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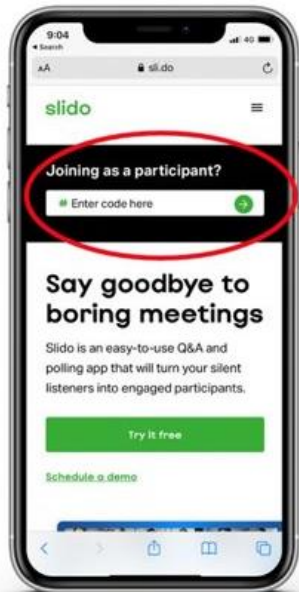
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# Review of the CBA and RIT application guidelines – Social Licence

Expert Forum Monday 20 May 2024

**We would like to start by acknowledging the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.**

# Today's agenda

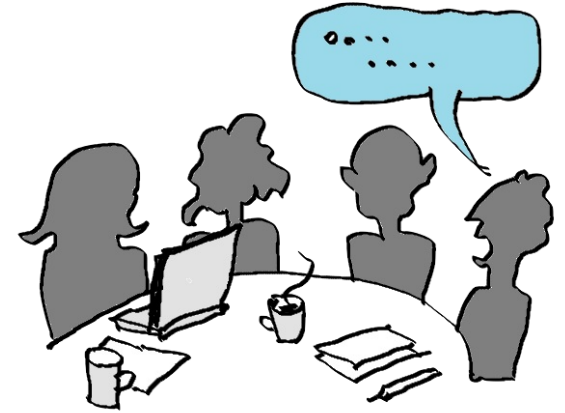
1.	3:30pm	Jim Cox & Sue Vercoe	<b>Welcome and introduction to the session</b>
2.	3:35pm	Owen McIntyre	<b>Background to the guidelines review</b>
3.	3:45pm	Sue Vercoe	<b>Measuring social licence</b>
4.	3:55pm	Owen McIntyre	<b>Topic 1: Identifying a credible option</b>
5.	4:15pm	Owen McIntyre	<b>Topic 2: Considering costs of building social licence</b>
6.	4:35pm	Owen McIntyre	<b>Topic 3: Engagement</b>
7.	4:50pm	Sue Vercoe	<b>The broader stakeholder forum</b>
8.	5:00pm	Jim Cox & Sue Vercoe	<b>Wrap-up and next steps</b>

# Who's in the room with you?

Name	Title	Role today
Jim Cox	Deputy Chair, AER	Presenter
Owen McIntyre	Director, Transmission Frameworks, AER	Presenter
Sue Vercoe	Managing Partner, SEC Newgate	Facilitator
Ali Hassan	Assistant Director, Transmission Frameworks, AER	Subject Matter Expert
Eugene de Guingand	Senior Analyst Transmission Frameworks, AER	Subject Matter Expert
Jesse Price	Director Stakeholder Engagement, AER	Observer
Talia Monterosso	Assistant Director Stakeholder Engagement, AER	Observer
Jordan Tasker	Director, Policy Projects, AER	Observer
David Ball	Principal Lawyer, AER	Observer

# Housekeeping

- There are two forums on this topic – this is the expert forum.
- Today's forum will run for up to 2 hours.
- We'd like to encourage more discussion in today's session than is usual in these AER forums.
- Please use this opportunity to share your feedback or to clarify some things to help write your submission.
- Give feedback via Slido or by raising your hand to indicate you'd like to talk.
- If you have questions or concerns that are not addressed today, get in touch with Owen McIntyre, and he will answer your questions directly or arrange a separate 1:1 briefing.



# The guidelines review

- The AER has commenced a review of the cost benefit analysis (CBA) guidelines, as well as its instruments and application guidelines for its regulatory investment tests (RIT-T & RIT-D).
- The energy transition and recent changes in community awareness and support for network infrastructure projects have resulted in a need to update network regulation processes, including these Guidelines.
- A consultation paper has been published on this review.
- In this review, the AER is updating guidance on:
  - How to include emissions reductions as class of market benefits, and
  - The implementation of recent and open AEMC rule changes
  - Creating social licence on transmission projects – **what we are talking about today**

# What has influenced this review?

Ensuring transmission projects build and maintain social licence is becoming a focus in the national planning framework. Our own guidelines review forms one part of an industry-wide shift towards placing greater importance on social licence and community engagement.

