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Ms Anna Collyer
Chair Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2001

Submitted online: www.aemc.gov.au

Dear Ms Collyer

AEMC Enhancing community engagement in transmission building

Transgrid welcomes the opportunity to respond to the Australian Energy Market Commission's (**AEMC**) draft determination on Enhancing community engagement in transmission building (**draft rule**). The draft rule commences the AEMC's consideration of a rule change submitted by the Commonwealth Minister for Climate Change and Energy, The Hon Chris Bowen MP. The rule change seeks to create greater consistency and clarity over transmission network service providers' (**TNSPs**) community engagement obligations. These obligations outline requirements for TNSPs to engage with local communities early in the transmission planning process.

Transgrid shares the Government's desire to accelerate the delivery of critical transmission infrastructure projects in the Integrated System Plan (ISP), which will put downward pressure on the costs faced by electricity consumers. As identified in the Ministers' rule change, ineffective community engagement by TNSPs can result in failure to obtain 'social licence', risking timely and efficient delivery of critical transmission infrastructure projects in the ISP.

To this end, Transgrid strongly agrees with the Commonwealth Energy Minister's conclusion that building social licence and effective engagement ensures issues around transmission route selection are identified and managed early in the process before key decisions are made, and that more accurate costs are reflected in a RIT-T's cost assessment of an actionable ISP project. Our view is that the Commonwealth Energy Minister's rule change would provide clarity and guidance on TNSP's requirements for community engagement to gain acceptance of large-scale transmission projects from affected communities and landholders.

We recognise the importance of TNSPs engagement with the communities that are affected by critical transmission infrastructure. We strongly believe that the community needs to be well informed, considered as a partner in the energy transition and appropriately compensated. The community needs to be actively involved in the process of finding the solutions. This will make them part of the process and therefore be understanding of the outcomes. As such, we continue to focus on improving our engagement practices and have made significant steps in the last decade to improve relationships with the communities we work in. This included implementing a range of measures that were recommended by the Community Advocate in the Stowe Report. The recommendations covered Transgrid staff training, responsiveness to enquires and complaints, improvements to communication materials and an increase in project consultation and

involving the community in social licence discussions. We have also increased the number of dedicated engagement staff and implemented a consistent approach including lessons learnt from earlier projects. Our improvement goals are a continuing process that is responsive to the needs of each individual within a community.

We strongly believe that real and genuine community consultation and engagement is paramount to a successful transition to net-zero. By securing and maintaining social licence, Transgrid is best able to achieve the following objectives:

- Deliver critical transmission projects for electricity consumers of NSW, and across the National Electricity Market, with a minimised risk of delay or community opposition.
- Mitigate or reduce adverse socioeconomic impacts to communities and regions (or potential impacts) introduced through our activities.
- Build lasting relationships and nurture trust with our stakeholders.

Transgrid currently has an extensive internal social licence framework that outlines our commitment to engaging with local communities early and responding and addressing queries early in the process. The framework adopts Transgrid's best practice engagement processes, developed through our experience consulting and engaging with affected stakeholders. Transgrid is committed to engaging with the communities that are affected by our projects, and currently delivers a range of activities including:

- Holding frequent Community Consultative Group meetings with community representatives, and open community information sessions for all affected stakeholders
- A Remote Access Community Hub that enables us to meet with landowners and community members to ensure everyone – regardless of age, distance or ability – has access to project information.
- Engagement with local community groups and businesses to share information through existing local networks.
- Direct communication and private meetings with landowners by dedicated Place Managers following the identification of a transmission line corridor to assist with route development work. This includes those ultimately affected by a transmission line route and neighbouring properties, typically within one kilometre.
- Dedicated First Nations engagement function within Transgrid to engage with Traditional Owner groups and Local Aboriginal Land Councils. This also includes our implementation of Transgrid's Stretch Reconciliation Plan Indigenous which includes:
 - Delivering measurable and sustainable economic benefits to Aboriginal and Torres Strait Islander businesses and communities that we work with.
 - Improving employment opportunities, retention and professional development of Aboriginal and Torres Strait Islander peoples within Transgrid.
 - Leading and championing reconciliation within the energy industry.
- Participation plan.

Incorporating the definition in the NER is critical

The AEMC's draft rule amends the definition of preparatory activities and the definition of interested parties for the purpose of a RIT-T to include stakeholders who are reasonably expected to be affected. Transgrid

supports that this definition be incorporated in the National Electricity Rule (**NER**). By incorporating the definition into the NER, it will promote proactive and constructive relationships with local communities across the NEM which will support community acceptance of transmission projects.

