1/12/2023

NSW Decarbonisation Innovation Hub

Electrification & Energy Systems Network (EESN)

Response to AER Social License Directions Paper for Electricity Transmission

Contributors: Professor R. Ryan, Dr. H. Askland, Dr. C. Carr

1. Introduction

This submission seeks to augment the existing frameworks and approach established by Australian Electricity Regulator (AER) and government entities to ensure equitable outcomes for communities commencing in the various stages of developing new transmission corridors.

2. Definitions

For the purpose of clarity, this response will utilise the definitions of terms offered by the AER *Directions Paper – Social licence for electricity transmission projects* except where specifically identified.

3. Broader Context

The authors are minded that Transmission companies should engage with locals at **all stages** throughout the project implementation process – guided by a stakeholder engagement and communication framework. Communities should also be active in identifying the Corporate Social Responsibility projects to take place in their area.[1]

4. Principles

Currently there is no common agreement on how to measure either the efficiency of stakeholders' participation methods or the degree of stakeholders' participation that should be reached to make a transmission project successful. However, the heterogeneity of public stakeholders and the complexity of issues can often impede comprehensive and deep engagement.

To address this, some principles/basic steps for engagement include:[2]

- Measures of how participatory consultative activities can be realised in reality.
- The *need* for transmission infrastructure (or any project) is a fundamental discussion point in the engagement process – people are more likely to object to something if they do not believe it is needed.
- Discussion of need should be complimented by high levels of transparency and information provision.

---

[1] Murambi, S. N. (2014)

[2] Komendantova, N. Vocciante, M. & Ba ttaglini, A. (2015)

- The presence of a stable and robust environmental protection governance framework can benefit project developers because it addresses stakeholders' concerns and creates the basis for cooperation with civil society groups.

5. Responses to Questions for Stakeholders

5.1. What expectations should be held of transmission businesses in undertaking community engagement?

5.1.1. Community engagement should start early, with identification of key community concerns related to sensitive areas to be taken into account when developing proposals for study corridors. Alternative study corridors should be put forward for community feedback, with a preliminary social impact assessment to be conducted for sensitive areas.

5.1.2. Best practice social impact assessment principles (see NSW Social Impact Assessment Guideline) should be applied from the onset, with qualified social researchers to undertake engagement and early assessment of the distribution of risks (negative social impacts) and benefits (positive social impacts) within distinct communities.

5.1.3. Social impacts should guide the assessment of alternative study corridors, and in circumstances where the negative social impacts are evaluated to have a magnitude level of transformational or major or moderate, with a likelihood level of almost certain or likely or possible, alternative corridors should be identified and evaluated (see NSW SIA Guideline – Technical Supplement – Table 5 and 6).

5.1.4. Engagement about the management of social impacts should occur at the level of community and not solely with individual landholders.

5.1.5. If there is no no/minor/minimal impact alternative, engagement with landholders and community should occur about how to best mitigate the impacts, including concerns of compensation for both individual landholders and community.

5.1.6. Opportunities for engagement in electricity transmission grid projects are often characterised by perceptions of insufficient information and insufficient influence on the process[3]. Therefore, greater information provision and involvement in influential decision making is required – noting that community members will represent diverse groups who often have different levels of knowledge, time and engagement to bring to the planning process.

5.1.7. Greater transparency of how transmission corridors have been decided is needed.

5.1.8. As referenced in the Directions Paper, First Nations' needs must be considered as part of engagement.

5.2. What outcomes need to be achieved from engagement?

5.2.1. Given the often publicly controversial nature of infrastructure siting, success is dependent upon generating support (or at least ameliorating opposition) from local communities, public planning bodies, and numerous other stakeholder groups.[4]

5.2.2. Improve the level of direct community and stakeholder involvement in the processes and outcomes of decision-making – particularly overcoming the preclusion of "decisional" influence by local community members in the process.[5]

5.2.3. The voices of citizens and communities, their knowledge, and their participation is prioritised within a more expansive definition of community engagement. Communities are supported to build capacity towards initiating collaborative projects with public bodies as they relate to the delivery of climate related infrastructure, moving toward community empowerment.[6]

5.2.4. Community engagement should aim to identify and community concerns and address these. It should follow the logic of best practice social impact assessment, which is:

Prediction of impact → refinement of project to avoid negative impacts and enhance benefits → minimisation of negative impacts and maximisation of benefits → mitigation of negative impacts → management of impacts and benefits.

