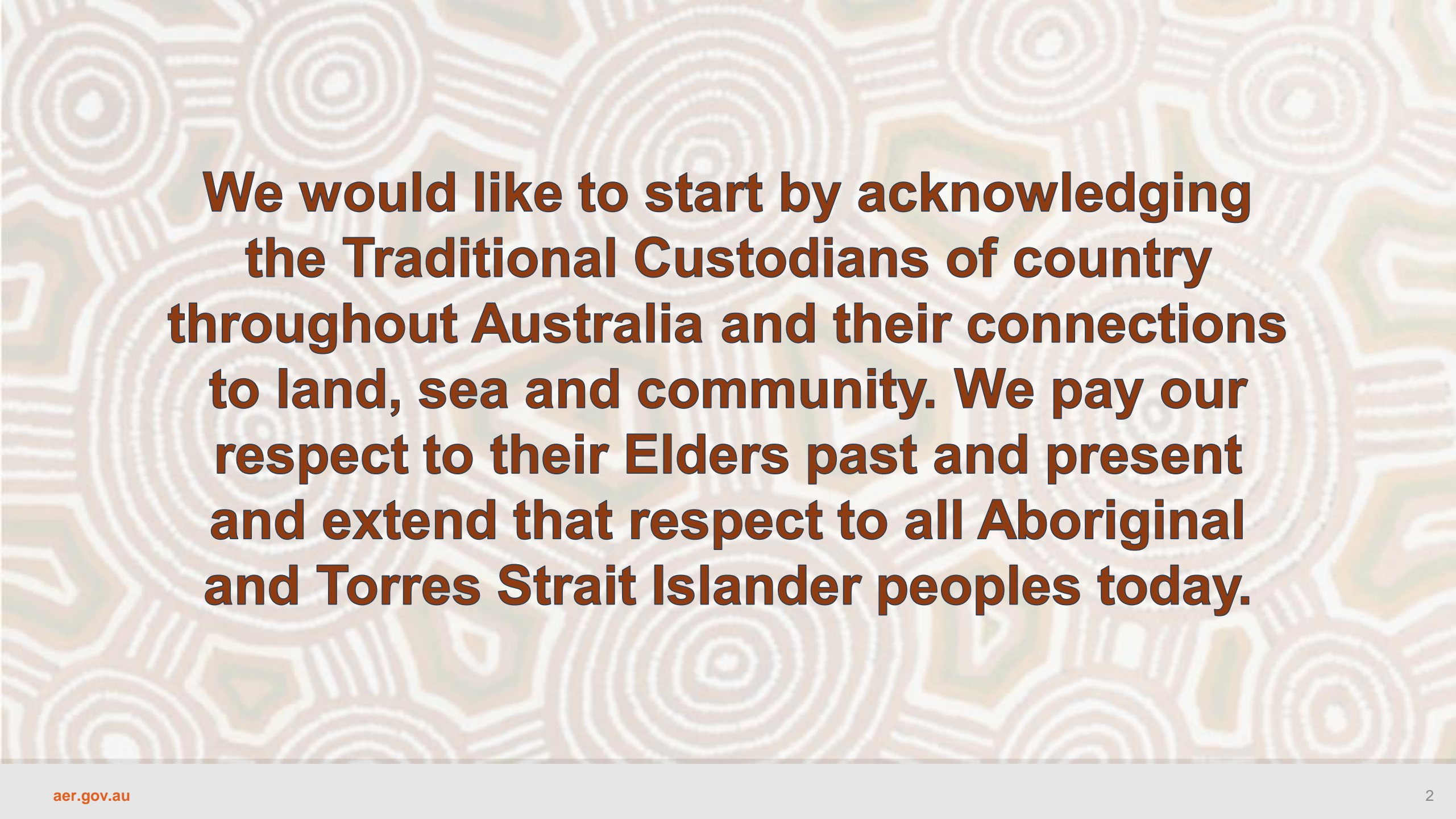


Review of the AER's application guidelines – Social Licence

General Forum Thursday 29 August 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.

