page 68) are applicable to large-scale transmission projects.

Complaint Handling and Emergency Procedures (Section 7, pages 69-73)

Further work is required on the topic of bushfires and large-scale transmission and we have commenced discussions with some of the relevant firefighting agencies and regulators. That said, the principles laid out in Section 7 should apply to transmission projects.

Examples include recommendations 7.2.1 through 7.2.6 (complaint handling and emergency complaints) and recommendations 7.2.7, 7.2.8, 7.2.9, 7.2.11 (emergency response).

Site Selection (Section 8, pages 74-77)

This section is relevant for large-scale transmission projects. Specific areas related to transmission include:

- *Background commentary* (page 74)
- *Recommendations* (Section 8.2 on pages 76-77). All recommendations are relevant. New recommendations specific to transmission include: 8.2.9.

Health and Safety Matters (Section 9, pages 78-81)

While much of this section relates to the construction and operation of wind farms, many of the observations and recommendations would be applicable to large-scale transmission. Recommendation 9.2.9 is a new recommendation specific to transmission projects (page 81).

2. Reforming the “RIT-T” process for the funding and approval of actionable projects

There has been much discussion about the “RIT-T” process and its relevance to assessing and approving funding requirements for new build transmission projects.

The general consensus is that the RIT-T process was designed in an era of excess generation and transmission capacity when it was important to prevent unnecessary new investment in the network, particularly as we entered the relatively new world of rate regulated asset owners/operators.

The RIT-T process was therefore designed to limit new additional capacity. As a result, it requires many checks and balances and a significant period of time to work through the regulatory requirements to obtain funding approval.

There seems to be little doubt that the process needs urgent reform if we are to appropriately fund major, new large-scale transmission projects to facilitate the energy transition.

We support this reform, particularly if it assists in properly including appropriate funding for host landholder compensation, neighbour impacts and effective engagement with the broader community.

Given the current complexity and duration of the existing process, we recommend that the “as-is” process be properly captured via a workshop that includes an appropriate level of expertise and experience with the existing process. This should be then followed by a “to-be” workshop that maps out the reformed process – one that addresses the current objectives and challenges while ensuring that relevant checks and balances of the existing process are preserved where required.

Once the “to-be” process is finalised, it can then be used to inform the required rule changes to enable the new process to be implemented.

We would be pleased to be involved in the suggested workshops detailed above to contribute to both the overall process design along with providing our landholder and community perspectives into the final design.

3. Projects of National and State Significance

Australia’s energy transition requires a substantial amount of new-build, greenfield transmission projects to be approved and completed in a very timely manner.

For all the reasons identified in our Draft ISP submission to AEMO (See Appendix C of our Report), this will be challenging and difficult.

To facilitate the expediting of essential projects, we suggest that the Federal Minister have the ability to declare qualified transmission projects as projects of “National Significance” (see also recommendation 4.2.14 on page 55 of our Report).

Qualification criteria could include:

- Project has been identified as “actionable” by the Australian Energy Market Operator (for instance, under the AEMO 2022 ISP)
- Project is required as part of an integrated transmission network by the ISP (e.g. VNI West is dependent on Western Renewables Link and Project Energy Connect for its end to end connection points)

- Project needs to be completed within tight, specified time-lines in order for security of supply to be maintained and/or the integrity of the overall grid
- If the project did not proceed, material approved or commissioned generation assets would be stranded.

Examples of potential projects for such designation could include:

- Marinus Link
- Western Renewables Link (formerly known as the Western Victoria Transmission Network Project)
- VNI West/Kerang Link
- Project Energy Connect
- HumeLink.

Projects declared to be of National Significance could become eligible for programs and assistance to enable their success and timeliness of delivery, including:

- Access to funding from the “Rewiring the Nation” program
- Federal assistance with “early works” development funding
- Accelerated approvals where Federal approvals are required
- Escalation of issues and/or resolution of barriers that are preventing project progression.

State governments should also consider elevating projects of National Significance by providing a mechanism to enable a similar status and process at a “State Significant” level.

Further information

Thank you again for the opportunity to make a further submission on this important review.

We would be delighted to discuss these matters with you and your colleagues in further detail and expand on the background to our various observations and recommendations above.

