



FEBRUARY 2024

# FUNDAMENTAL PRINCIPLES FOR SUCCESSFUL RENEWABLE DEVELOPMENT IN HAY LGA



## Executive Summary

With the declaration of the South West Renewable Energy Zone (SWREZ) by the NSW State Government in 2022, the community of Hay was given a defined role in the nationwide energy transition. The SWREZ and subsequent Renewable Energy project development, presents the most significant change to our landscape, economy and community since settlement.

Development of this scale presents both opportunities and challenges for a small rural community. The Hay Shire Council, as representatives of the community, has taken the lead in ensuring that the vision, aspirations and concerns of our community are embedded in the decision making of all stakeholders through the creation of this document.

In outlining the ten *Fundamental Principles for Successful Renewable Energy Development in the Hay LGA (The Principles)*, we are ensuring real and purposeful community acceptance and support. This document is the first step in an ongoing partnership between the NSW Government, Energy Developers and our community to minimize the impacts and maximise the opportunities for Hay.

*The Principles* identifies key community projects and programs that will deliver tangible community benefits through the strategic use of Access Rights Funding and Community Benefit Funding.

*The Principles* deliver the following message from the Hay Community to the NSW Government, EnergyCo, Developers and other stakeholders:

- We are supportive of the clean energy transition
- We want to keep the overall experience for our community positive, to remain supportive
- We will ensure the energy transition happens with us, not to us.
- Assist us to deliver a coordinated approach to our community.
- Follow our Fundamental Principles for Successful Renewable Energy Development, to maximise collaboration and strategic outcomes.
- We want to ensure that renewable energy developments maintain or enhance our existing economy.
- We have a long-term plan for our economic transition, which includes the energy transition and we invite you to support it.

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## 1. Purpose

This document sets out the position, expectations and priorities of the Hay Community in relation to renewable energy development in the Shire and broader region. Together, these form principles which are considered fundamental to the success of clean energy transition as a once-in-a-generation opportunity.

## 2. Who should understand these principles

- Councillors
- Council staff
- Renewable Energy developers, including contractors
- Engineering, Construction and Procurement (EPC) providers
- Local community
- Local businesses
- Prospective new businesses
- Relevant state and federal government departments and entities
- Relevant consultants and experts

## 3. Hay Shire Council - position on renewable energy development.

Hay Shire Council supports the development of renewable energy in our Shire and across our region, which will attract significant investment and opportunities.

The South West Renewable Energy Zone (SW REZ), declared by the Minister for Energy in November 2022 is one of five REZ identified as having optimal factors to deliver affordable, clean energy for NSW and Australia.

Council is engaging deeply with developers, community, businesses, farmers, experts, state and federal government entities and councils in other REZs, to understand the process, challenges and opportunities of renewable energy developments.

Through this ongoing work, Council will help to lead and support the development of renewable energy in a way that minimises impacts and delivers prosperity for our community.

**Key to success is a coordinated and strategic approach** whereby all members of the Hay Community and all developers that are active in the region are aware of the community's co-designed, overall vision for the future and how it can be supported by the economic benefits associated with renewable energy development and its flow-on effects.

Council considers this coordinated and strategic approach to be essential to capitalise on the opportunity that the clean energy transition presents.

#### 4. Why Council is doing this work now

Renewable energy developments take years to complete, however the minute the first conversation is had between a developer and landholder or Council there is an impact on our community. It is very important that the development of renewable energy projects in Hay Shire happens “**with**” our community, not “**to**” our community.

To maintain community acceptance and avoid consultation fatigue, confusion and overwhelm, Council will lead a process for renewable energy development planning in our Shire that aligns with this guiding document and a concurrent project, which is to develop a **10-year Economic Transition Roadmap for Hay**. The Roadmap will evolve over time and will be followed by subsequent planning tools for the decades ahead.

Although projects being developed in the South West REZ (SW REZ) are at the very early stages (see development timeline in Section 12, below) planning and consultation with the community is happening now. Council is committed to keeping the community “on the front foot” regarding the clean energy transition in our region. **Council will work to keep the community empowered, informed and included**, to avoid the kind of division that could lead to opportunities being lost.

This early work and encouragement of active community participation in the Roadmap project, enables our community to present a shared vision for REZ developers to support, and a united front regarding the orderly, strategic process for community engagement expected by our community.

By doing this work now, the Hay community has the opportunity to prevent overwhelming and uncoordinated engagement from occurring and can keep the overall experience positive.

See *Appendix A*: The model for preparing the Hay Community, Council, renewable energy developers, government and other stakeholders to support Hay’s vision for the future.

*Quote: “It’s good that we realise what’s happening now, so that the community can do something about the opportunity now.” Hay Councillor*

## 5. Understanding the context of the transition to clean energy

Council and the Hay Community recognise the national and international imperatives that make it necessary to transition Australia's energy production from traditional sources to renewable generation and storage. This includes the need to upgrade our aged energy generation infrastructure, to remain internationally competitive in a low-carbon global market, and to take action for human safety, the wellbeing of future generations and to curb biodiversity loss.

It is understood that our region was selected for the South West REZ due to our abundant natural energy resources (solar and wind) and its proximity to the EnergyConnect transmission infrastructure. Just as coal fired power generation infrastructure was located close to the source, so renewable generation infrastructure is located where superior resources are found.