5.2.5. Acknowledgement of the need to decarbonise the electricity grid.

5.2.6. Recognition that benefits are flowing to impacted communities.

5.2.7. With impacted landholders: Recognition of an equitable settlement both now and over the lifetime of the project.

5.2.8. To secure ongoing social licence, people and communities have to feel that proposals are just, and will remain so throughout the life of the project. Engagement should lead to people experiencing that the proposal adheres to the principles of[7]:

a. Distributional justice (the distribution of risks and benefits – considered in geographical terms [not just the beginning and end of the transmission line – e.g. with production and consumption])

b. Procedural justice (people feel the process has been fair and that decisions have been made in a just way, including who was involve and who had influence in the decision making)

c. Justice as recognition (community views are recognised and respected)

5.2.9. Improve public awareness and trust in infrastructure development projects.[8]

---

[3] Knudsen, J. K. et al. (2015)
[4] Cotton, M. & Devine -Wright, P. (2010)
[5] Cotton, M. & Devine -Wright, P. (2010)
[6] Boyle, E. et al. (2022)
[7] https://www.routledge.com/Environmental-Justice-Concepts-Evidence-and-Politics/Walker/p/book/9780415589741
[8] Bhagwat, P. Keyaerts, N. & Meeus, L. (2018)

5.3. When and how social licence issues can be factored into regulatory tests for the approval of and recovery of cost for new transmission development?

5.3.1. Social licence issues should be able to be factored into regulatory tests for approval from the very start as evidence shows that engagement should start as early as possible. The optimum time for engagement requires further definition: the concept of "as early as possible" can result in a process that starts "too early" to be meaningful to stakeholders who may not yet know anything about what they are being engaged/consulted on.[9]

5.4. Are there any changes we should make to the approach in this chapter? (Chapter 4)

5.4.1. The directions paper would benefit from including a statement about what is considered 'good engagement', including who, when and where engagement should take place.

5.4.2. The statement on page 15, under the heading ' additional classes of benefits and costs in ISP and RIT-T assessment' establishes that externalities, immaterial and unquantifiable factors are excluded in the cost benefit analysis. This is problematic – much of the community opposition is related to these issues.

5.4.3. Under Section 4.1, A Credible Option should also consider a fifth criterion: "be socially feasible." Feasibility to be determined by a Social Impact Assessment.

5.5. Where should we focus on in providing further guidance to the sector when updating our guidelines?

5.5.1. Providing awareness and information on the *need* for transmission infrastructure should be considered. In the case of electricity transmission projects, stakeholders often want to understand the purpose and possible alternatives—for example, decentralised energy generation, which foresees deployment of energy generation near the point of use, therefore potentially matching supply with demand. In the case of this particular study[10], local inhabitants requested clarification regarding:

- Future energy demand in their region.
- Population dynamics.
- Migration of industries.
- Energy efficiency measures.
- Options for decentralised energy generation.
- Alternative routings for the transmission lines.

[9] Komendantova, N. Vocciante, M. & Battaglini, A. (2015)
[10] Komendantova, N. Vocciante, M. & Battaglini, A. (2015)

5.5.2. In unsuccessful projects, need tends to be identified by developers and authorities who are not prepared to discuss alternatives. However, questions about need tend to be successfully addressed by workshops with stakeholders where local residents and organisation representatives can express concerns and ask for additional information. Info-markets and information events were successful in demonstrating the need for the project to the public and organised stakeholders.

5.5.3. The direction papers emphasises the economic argument over social argument. When the emphasis is on 'maximising the net economic benefit to all those who produce, consume and transport electricity in the national energy market' (p.6) or when social licence is approached from the position to 'review cost recovery' (p.11) the 'total market benefits of a particular option are best understood as being the benefits of the option to all those who **produce, distribute and consume electricity** in the NEM', (p.14, my emphasis) this can aggravate community tension, as it excludes the people and communities at the frontline of the development from the consideration of benefit and they are position as costs (as problems that has to be dealt with – the proposal becomes deterministic and community is side lined. The side lining of community is evident in the table on page 13, which does not include 'the social' as part of a credible option.

6. References

The following are the links to papers referenced in this response:

http://erepository.uonbi.ac.ke/handle/11295/104972

https://www.mdpi.com/1996-1073/8/9/9407

https://www.sciencedirect.com/science/article/pii/S0264837715001751

https://journals.sagepub.com/doi/abs/10.1177/0963662510362658

https://cadmus.eui.eu/handle/1814/54884

7. NSW Decarbonisation Innovation Hub ("Decarb Hub")

The Decarb Hub is a coalition of nine of NSW's top Universities and selected government agencies to promote innovation and support the decarbonisation efforts of industry, community and government.

Our vision: To support a mature and collaborative decarbonisation innovation community, by fostering the research, development, commercialisation and adoption of decarbonised technologies and services to reduce emissions to net zero by 2050 and provide economic benefits to NSW.

An outworking of the OCSE Decarbonisation Innovation Study 2020. Funded by the NSW Environmental Trust. Administered by OCSE through UNSW Sydney in partnership with University of Newcastle. Hosted by UNSW Sydney, University of Newcastle and Western Sydney University. The Study Update 2023 was published recently.