Enclosed (attached) is a copy of our 2021 Annual Report to the Federal Parliament, referenced throughout this submission.

In the meantime, if you have any questions about this submission or require additional information, please contact us via email at aeic@aeic.gov.au or on 1800 656 395.

Sincerely



Andrew Dyer
Australian Energy Infrastructure Commissioner



Australian Government

Australian Energy Infrastructure Commissioner

EMM Presentation Melbourne

28 October 2022

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Role

- Commenced as the *National Wind Farm Commissioner* in November 2015 – for an initial three year term.
- Re-appointed in October 2018. The Commissioner’s role was also extended to include large-scale solar farms and storage facilities.
- In March 2021, the then Minister announced the further expansion of the Commissioner’s role to include proposed, significant, greenfield transmission projects.
- The Commissioner’s primary terms of reference are:
 - ✓ Facilitating the handling of complaints from concerned residents about proposed & operating renewable energy projects – and proposed transmission projects;
 - ✓ Identifying and promoting best practices for industry and government in relation to community engagement, planning, development and operation of such projects; and
 - ✓ Improving information transparency and accessibility by industry and government about proposed and operating projects.

Items of note

- AEIC Office is based in Melbourne & Commissioner is supported by a team of three staff
- Provide an Annual Report each year to the Federal Parliament
- Maintains a public web-site – www.aeic.gov.au – which provides access to a wide range of helpful resources as well as all of our reports and guidelines
- Annual Report includes operational information, reform activities and achievements – as well as detailed observations and recommendations
- Most recent report is for Calendar Year 2021, which includes substantive commentary and recommendations about transmission
- We received 212 new cases in 2021 – only 14 of these cases were about operating projects
- Just 8 cases in 2021 cited concerns about health impacts – only three of these cases related to an operating project
- Encouraging planning authorities to remove assessment of shadow flicker and vibration
- Increasing number of cases from landholders about commercial agreements and decommissioning
- We have released a guideline – *“Considerations for Landholders before entering into Commercial Agreements”* – in response to these growing concerns

Recent case issues

- Wind farms – concerns relating to aviation safety lighting, decommissioning, visual impacts, commercial agreements, safety incidents.
- Solar farms – concerns relating to hydrology impacts, use of agricultural land, visual impacts, bush fire ignition and fire fighting limitations, recycling of panels.
- Transmission – landholder relations, land access, compensation negotiations, neighbour impacts, visual amenity, bushfire concerns.
- Construction issues – damage to property, re-routing of roads, gates, road design impacts on farming, extended land use, rubbish removal, sub-contractor issues.
- Community – noise and dust, disruption and inconvenience, impacts to local businesses and resources, dislocating the social order.
- Litigation challenges – procedural challenges (e.g. permit approval procedures), noise and nuisance allegations, health impacts and environmental protection.

Transmission – today’s area of focus

- Large scale, “greenfield” projects critical to the energy transition:
 - Western Renewables Link
 - HumeLink
 - VNI West
 - Marinus Link
 - Project Energy Connect
 - North-West Tasmania
 - Off-shore Wind



AEIC initiatives/interventions

- Review and assistance of complaint handling procedures
- Regular review of open complaints with proponents
- Site visits and facilitation of land access to help proponent
- “Walk the route” – resetting the relationship as well as fact finding
- Monthly meetings with proponent executives, relevant Minister
- Review of approaches to landholders, correspondence, guidelines, fact sheets, agreements – provide a perspective from the landholder’s view
- Identifying and closing governance gaps – e.g. s.93 required code of practice in Victoria doesn’t exist – a legacy of a 40 year transmission build “drought”
- Conciliation/mediation of significant disputes
- Trusted source of factual information to community members.