*Figure 1 South West Renewable Energy Zone Map as declared by the NSW Government*

(See Appendix B for more details about “Why the clean energy transition is happening” and “why is it happening in our region?”)

## 6. Listening to the community

Through a series of community workshops and consultations, Council has facilitated in-depth conversations about community expectations, concerns and aspirations. (See Appendix C for a more detailed description of community feedback)

Impacts or challenges that the community highlighted to be addressed included:

- Preventing consultation fatigue
- Avoiding a boom/bust cycle
- Ensuring housing quality and availability
- Provision of affordable local worker accommodation
- Sustainable waste management
- Road maintenance and management of traffic impacts
- Minimising visual impacts
- Mitigating local environmental and biodiversity impacts
- Community understanding of planning processes
- Planned and responsible decommissioning of projects
- Financial security of construction projects
- Planning and investment in service capacity
- Complementarity of energy production with agricultural operations

Opportunities identified by the community include:

- Affordable electricity for households, business and industry
- Deliver strategic community infrastructure projects that enable long term economic growth and increased liveability
- Facilitate the development of high quality legacy housing within the town
- Assist the community to address current pressures on childcare
- Assistance for Hay LGA, particularly primary production, to move towards Net Zero through education and use of technology
- Attract investment capital and additional industry to Hay to help diversify the economic base
- Create a Renewable Energy Education sector in Hay
- Assist the community of Hay to close the gap for First Nations people

*Quote: "We can use this funding for things we've always needed but never been able to afford."  
(Town resident, Hay)*



## 7. Efficiency and Coordination

Planning and consultation that aligns with the principles outlined in this document and supports our community's "shared vision" (the 10 year Economic Transition Roadmap for Hay) will create focus, coordination and efficiencies that reduce burdens and make the process easier for developers, Council and the community alike.

Rather than each and every project engaging separately with the same groups or individuals in the community, Council requests that all parties intending to invest or develop in this region, contact us as a first step, **before engaging with individuals and organisations in the community**, to be introduced to our community Roadmap and to ensure a coordinated and efficient approach to supporting it, as outlined in Section 8, below.

## 8. Community participation and strategic planning

The value of the "Roadmap" development process is that it will invite participation from the whole community, with the assistance of experts and facilitation by Council, increasing the community's sense of "ownership" of the Roadmap.

It will also facilitate discussions between different individuals, groups and organisations in the community, (who may not otherwise communicate about benefit or grant funds they are applying for) leading to more strategic results.

In this way, much of the community engagement work around desired benefits and management of impacts, will have been examined, understood and prioritised by the community and Council as a whole. Conducting this one, thorough, participatory planning process, will reduce the fatigue experienced in the traditional development approach where each and every project consults individually in an uncoordinated manner.

It will result in more meaningful and strategic outcomes, since broad community discussions about the needs of individual organisations and the collective community are part of the process.

*The difference between a traditional benefit sharing approach and a strategic benefit approach is outlined in more detail in Appendix D.*

For solar, wind and energy storage developers, this approach of starting with Council and being introduced to the community's Roadmap, reduces the burden for them of trying to design a benefits program from scratch, that is attractive enough to gain acceptance of the project by the community. Instead, developers are invited to support a community-led vision for the future, that

has been well-thought out, prioritised and has the community already “on board.”

By leading with the “Principles for Success” and the “Roadmap”, Council and the Hay community can ensure that developers, the NSW Government and others involved in the SW REZ projects, deliver meaningful and legacy outcomes for the community.

Participation for the community also involves continuous learning, which Council is committed to facilitating. It is expected that developers will assist this process - eg. providing experts to explain aspects of an EIS to the community. This is considered essential for maintaining community support for the transition.

Community participation in the 10-Year Economic Transition Process will reference the Benefit Sharing Guidelines within the NSW Government's Energy Policy Framework (currently in draft.)

## **9. Partnership between Developers, Council, Community and Government**

The REZ presents an opportunity for our community to advocate for **a different type of relationship between council, community, developers and the NSW State Government.**

It is important that each project has a relationship with the community and Council and that developers are part of the Roadmap co-design process to share knowledge and ideas for the best outcomes.

Council requires all parties working in our region to familiarise themselves with this Principles document and the Roadmap and to consider how their planning, activities and engagement in the Hay Shire and broader region can support this vision.

Our community's message to REZ developers is:

“We have a long-term plan for our economic transition, which includes the energy transition, and we invite you to support it.”

## 10. Funding Sources for Community Benefits

The clean energy transition in our region will attract economic benefits from a number of sources. Some of these will occur as part of the development and construction process, such as local jobs, procurement, increased use of local services and businesses, provision of training services and new community services.

Other economic benefits come from direct funding streams, comprised of:

- Payments to landholders hosting solar, wind or storage projects on their land
- Payments to neighbours adjacent to projects
- Community benefit funds provided by a single project
- Community benefits from Developers either through Developer managed community benefit funds or through Planning Agreements between a Developer and Council. The total amount of funding provided for community benefits will most likely be controlled by the NSW Government (see Appendix E). The value of this document for effective community benefit programs is to ensure that the priorities of the Hay community are reflected in the agreements, irrespective of which generators are ultimately successful.
- Access Rights Fees being redirected to community benefits by the NSW Government, (See Appendix F for more information)
- All stakeholders will be asked to respond to this document in consideration of community benefits whether from Planning Agreements, Access Scheme or individual project funds.