Meeting agenda

Purpose

To seek your views on the AER's draft amendments related to **social licence for electricity transmission projects**.

Overview

Our draft amendments incorporated feedback from the previous round of public forums and submissions to the consultation paper on three key topics, which is **the scope for today's discussions**:

1.	2:00pm	Dr Nicola Pitt	Welcome and introduction to the session
2.	2:05pm	Owen McIntyre	The guideline review process
3.	2:30pm	Eugene de Guingand	Topic 1: Engagement
4.	3:00pm	Ali Hassan	Topic 2: Considering costs of building social licence
5.	3:30pm	Scott Perrin	Topic 3: Credible options
6.	3:55pm	Dr Nicola Pitt	Wrap-up and next steps

Outcome

Discussion from this forum will help shape the development of the final amendments.

Housekeeping

- There are two forums on social licence – this is the **general forum**.
- Today's forum will run for up to two hours and will be transcribed.
- Please use this opportunity to share your feedback on the draft amendments, our discussion topics, or to clarify some things to help you provide the feedback you want.

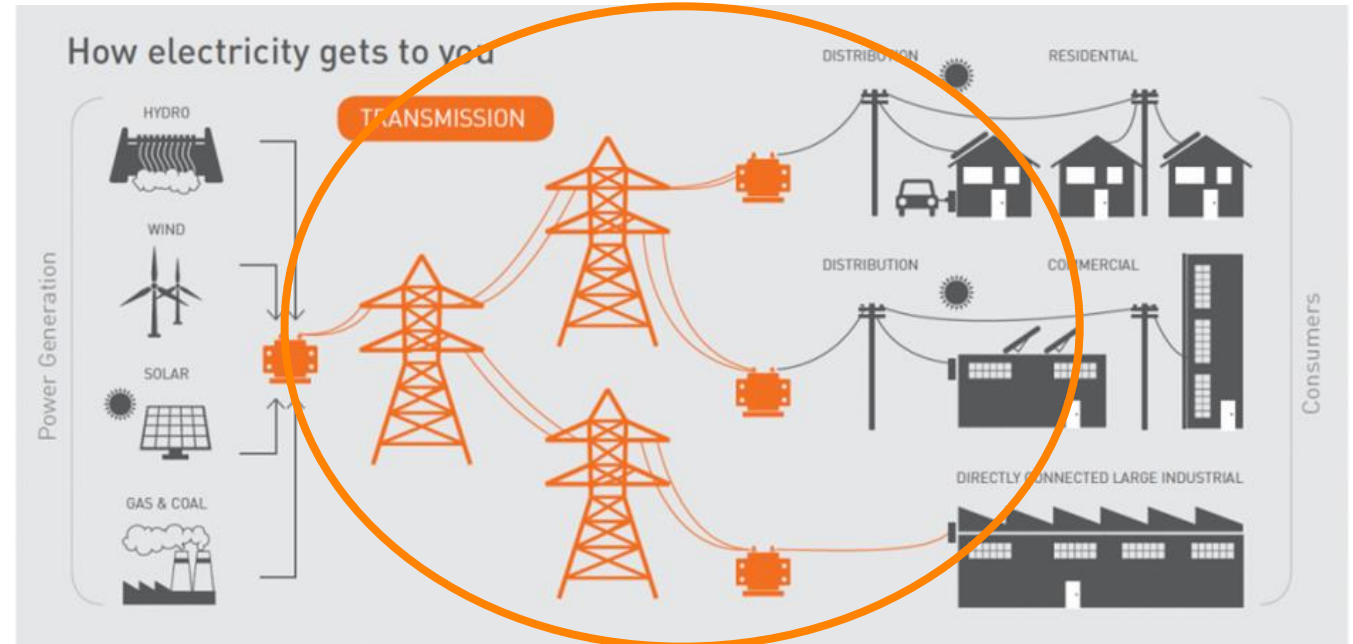


If you have questions or concerns that are not addressed today, please get in touch with the team through **RITguidelines@aer.gov.au**, and we will answer your questions directly.