Transmission – problems still to solve

- There appear to be endless committees, councils, reports, meetings etc. – studying the topic of transmission and social license
- Time now to move on from regurgitating the list of issues – and use our resources wisely to solve the right problems and implement the solutions



1. Landholder Matters to solve

- Skills, experience and capabilities of landholder liaison personnel
- Initial land access process, procedure, protocols and compensation
- Transparent, logical, timely and fair process for gaining landholder's agreement to host transmission line, including ability to escalate issues
- Fair and appropriate agreements and related documents provided to landholder (valuations, offers, option agreement, access agreement, construction plan, property management plan – etc.)
- Executive review and approval of all document/agreement templates and guidelines prior to being issued
- Amount of compensation payable to landholder (Access Fees, Option Fees, Professional Services fees reimbursement, Easement payment, Disturbance/Impact payment, Construction payment, Special Benefit payment)

2. Neighbor and Community Matters to solve

- Develop and implement contemporary planning regulations and guidelines for large scale transmission projects, including setback distances and impact assessments on neighbours
- Consistent fact sheet on bushfire related matters, including transmission design and route factors, maintenance of easements, risks to be managed during construction, risks to be aware of in the event of a bushfire occurring within the transmission line easement
- Consistent fact sheet on farming impacts and constraints when working in or near the transmission line easement - that is, what you can and cannot do around transmission lines and where pre-approvals may be required for specific activities and circumstances
- Develop and consult widely on the construction management plan for the project. Engage the CCC(s) closely in the plan's development and execution.

3. Governance Matters to solve

- Ongoing governance and oversight of significant projects by key stakeholders - e.g. WRL monthly meeting with State Energy Minister, CEO AEMO, CEO AusNet, AEIC, CEO VicGrid
- Process to finalise and approve transmission-line alignment/design - including landholder and neighbor consultations – with a genuine process to assess/accommodate material feedback from stakeholders
- Significant projects should be eligible for accelerated environmental assessments, with on-site surveys limited to reasonable and necessary
- Re-engineer RIT-T process such that applications are made subsequent to completion of early works and detailed costs and alignment are known
- Ensuring appropriate codes of practice and other regulations are in place to support legislative requirements

Getting things done

We are already seeing some great initiatives and progress, such as:

- NSW Government has taken the lead on developing a proposed Strategic Benefit Payment model for landholders
- Transgrid are taking the lead on revising/developing the key agreement and related document templates that will be presented to landholders
- Transgrid also taking the lead on implementing and communicating the end to end negotiation process for securing easements
- Victoria is taking the lead on developing a universal fact sheet on bushfires and transmission, via the CFA and EnergySafe Victoria
- Victoria also taking a lead in establishing a joint governance framework for WRL and developing codes of practice needed for the legislation
- AEIC is engaged and supporting each of these initiatives

Suggested assignments going forward

- Landholder liaison officer training and skills – Tasmania/TasNetworks
- Special Benefit Payment – NSW Government
- All other landholder matters listed – Transgrid
- Universal fact sheets for bushfire & farming impacts – Victorian Government (including ESV, CFA) and VFF
- Develop/implement planning regulations – NSW Government
- Joint executive governance of projects – State Energy Ministers/AEMO
- Construction Management Plan & Consultation - PowerLink
- Route finalisation approach – Transgrid
- Re-engineer RIT-T process – DCCEE/AEMC
- Expedited environmental assessments – DCCEE/Environment Ministers
- Codes of Practice & Statements of Expectations – Vic Govt (ESC)

Contact and Resources

Contact details:

Phone: 1800 656 395

Email: aeic@aeic.gov.au

Mail:

PO Box 24434

MELBOURNE VIC 3001



Website:

<http://www.aeic.gov.au/>

(Annual Reports, Guidelines, variety of useful resources and links)

Further information

Australian Energy Infrastructure Commissioner – 2021 Annual Report

<https://www.aeic.gov.au/publications/2021-annual-report>

Submission to Australian Energy Market Commission – Transmission Planning and Investment Review

<https://www.aemc.gov.au/sites/default/files/2022-08/AEIC.pdf>

Submission to Australian Energy Market Operator – Draft 2022 ISP

<https://aemo.com.au/-/media/files/major-publications/isp/2022/submissions/australian-energy-infrastructure-commissioner-2022-isp.pdf?la=en>

Opening Statement to Senate Estimates – May 2021:

<https://www.aeic.gov.au/publications/opening-statement-senate-estimates-environment-and-communications-legislation-committee>

Considerations for landholders before entering into commercial agreements:

<https://www.aeic.gov.au/publications/considerations-landholders-entering-commercial-agreements>

Questions/discussion