*Figure 2: Potential Funding Options*

Taken together, the above funding streams represent millions of dollars flowing to our community over the life of each project (approximately 25-30 years.)

By making the Hay Community's 10 Year Economic Transition Roadmap a publicly available document, all parties in Section 2 above can work collaboratively, to achieve much more positive and impactful outcomes for the community and region, than any one entity could achieve on its own.

## 11. Economic Diversification

Hay's economy fluctuates with droughts and good seasons. If farmers are unable to make good incomes, the whole community is impacted. For host landowners, the opportunity provides alternative farming income during dry spells.

*Quote: "I won't need to worry so much about droughts" (Local Farmer)*

Our community's aim is to leverage the clean energy transition to create more stable economic conditions that are not dependent on factors such as changing climate conditions or fixed-term construction.

While large scale solar and wind will stimulate the local economy during development and construction, the energy will be exported. We will also strive to create abundant clean energy that is generated and used in Hay, to attract industries that need to decarbonise their manufacturing and operations.

## 12. Renewable Energy Development Timelines

There are two types of development required to enable renewable energy in South West NSW - development of individual renewable energy projects such as wind and solar farms and development of the Renewable Energy Zone itself. Both types have their own time frames.

**Renewable Energy Zone** - this technical, financial and administrative work is conducted by the NSW government body, EnergyCo. It makes existing and future transmission network capacity available so that wind and solar farms can connect to the grid. It also involves planning for impacts and benefits for communities. While this work has already begun, it relies on transmission capacity becoming available for it to be completed.

- The South West REZ will have 3,980 MW of transfer capacity available by 2028
- 1700MW of that capacity from Project Energy Connect will be available for projects in or near the Hay LGA.

*Development timelines for the South West REZ as a whole, are still being determined by the NSW State Government but approximations are outlined in Appendix F*

## South West Renewable Energy Zone Development Timeline

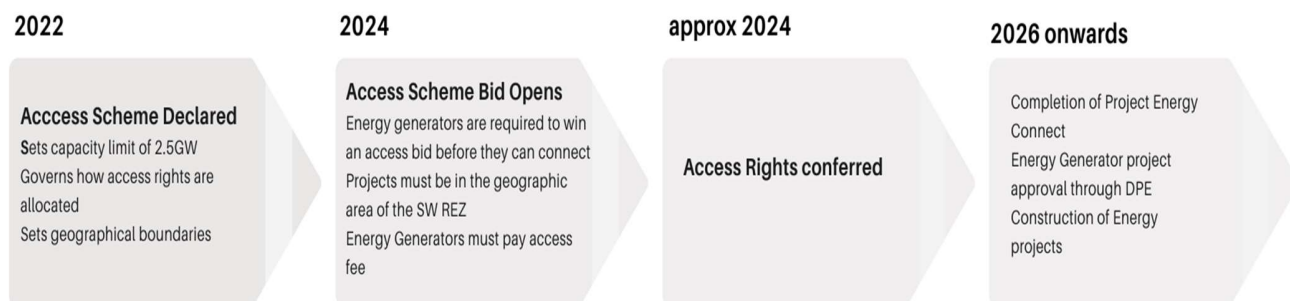


Figure 3: Indicative SW REZ Development Timeline

Community benefit funding from REZ Access Fees (described in Section 10 and Appendix E) may be made available early in the REZ development process. In the Central West Orana REZ, where this model will be first rolled out, payments from this fund are scheduled to begin in 2024, while the REZ itself may not be operational until 2027-28. (Guardian Australia, “NSW Renewable Energy Zones up to two years behind schedule.” 25/5/23)

## Community Development Timeline



Figure 4: Hay LGA Strategic Community Development Timeline

**Large scale renewable energy projects** - these projects must be carefully planned and managed for best outcomes - this process can take between 6 - 10 years, depending on the studies and logistics required.

Community benefit funding arrangements are established during the planning process for each project and typically delivered once the operational phase of the project begins. For this reason, it is in our best interest to be deciding and prioritising as a community, what the best use of community benefit funding will be.

The following timeline indicates the activities in each stage of development and an approximate time taken for each stage for a single project. Where there are multiple projects in a REZ, they won't always coincide, as some will move faster through the process than others for various reasons.