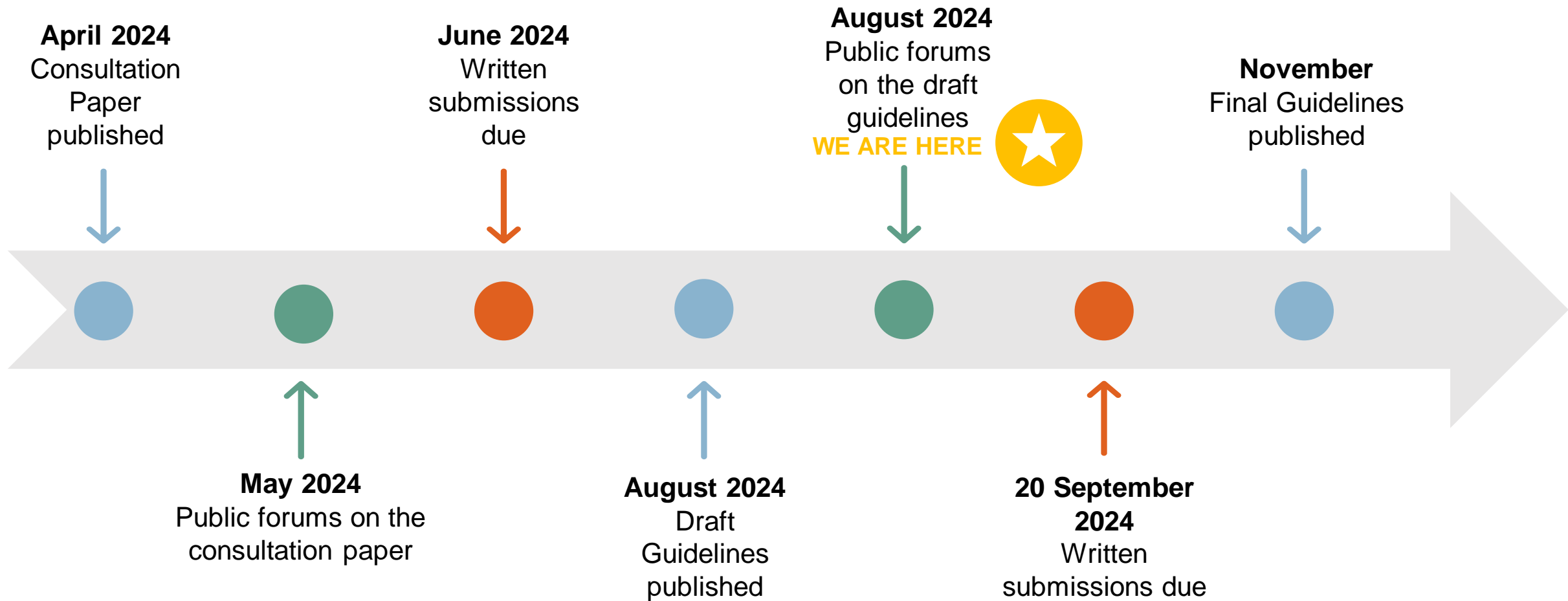
The guidelines review process

Project Background

- The AER is responsible for the economic regulation of electricity transmission and distribution services in Australia
- The rules have changed to require engagement for large transmission projects.
- We have made draft amendments to clarify these requirements.
- We are interested in your thoughts on our proposed changes to the guidelines in our draft amendments.
- Changes will only be relevant for Transmission and Distribution projects.