We also agree that the proposed definition appropriately identifies stakeholders that would be reasonably affected. However, to ensure clarity, the definition can be more specific to target stakeholders who would be considered to be reasonably affected. The AEMC currently proposes the following definition:

engagement with stakeholders who are reasonably expected to be affected by the development of the actionable ISP project, future ISP project, or project within a REZ stage (including local landowners, local council, local community members and Traditional Owners) in accordance with the community engagement expectations.

We recommend the AEMC consider the following amended definition:

engagement with area of influence (AOI) stakeholders who are reasonably expected to be affected by the development of the actionable ISP project, future ISP project, or project within a REZ stage (including local landowners, local council, local community members and traditional owners) in accordance with the community engagement expectations.

Our amended definition would align it with terminology commonly used in project environmental impact statements (EIS) to define a projects impact footprint (local and regional communities).

The AEMC has proposed a new community engagement expectations definition in the NER (clause 5.10.2). However, we question whether some of the wording in parts (a) to (g) of the definition are either too prescriptive or too subjective and may create ambiguity. This includes:

- The terms of timely (in part (a)), sufficient ((in part (d))), and regularly (in part (g)) are subjective and can be interrupted differently by different stakeholders.
- Clause (e) and (g) may be problematic and costly to achieve for future ISP projects. This is because a future ISP project may have several route options, and therefore affected stakeholders may be many or difficult to identify.

We would encourage the AEMC to take these terms out to increase clarity and flexibility.

The AEMC has also proposed to insert a definition of Traditional Owners in the NER (this is currently not defined in the NER). We support the proposed definition of Traditional Owners however would caution that this may increase the risk that the TNSP may miss on engaging with traditional owners that have a spiritual affiliation to the land as they reside outside the state in which the land is located. To minimise this risk, TNSPs would rely on their engagement with Traditional Owner groups and Local Aboriginal Land Councils for informed engagement.

TNSPs are best placed to determine how and when to engage with the community

The AEMC's draft rule provides clarity around the key community stakeholders that TNSPs must engage with, while providing discretion to TNSPs to determine what other stakeholders TNSPs reasonably expect to be affected.

Transgrid supports the AEMC's principles-based approach as TNSPs are best placed to determine how and when to engage with the community. The method of engagement and timing of engagement with different interested parties is a key consideration and needs to be custom designed for the specific region and stage of development. This also includes the degree to which any party may be reasonably affected.

Due to the nature of large transmission projects, the geographical, land use and social factors also influence the approach to community engagement in different areas. Property sizes vary substantially, and the impacts of transmission can change according to the proportion of land needed, Flexibility in approach is critical to providing a bespoke response and to treat individuals respectfully. One size does not fit all.

Sufficient funding is critical for the timely delivery of major infrastructure

The AEMC has provided the AER with 12 months to update and publish its cost benefit analysis (CBA) guideline to accommodate for the proposed rule. We support the AEMC's suggestion, however we would encourage the AER to review this timeline as the changes are required urgently.

It is vitally important that building social licence is appropriately funded, given that the consequence otherwise can have a detrimental effect on the delivery of critical projects. A lack of community engagement and appropriate compensation (due to lack of funding) can lead to significant delays in delivery of these projects as TNSPs address actions of interested parties. Furthermore, insufficient funding may lead to sub-optimal solutions being implemented, which may result in substantial rectification costs. The final rule should allow the "prudent and efficient" cost incurred by the TNSPs to secure social licence be a recoverable cost.

Until the AER undertakes their guidance update, there is uncertainty what costs can be recovered. We are concerned that the recovery of costs for building and maintaining social licence is not appropriately addressed in the draft rule and would encourage the AEMC to acknowledge this in their final rule.

We note the AEMC's draft rule is limited to making changes that require TNSPs to engage and inform local communities that are affected. However, social licence is broader than this and includes proposals about neighbouring compensation, community investment (such as providing telecommunication infrastructure in remote areas) and benefit sharing, Indigenous participation and development, cultural heritage aspects and the creation of relationships based on trust and respect. We need to ensure that agreements between landowners and affected parties need to be fair and reasonable. Therefore, we would encourage the AEMC to acknowledge that gaining social licence is broader than the proposed draft rule and more work needs to be done by industry to gain social licence.

If you or your staff require any further information or clarification on this submission, please contact me or contact Zainab Dirani at zainab.dirani@transgrid.com.au.

Yours faithfully



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