### Approximate Project Development Timeline

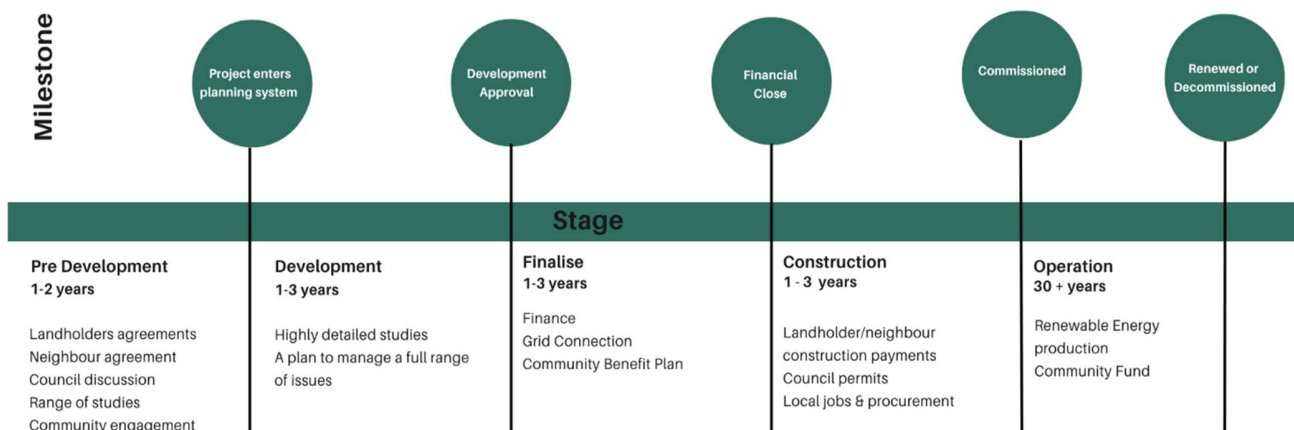


Figure 5: Example Energy Generation Project Development Timeline

## 13. Collaboration

Hay wants to set the benchmark for how a community works together for a better future, even if we have differing opinions.

Like other major economic transitions and changes we have seen in the past, the fact is, “we are all in this together.”

We will all benefit from an update of Australia’s aging and costly energy generators, we all win if Australia remains globally competitive with exports, and we all need rapid decarbonisation to preserve the places we love and to keep people safe.

Given the urgency of decarbonisation, it makes sense to collaborate as much as possible to increase the likelihood of Australia meeting our Net Zero targets.

## **14. Compatibility with existing Hay Shire Council Plans**

Council plans respond to identified community input and needs. Council documents, such as the Community Strategic Plan will be considered as part of the Roadmap process, to identify how the Renewable opportunity can assist Council to deliver on key strategic plans.

## **15. Maintaining existing economic drivers and “natural capital” in Hay**

To maximise the opportunities presented by the transition to clean energy, careful consideration must be given to existing economic drivers, particularly agriculture and tourism, together with Hay’s unique environment.

The benefits from renewable energy developments should never be gained at the expense of these existing, successful enterprises which must be maintained and ideally, enhanced by the renewable energy developments occurring around them.

Developers are asked to bring ideas from other projects and seek local advice from farmers, tourism operators, environmental managers and other local business operators as to how the design of projects might protect or enhance their existing enterprises.

For example, for solar projects, this may include designing the height or spacing between rows of panels to enable machinery access or easier grazing practices.

Other planning for projects outside of generation, transmission or storage infrastructure (eg. accommodation for workers) should consider related community aspirations outlined in the Roadmap.

## 16.Principles:

In partnering with the Hay community, developers are asked to join the council and community in applying the following principles to their approach in our region:

1. **Partnership** - Hay Shire Council and the community are genuine partners with developers, government and other parties wishing to invest in the region.
2. **Efficiency and coordination:** of engagement, to reduce the burden of consultation for both developers and the community. Coordination of funds, to achieve more impactful community and regional goals.
3. **Community Participation** - “happening with us, not to us,” Continuous learning.
4. **Transparency** - clear communication, no hidden agreements
5. **Collaboration** - Hay Shire Council is committed to working with other Councils within the SW REZ to broaden the opportunities across the region. We will work with LGAs in other REZ areas, research organisations and planning experts to assist in a fast and fair transition to clean energy across Australia. We will facilitate the collaboration of different project developers with each other, to find efficiencies.
6. **Long-term thinking** - decisions are made with consideration of multiple decades ahead and future generations to ensure a legacy.
7. **Economic Diversification** - for greater stability and less vulnerability
8. **Widespread prosperity** - both geographically and socioeconomically
9. **Regional Resilience** - our region experiences excessive heat and water shortages. We have the opportunity to prepare and adapt for these increasingly common occurrences, using capital from Renewable Energy and clever management of impacts.
10. **Leadership** - Hay and other communities in the SW REZ demonstrate how to manage the clean energy transition well and assist other regional Councils and communities to do the same.

A simple question can test whether a planned action or decision accords with the above principles.

Examples:

“Does this represent long-term thinking?”

“Does this support Hay to diversify its economy?”

“Has there been sufficient participation by the community in this decision?”

“Can this be done in a way that builds Hay’s climate resilience?”

“Have we planned to meet with Council/view Roadmap before scheduling community consultation?”

“Does this provide an opportunity to assist other communities to embrace the clean energy transition?”



*Figure 6: Principles for Successful Renewable Energy Development in Hay*

## 17. Conclusion

This document delivers the following message from the Hay Community to the NSW Government, EnergyCo, renewable energy developers, and any other consultants or service providers related to the REZ:"

- We are supportive of the clean energy transition
- We want to keep the overall experience for our community positive, to remain supportive
- We will ensure the energy transition happens with us, not to us.
- Assist us to deliver a coordinated approach to our community Do not overwhelm our community with an uncoordinated approach, otherwise support could be lost. Start all interactions with Hay Shire Council and the community network.
- Follow our Fundamental Principles for Successful Renewable Energy Development, to maximise collaboration and strategic outcomes.
- We want to ensure that renewable energy developments maintain or enhance our existing economy.
- We have a long-term plan for our economic transition, which includes the energy transition and we invite you to support it.

