



Australian Government

Australian Energy Infrastructure Commissioner

1 December 2023

Stephanie Jolly
A/Executive General Manager – Consumer, Policy and Markets
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601

via email: aerinquiry@aer.gov.au

Dear Ms Jolly

Re: Directions Paper on Social Licence for Electricity Transmission Projects

The Office of the Australian Energy Infrastructure Commissioner (AEIC) welcomes the opportunity to provide feedback to the Australian Energy Regulator (AER) on its Directions Paper for Electricity Transmission Projects.

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

- facilitating the handling of complaints from concerned community residents about planned and operating wind farms, solar farms, energy storage facilities, pumped hydro 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.

We recognise the AER's important role in regulating transmission and distribution within the National Electricity Market, as well as the AER's focus on keeping pace with innovation in Australia's energy system and ensuring that consumer expectations are supported throughout the energy transition.

The efficient delivery of large-scale electricity transmission is critical in enabling Australia's energy transition and will require the support of the broader public and the effective management of potential impacts to landholders and communities. It has been some time since new large-scale transmission projects have been deployed, so industry and regulators will face challenges in regaining and retaining the appropriate skills and expertise, including skills related to community and landholder engagement.

The AEIC is pleased to provide feedback on the AER's current approach to social licence and community engagement, particularly in relation to ensuring better practices by

transmission project developers and network service providers under the AER's regulatory framework.

The AEIC is supportive of the AER's expectations for community engagement as outlined in the Directions Paper, particularly in drawing from resources such as the AEIC's observations and recommendations as well as the outcomes of the Community Engagement Review I am leading for Minister Bowen.

We also support the AER's nuanced approach to exploring how its regulatory toolkit can contribute to better practice on social licence issues by the transmission industry, noting that the AER is already contributing to several practice reviews and policy development processes – including the Community Engagement Review. In addition, we encourage the AER's proposed approach to build on the growing body of guidance for industry on community engagement, rather than develop repetitive guidance about social licence and community engagement.

Finally, we have shared below some observations and considerations from our 2022 Annual Report¹ that may be helpful for the AER in establishing a clear approach to social licence expectations for industry proponents.

Landholder and community engagement

Ensuring that developers have the required skillsets, experience and knowledge for personnel who work directly with landholders and the broader community is critical in establishing and maintaining long-term relationships. We recommend that the transmission industry revisit how to ensure these roles are effective and consider staffing levels, recruitment selection criteria, training and development, location of staff, scope of role, KPIs and targets, supporting staff and functions, external feedback and other parameters.

We have also reviewed a range of correspondence and other documents prepared by transmission developers for landholders. Often, this correspondence can be difficult to comprehend, lack clarity of purpose, have a legalistic tone and are written from the developer's perspective. As a result, the effectiveness of these documents is generally poor and often used against the developer by disgruntled project opponents.

Correspondence should be written from the landholder's perspective and should clearly state its objective and provide the key information required to achieve the objective. Our Office is working with various developers to improve the effectiveness of their correspondence. We are encouraged by developers' willingness to learn and improve, however there is a long way to go still on this topic.

It is also important to ensure that land access arrangements are carefully managed throughout the development and operational life of a transmission project. An appropriate amount of time needs to be built into the project schedule to enable the developer to establish effective relationships with landholders. Developers should also ensure that they have a sufficient 'early works' budget to undertake these activities and provide any fees payable to landholders for access. Once land access has been arranged, developers should also 'walk the route', ideally with the landholder, to ensure they have assessed the proposed route properly from the ground.

¹ Available online at: <https://www.aeic.gov.au/publications/2022-annual-report>

More information and recommendations on landholder relations can be found on pages 37-44 of our 2022 Annual Report.

Neighbours and communities

Many communities are still unclear in their understanding about the need for and timing of the energy transition. At the same time, poor engagement practices have led to a significant distrust of project developers. Lack of effective consultation with neighbours and communities in the region can lead to material issues for a project, including conspicuous opposition to the project, formal objections that may lead to delays and appeals, legal actions against the project or planning authority, the project (or elements of the project) not being approved, as well as negative media coverage about the project and the industry more broadly.

It should also be noted that transmission projects are long, linear projects that traverse many communities, geographies and different land use areas. The engagement programs will therefore require tailoring to be effective, and developers will need to proactively identify and work with neighbours and communities to implement best practice approaches along the proposed route.

As an example, a developer could internally determine a preferred transmission line route corridor, and then engage the community and landholders to help finalise the details of the actual final route design. This approach allows for the community to be focused on helping resolve issues and optimising the solution, rather than community groups focusing on opposing and stopping the project.

More information and recommendations about neighbour and community matters can be found on pages 47-55 of our 2022 Annual Report.

Complaint handling processes

While new major transmission projects will inevitably attract concerns and complaints from community members and other stakeholders, our observations have been that complaint handling procedures and policies vary greatly across developers – from best practice, to being non-existent, to being overly complicated and difficult to follow.

Further, it is often unclear how community members can contact the developer to make and lodge a complaint or concern. This lack of transparency can make it difficult for community members to make a complaint and know the process by which they should expect their complaint to be handled.

More information and recommendations on improving complaint handling processes can be found on pages 79-80 of our 2022 Annual Report.

Further information and Community Engagement Review

Thank you again for the opportunity to provide feedback to the AER on the Directions Paper for Electricity Transmission Projects.

We expect to deliver our report for the Community Engagement Review before the end of 2023. We would welcome the opportunity to discuss the report and recommendations with the AER in some detail.

Finally, our website continues to provide relevant, new and additional resources for all stakeholders to access. We would encourage the AER to review our website for resources that may assist you and your stakeholders.

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

Sincerely

A handwritten signature in black ink, appearing to read 'Andy', written in a cursive style.

Andrew Dyer
Australian Energy Infrastructure Commissioner