## **AEMC:**

Enhancing community engagement rule change (requires the AER to update RIT guidelines)

## **DCCEEW:**

Developing guidelines for community engagement and benefit sharing

## **AEIC:**

Community engagement review

## **AER:**

- Social licence directions paper
- RIT guidelines review

## **The Energy Charter:**

- Queensland renewable energy code



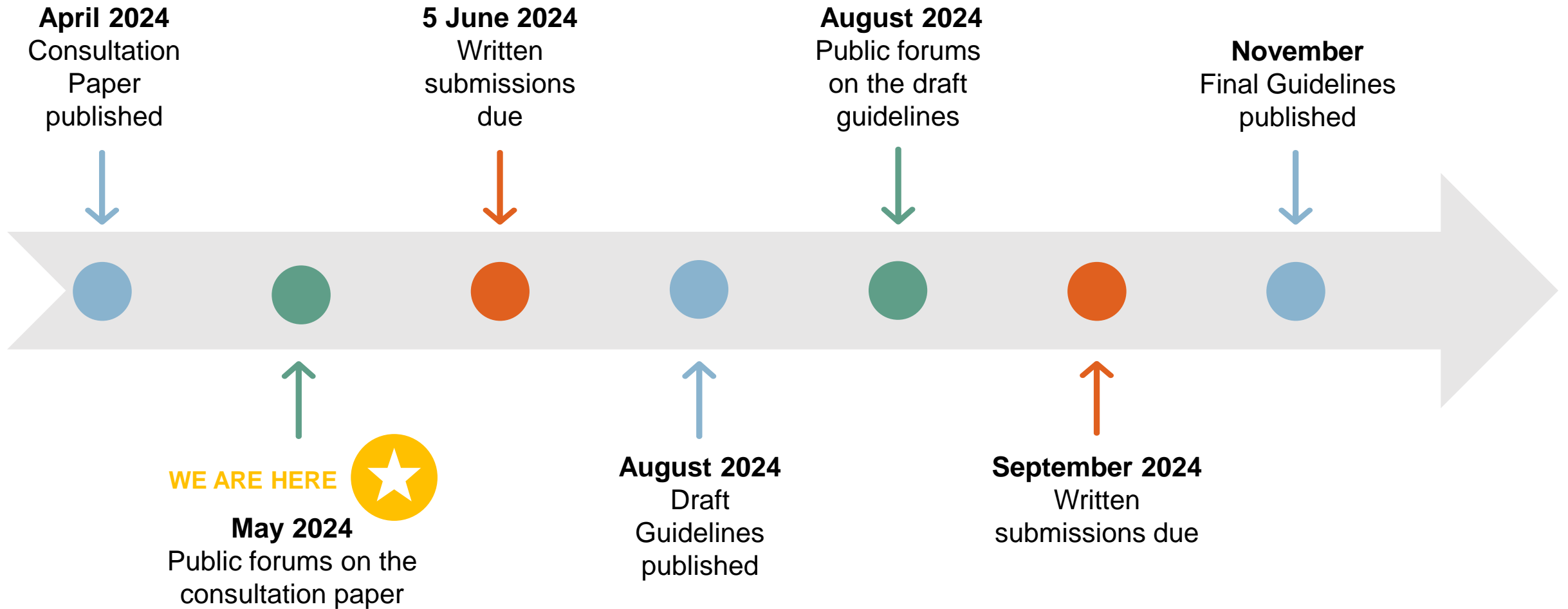
# Why are we here today?

- The purpose of today is to seek your views on the **social licence topics** of our guideline review, covered in the consultation paper:
  - Identifying credible options in a RIT-T assessment
  - Costs and market benefits in Integrated System Plan (ISP) and RIT assessments
  - Community engagement
- Your feedback will help shape the AER's development of the renewed guidelines.



Do you have any immediate questions on the review or the consultation paper?

# The consultation process and timeline



# A quick question to get us started

# Measuring social licence

The AER adheres to the definition of social licence as “the level of acceptance of an organisation and its activities by a community”.

## Discussion questions

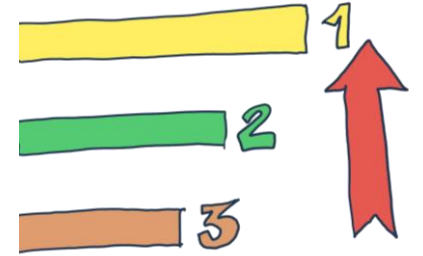
1. What would be a good way to measure social licence?
2. How does your organisation measure social licence?



You can answer this question in the Slido Q&A page or feel free to put your hand up.

# **Topic 1: Identifying a credible option**

# Identifying a credible option



## What is changing?

The expectation that a proponent will now establish how social licence issues have been considered in their assessment of whether an option is technically and commercially feasible, or if it can be delivered in sufficient time to meet the identified need i.e. whether an option is credible or not.