**Further information**

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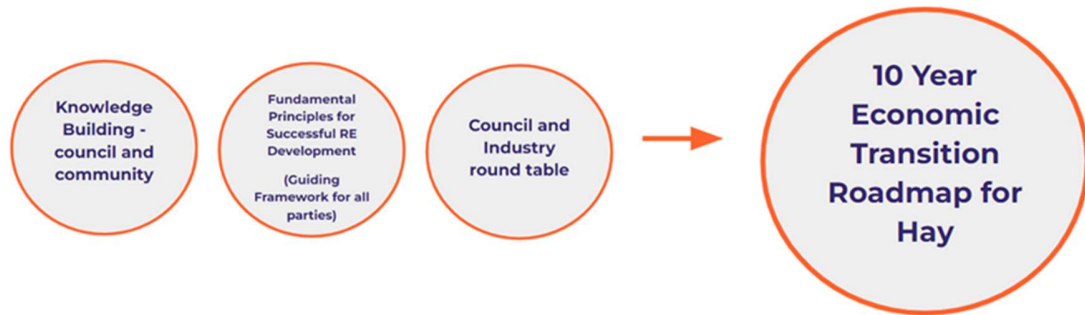
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## 18. Appendices

### Appendix A

The model for preparing the Hay Community, Council, renewable energy developers, government and other stakeholders to support Hay's vision for the future.



## Appendix B

Hay Shire Council and Community are continuing to expand our knowledge on the broader context of the energy transition. We recognise that there are multiple reasons for the transition globally and that the following represent just some of them:

### Why is the clean energy transition happening?

#### Upgrade the power system

- Renewable energy is much **cheaper**
- **Ageing** coal-fired power stations need to be replaced. Unviable
- **Lower prices** mean lower cost of living and business costs.

#### International Pressures

- **Competitiveness** - IRA (USA) EU carbon tariffs
- **Economic Imperative:** Australia can be a **clean energy superpower**
- International obligation **1.5 degrees** Emissions reduction **43%** by 2030, **net zero** 2050.

#### Environment

- **Urgent** need to reduce greenhouse gases that cause climate impacts like **droughts, floods, fires, heatwaves.**
- **Future generations** wellbeing, survival, ecosystems and biodiversity loss
- **Cleaner** air, water, less impact on land than coal mining.

Why development is occurring around Hay, in the South West REZ area:

The **best** REZ locations have:

**LOTS** of strong sun and wind

**Existing electricity network nearby**

**Existing land uses that work well with renewable energy (agriculture, biodiversity)**

**Good transport routes**

**Hay has all of these!**



## Appendix C

### Detailed description of community identified impacts and opportunities

#### Impacts and challenges

- **Fatigue and overwhelm** - when some landowners, individuals and community groups find themselves having numerous conversations with multiple developers.
- **Avoiding a boom/bust cycle** for the community - impacting housing affordability and availability, services and inflationary pressures. Need innovative ways to handle peaks and troughs.
- **Housing** - Use of existing housing will lead to rental shortages (already being experienced.) Don't want "shabby" houses built as cheaply as possible that nobody wants to buy or live in post-project. Houses should be in keeping with the character of the town.
- **Worker Accommodation** - how does a work camp benefit the community of Hay? Accommodation is ideally a mix of worker camp and affordable new houses.
- **Waste** - how will the waste be managed by the developers and Council and what opportunities are there for circular economy principles?
- **Road impacts** - who will pay for road maintenance and upgrades. How will traffic impacts around construction vehicles be managed?
- **Visual impacts** - can developers work with landholders and the community and adapt plans to lessen the visual impact of their project?
- **Environmental impacts** - The Hay Plains is a unique environment with rare breeding birds, flora and fauna. While it is recognised that the clean energy transition is necessary to mitigate the threat of a warming climate on biodiversity, any design innovations to minimise impacts on this sensitive environment (eg. exclusion zones within a development footprint) should be discussed with local environment groups and experts. There is a lot that can be done to mitigate impacts, using technology and design planning.
- **Confusing planning process** - eg. Environmental Impact Statements (EIS) - how can we help the community to understand the process for submissions and the results of EIS and other planning requirements? We expect industry to invest time in building community knowledge and to help interpret the EIS in layman's terms.
- **Decommissioning** - concern that this might not be undertaken properly or will be left for the landowner to undertake. Plan, budget and guarantee for decommissioning needed.
- **Financial security of generators** during construction phase - is there a risk of unfinished, abandoned projects?
- **Planning outside of everyday local operations.** Will there be a need to invest in sewerage, water, housing plans etc. to cope with rapid change with best practice.
- **Agricultural production impacts** - ensure early design phase considers changes that enable co-location of agriculture and energy production

## Opportunities

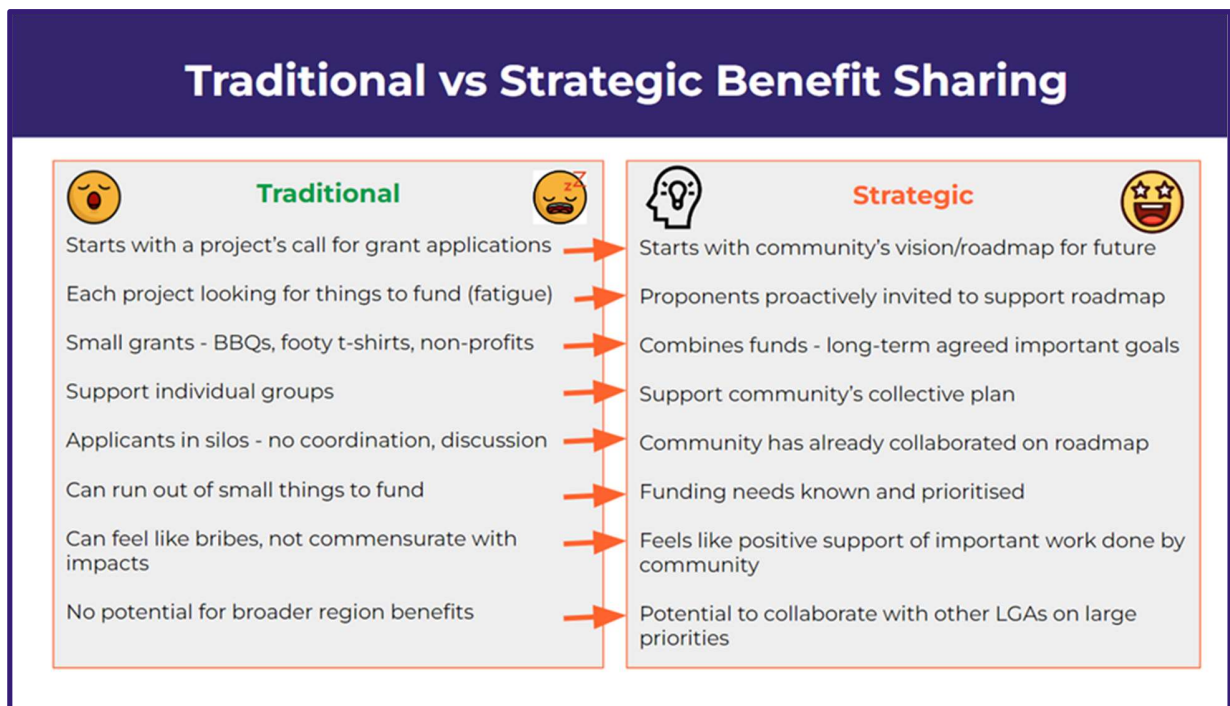
- **Affordable electricity for households** - community PPA, subsidised battery and solar for households as the most powerful way to reduce the cost of living.
- **Affordable electricity for small business and industry** to reduce cost of doing business
- **Decarbonised LGA** - particularly focused on the need for agriculture to rapidly decarbonise in order to be more competitive with exports (see Appendix B, middle column on economic imperatives for the clean energy transition.)
- **Attract investment capital** - utilise multinational networks and knowledge to attract industry to use the energy generated in Hay.
- **Education** - become the centre for Renewable Energy Education in NSW. Build a purpose-built training facility, offer university degrees in Hay.
- **Housing** - leave a legacy of 10 star, well-constructed houses. Design high-standard worker accommodation that could be adapted and repurposed in the future for specialist purposes (assisted living, aged care, student accommodation, emergency and social housing).
- **Infrastructure partnerships** - Council and community work with developers to create innovative infrastructure that both aids in the developer's construction phase and provides a legacy for the community (manage the boom and bust). An example currently being embraced by developers is the re-development of the airport precinct to host an industrial park to be used by Renewable Generators during construction, and the re-development of the runway to assist with worker transport, leaving an industrial park to attract new industry after the construction phase finishes.
- **Climate Resilience infrastructure** such as flood levee, flood warning system
- **Childcare** - Ultimately we want people to come and stay in Hay. For many families, childcare is essential. Today we have 100 people on the waitlist to get childcare in Hay.
- **Health** - how can developers improve the access to sustainable, high quality health care services in Hay and the broader region? Support a training facility for doctors and nurses? Provision of specialist care?
- **Primary Industry** - Farmers welcome landholder and neighbour payments because they provide a guaranteed income, which significantly eases the burden of drought. This also allows for more stable employment as farmers do not have to curtail spending during drought/flood. Hosting renewable energy will diversify income for farmers. The opportunity exists to find further economic diversification for farmers.
- **Research and Development** - Hay could become a centre for organisations like CSIRO to conduct research into how best to co-locate renewables and agriculture. This is a growing area of interest in regions hosting renewable energy.
- **First Nations** - opportunity to work with our First Nations communities to "close the gap" in Hay, through direct employment and increased services.
- **Liveability** - improve the livability of Hay through potential community infrastructure development such as community swimming pool and main street upgrades that improve the vibrancy and liveability of Hay. These assets and the Renewable Energy precincts themselves can support the Visitor Economy.

- **Co-investment opportunities** - for community in local Renewable Energy projects, made easy and affordable to the majority of residents.
- **Solar grazing (agrivoltaics), hortivoltaics and conservoltaics** as opportunities to co-locate solar and agriculture, horticulture and conservation.
- **Circular Economy** – how can waste from projects (construction and operation) be used to support a circular economy in Hay
- **Net Zero Tourism** - educating visitors about renewable energy - similar to The Dish in Parkes.

## Appendix D

The advantage of a strategic benefits sharing approach over traditional benefit sharing.

This strategic approach is what the Fundamental Principles and Roadmap are intended to provide.



## Appendix E

### Community Benefit Sharing from Developers

Benefit sharing is a term used to describe different approaches and mechanisms that aim to distribute the financial and other benefits of a project between the applicant and the impacted community through mutually agreed opportunities. In the context of large-scale renewable energy projects, arrangements with landholders, councils and local communities provide opportunities for community members to directly share in the benefits from the location of the project and for the applicant to enhance social licence for its project.