## What are we seeking your views on?

How transmission businesses might ensure that a **credible option** can be implemented in sufficient time to meet the identified need as required by the definition of credible option.

# Identifying a credible option

A credible option:

addresses the identified need

is technically feasible

is commercially feasible

can be implemented in sufficient time to meet the identified need

The identification of a credible option may be affected by community opposition, as follows:

## Project not going ahead

- Land access issues
- Jurisdictional planning approvals

## Cost and benefit estimation

- Delayed realisation of benefits
- The proponent may need to incur material expenditure to proceed with a development

## Project delay

- May not be able to be delivered in sufficient time to meet the identified need

# Discussion questions

1. If you don't have social licence, can an option be credible?
2. Thinking about how the guidelines will be applied, are there sections where your organisation would benefit from examples or case studies being included? If so, where?



You can answer these questions in the Slido Q&A page or feel free to put your hand up.



# **Topic 2: Considering costs of building social licence**

# Considering costs of building social licence



## What is changing?

The inclusion of additional guidance to stakeholders on how the costs associated with building and maintaining social licence for major transmission projects should be considered and assessed as part of the RIT-T.

Social licence issues may impact the valuation of:

- costs incurred in constructing or providing a credible option.
- operating and maintenance costs of a credible option.
- the cost of complying with laws, regulations and applicable administrative requirements in relation to the construction and operation of a credible option.
- a project's market benefit, if there is project delay.

## What are we seeking your views on?

How to identify and calculate the costs associated with addressing social licence that can be included in the RIT-T, including worked examples.

# Discussion questions

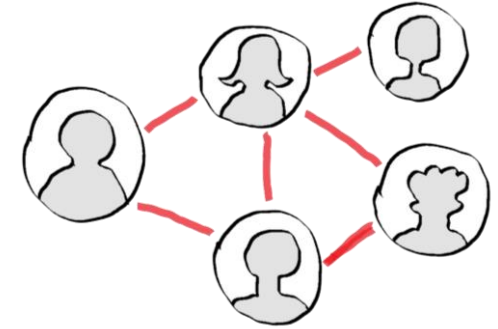
1. Is it clear to you how a financial investment in social licence is accounted for in the RIT-T process and requirements? If not, what needs to be clarified?
2. Has the AER got the balance right in terms of covering the delivery of social licence (i.e. project acceptability) in project costs, but not engagement that is aimed at building profile or improving reputation (i.e. project support)?
3. Thinking about how the guidelines will be applied, are there sections where your organisation would benefit from examples or case studies being included? If so, where?



You can answer these questions in the Slido Q&A page or feel free to put your hand up.

# Topic 3: Engagement

# Engagement



## What is changing?

In its rule change the AEMC determined that, at the preparatory works stage, RIT-T proponents must undertake engagement with stakeholders that are reasonably likely to be affected by the development of the project.

They also specified who these stakeholders should include: local landowners, local council, local community members, local environmental groups and traditional owners.

Our renewed guidelines need to reflect these rule changes.

## What are we seeking your views on?

Feedback on the new expectations on transmission businesses regarding engagement with local communities and other stakeholders affected by major transmission projects – are they clear? Are they reasonable?

# Discussion questions

1. Thinking about guides for engagement, would you prefer something principles based to show evidence against in reporting OR specific or minimum requirements of activities to check off in reporting? Why?
2. A key part of the AEMC's community engagement expectations is using "reasonable endeavours to address all categories of stakeholders in a tailored and effective manner". How would you define "reasonable endeavours"?



You can answer these questions in the Slido Q&A page or feel free to put your hand up.

# The broader stakeholder forum

# Making the most of our broader stakeholder forum

We are running a similar session with community stakeholders in a couple of weeks. We value your input and would love to hear your views on what would be useful to hear or ask community stakeholders.

1. Are there any specific information gaps you'd advise us to fill?
2. Are there any particular questions that you think we should focus on?
3. Is there any other advice you would share with us?



# Reflections on your feedback

Jim Cox

# Thank you for attending today

Your feedback today will help shape the AER's development of the renewed guidelines.

Please email your submissions by Wednesday 5 June 2024:

[RITguidelines@aer.gov.au](mailto:RITguidelines@aer.gov.au)

Please feel free to reach out with any questions in the meantime:

[RITguidelines@aer.gov.au](mailto:RITguidelines@aer.gov.au)



**Before you go, please complete two short feedback questions on today's session**