Specific benefit sharing initiatives offer a means of enhancing benefits for the people in the vicinity of, and most affected by, renewable energy development. This includes neighbours that may be affected by projects nearby, as well as members of the broader local community that host the development.

Benefit sharing initiatives can also help to mitigate broader intangible impacts of projects that may be otherwise difficult to avoid or minimise, by delivering positive social and economic outcomes for affected communities. Benefit-sharing initiatives can offer a clear and transparent way of demonstrating how renewable energy developments contribute to and benefit host communities and can assist in building community support. The NSW Government have released a Draft Benefit Sharing Guideline. The guideline provides advice on how community benefit sharing can be incorporated into the consideration and delivery of large-scale renewable energy development.

The Guideline has identified two separate groups who should be considered in any benefit sharing initiative.

1. **Neighbourhood Benefit's** – this level applies to local community members and small neighbourhoods in the direct vicinity of the proposed development
2. **Local Community Benefits** this level applies more broadly and typically within the local government area hosting the project. The scale of local community benefits will also generally be greater in both financial value and the number of potential recipients or benefactors. These can either be administered by Developers, Community Organisations or Council.

### Council-managed initiatives

Council-managed benefit arrangements can provide opportunities to consolidate funds from multiple renewable energy projects and gives councils the ability to deliver bigger community projects or services than would otherwise be possible if funds were directly managed by individual applicants.

For council-managed initiatives, the Department recommends using a planning agreement mechanism to establish a community benefit fund . The policy principles should be applied to

the establishment and administration of the fund, and when dedicating and distributing proceeds within the fund.

Details of any council-managed benefit sharing arrangements (such as a community benefit fund) will be made publicly available, including reporting on funds collected and expended through the Community Strategic Planning Process. This process invites the community to set out a vision, strategy, priorities and aspirations for a rolling 10 year period. This document would guide the use of council managed initiatives. Through the delivery of the program, funds collected and expended would be reported publicly.

The total funding value for a given project should be calculated by adding together proposed funding amounts for any neighbourhood benefit initiatives and any local community benefit initiatives (whether council-managed or otherwise).

The NSW Government have set the community benefits funding (including neighborhood programs) as follows:

- \$850 per megawatt per annum for solar energy development, or
- \$1050 per megawatt per annum for wind energy development,

paid over the life of the development and indexed to CPI

The total funding value for a given project should be calculated by adding together proposed funding amounts for any neighbourhood benefit initiatives and any local community benefit initiatives (whether council-managed or otherwise).

The estimated total value of funding for community benefit sharing must not include the costs of private agreements with landowners to either host or manage impacts from the development.

To support the Access Rights Scheme, Hay Shire Council proposes to support Developer applications with a Letter of Intent (April 2024) that outlines:

- Proposed community benefit scheme including percentage of funds for both neighbour and community benefits programs for each project
- Percentage of funds for council managed community benefits for each Renewable Energy Project

HSC intends to enter into Planning Agreements with Developers once the Access Rights have been awarded.

[Draft Benefit Sharing Guidelines.](#)

## **Planning Agreements or “Voluntary Planning Agreements” (VPAs)**

A voluntary planning agreement (VPA) is a written agreement between a planning authority (such as a local council) and a developer environmental planning instrument (EPI) or who has made or proposes to make a development application (or who is associated with someone who has) in which the developer agrees to make contributions to the authority. Part 7 Division 7.1 Subdivision 2 of the Environmental Planning and Assessment Act 1979 (EP&A Act) provides the legislative framework for planning agreements. Part 4 Division 1A of the Environmental Planning and Assessment Regulation 2000 (the EP&A Regulation) has further requirements relating to the form and subject matter of planning agreements, making, amending and revocation of planning agreements, giving public notice and other procedural arrangements relating to planning agreements.

A VPA is an agreement entered into by a planning authority (such as a Council) and a developer. Under the agreement, a developer agrees to provide or fund:

- public amenities and public services
- affordable housing
- transport or other infrastructure.

Contributions can be made through:

- dedication of land
- monetary contributions
- construction of infrastructure
- provision of materials for public benefit and/or use.

VPAs cannot be entered into unless public notice has been given and an explanatory note is made available for inspection for at least 28 days.

Although it is described as an agreement, a VPA usually takes the form of a deed, because the developer is making contributions but is not usually receiving any consideration in return.

A high degree of transparency is required throughout the VPA process to preserve the integrity of the development assessment process. The developer wants the consent authority to consider its offer to enter into a VPA when the Council evaluates a proposal to amend an EPI or considers the merits of a development application. It is therefore important that the public can see what additional benefits the developer is offering to provide, to reduce the risk of bias or of irrelevant matters being taken into account. Planning authorities should not place disproportionate weight on a VPA when considering the planning merits of a development application or a proposal to amend an EPI.

A developer will often offer to make contributions as part of the process of seeking a change to an EPI or preparing a development application as a way to offset potential impacts of development on the broader community.

As mentioned above, a broad range of contributions can be obtained by a planning authority under a VPA. Common forms of contributions that are provided under VPAs include (but are not limited to):

- the dedication of land free of cost, which can include land outside the scope of the land to which the relevant application relates.
- the payment of one or more monetary contributions. These can be in addition to development contributions and can exceed the development contribution cap amount. Provision can also be made in a VPA for monetary contributions to be reviewed and adjusted according to cost revisions rather than indexation.
- the carrying out of works, such as the construction or upgrade of roads, stormwater infrastructure, playgrounds and community facilities, environmental works etc

VPAs, therefore, provide a mechanism under which a willing developer can make contributions of a type or value which the planning authority could not require the developer to provide by other means. There does not need to be a strong connection between the proposed development and a monetary contribution or the works to be undertaken under a VPA, although the existence of some nexus between the two makes it less likely that the VPA might be seen as an attempt by the developer to 'buy' a development consent.

The EPA Act requires that the following information be included in a VPA:

1. a description of the land to which the agreement applies,
2. a description of:
  - the change to the environmental planning instrument to which the agreement applies, or
  - the development to which the agreement applies,
3. the nature and extent of the provision to be made by the developer, the time or times by which the provision is to be made and the manner in which the provision is to be made,
4. a mechanism for the resolution of disputes under the agreement,

the enforcement of the agreement by a suitable means, such as the provision of a bond or guarantee, in the event of a breach of the agreement by the developer.

In the latest NSW Government draft policy on community benefits, VPA's are referred to as "Council-managed Initiatives."

## Appendix F

### Community benefit funds from Access Fees

Generation and storage projects that wish to connect to network infrastructure in the REZ will need to apply for access rights through a competitive tender. Access right holders will be charged access fees that include components to fund community benefit and employment programs.

The planning for Renewable Energy Zones has strict requirements (“merit criteria”) around financial, environmental, cultural considerations, which need to be met by generators if they want to bid for space on the transmission line. If developers do not meet the requirements they cannot connect.

EnergyCo is coordinating regional scale mechanisms to share benefits from renewable energy projects across local government areas within REZs. Through the collection of network infrastructure access fees in REZs, renewable energy projects will contribute millions of dollars in funding for community benefit sharing and employment purposes over decades.

Where the total access fee for a participant in the access scheme is equal to or greater than \$2600/MW/year. The minimum amount of the total access fee that is to be used for community and employment purposes is expected to be:

- \$1,700/MW/year for community purposes
- \$600/MW/year for employment purposes

The proposed access scheme for the South West REZ is intended to deliver benefits to consumers, host communities and investors, in line with the objectives of the [Electricity Infrastructure Investment Act 2020](#) and the Electricity Infrastructure Roadmap.

The proposed scheme would:

- *foster community support and regional economic benefits*: by delivering outcomes for local communities, including through access fee distribution, mitigation of cumulative impacts and strategically managing land use considerations
- *utilise the network efficiently*: to promote energy affordability through coordinated and optimised delivery of network and generation infrastructure, ultimately benefiting NSW consumers
- *provide investment certainty*: to proponents through improved protection against congestion and curtailment within the REZ
- *improve certainty of connection timeframes*: by facilitating a REZ connection process.

Although access fees are not payable by developers until they connect, EnergyCo has made arrangements for the funding to be made available to communities in the REZ areas in the near term, to account for impacts being experienced by communities in relation to these projects now.

## **Appendix G:**

### **Key Milestones for South West REZ development.**

October 2021 Registrations of Interest received from 49 potential renewable energy and storage projects (13 times what is needed for the intended capacity) - shows strong interest

4 November 2022 - SW REZ formally declared by the Energy Minister

April 2024 - potential date for developers to apply for access rights (likely at a later date) to connect their projects to new transmission lines in the REZ.

The NSW Government Energy Corporation (EnergyCo) is in the early stages of developing the South West REZ, which will take some years. Developers are already engaging with the community as their plans for provision of community benefits is part of the criteria for being granted access rights.

Further information about the design of the South West REZ can be found in the South West REZ Access Scheme position paper, which was open for public feedback from March to May, 2023:

[https://www.energy.nsw.gov.au/sites/default/files/2023-03/NSW\\_South\\_West\\_Access\\_Scheme\\_Design-Position\\_Paper\\_2023.pdf](https://www.energy.nsw.gov.au/sites/default/files/2023-03/NSW_South_West_Access_Scheme_Design-Position_Paper_2023.pdf)

Further information about the South West REZ in general can be found on the EnergyCo website:

<https://www.energyco.nsw.gov.au/sw-rez>

## **Appendix H**

### **Frequently Asked Questions:**

#### ***Why are we not pursuing nuclear power as a region or nation?***

Large-scale nuclear energy plants would take years to build, the earliest operational plant of that size would not be operating until 2040.

Small modular reactors that are currently being talked about are not proven. There are two currently operating in the entire world (one in China, and one in Russia). They are at least 10 years from being able to be safely deployed in Australia, well beyond Australia's 2030 date for reaching a 43% reduction in greenhouse gas emissions. Achievement of the government's renewable energy target of 82% by 2030 will leave little room for additional nuclear capacity.

Across the world, nuclear power's share of global electricity generation fell to 9.2 per cent, its lowest share in four decades and little more than half of its peak of 17.5 per cent in 1996. Investments in renewables constituted an estimated 74 percent of all power generation investments in 2022, while nuclear accounted for just 8 per cent, suggesting it is not economically viable. No western economies are operating small-scale nuclear.

#### ***How can we be sure projects remain viable?***

The Access Rights tender process assesses a developer's ability to build, finance and run the project.