The consultation process and timeline



Defining social licence

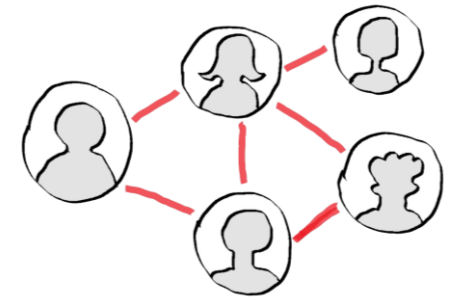
- **Based on feedback**, we describe social licence in the context of our guidelines as follows:
 - Social licence is linked to general awareness and **acceptance of a project** within a community and is directly linked to a project's credibility.
 - Successful project proponents have clear strategies and programs to form good relationships and acknowledge these are **built over time**.
- **We have incorporated feedback** from our previous forum where participants raised:
 - social licence includes acceptance and not necessarily support of a project
 - is built over time

Question

Are there any other crucial aspects of social licence we may have missed in updating our description for this guidelines review?

Topic 1: Engagement

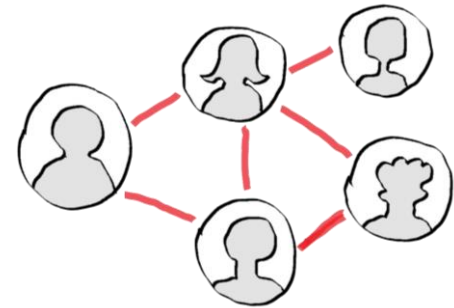
Why the engagement rules changing



- **The rules have changed** to require large transmission projects to conduct engagement with local communities during the planning stages of their projects.
- **Based on feedback**, we have added a requirement for smaller transmission projects to either:
 - consult with local communities, or
 - explain why consultation isn't necessary for the particular project (e.g. the project is upgrading existing lines).

Engagement for large transmission projects

- **Our draft amendments** require transmission businesses to publish a stakeholder engagement plan before their first project planning report.
- **The stakeholder engagement plan must:**
 - Identify a framework for stakeholder engagement and explain why this is best for this particular project
 - Describe methods of identifying stakeholders
 - Provide a timeline of engagement activities
 - Demonstrate how it meets community expectations



Question

How comprehensive should an engagement plan need to be at the start of the planning process?

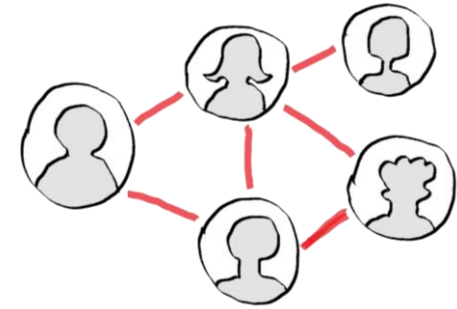
Question

Does this leave the transmission business enough flexibility to change the plan based on what they have heard from communities?

Question

Are there any parts of engagement that should be added to the list and made a requirement?

Engagement for distribution projects and smaller transmission projects



- **There is not currently an engagement requirement for small projects.**
- **Our draft amendments** require project proponents to describe how they have engaged with consumers and other stakeholders, including how they have sought to address any relevant concerns as a result of that engagement in their reports.
- **If they have not engaged with consumers**, they must describe how they plan to, or why they have decided it is not necessary to engage with consumers.
- **These rules require some flexibility** to allow engagement to match the size, scope and interest surrounding a given project.

Question

Does this flexibility seem reasonable given that some projects take place on land already owned by the transmission businesses?

Question

Are you confident that transmission businesses will correctly decide when to engage with communities?

Topic 2: Considering costs of building social licence

Costs of building social licence

- **Transmissions businesses recoup their costs through electricity bills**, so energy consumers will ultimately be the one paying for costs of social licence activities.
- **In the previous forum**, there was strong agreement that consumers should not bear the costs of poor social licence, however, this review is not able to make changes to accommodate this.
- **Instead**, the requirements to **ensure engagement is proportional to the size of the project (e.g. stronger requirements on large projects)** is made with consideration to the fact that consumers pay the cost of this engagement.



Example: stakeholder engagement



Through conducting preparatory activities and stakeholder engagement, a project proponent may identify that a transmission project may require a relatively large or small allocation of funds for stakeholder engagement.

The efficient level of spending of stakeholder engagement is associated with a properly sized team to undertake the engagement and reporting against this engagement through the stakeholder engagement plan or strategy.

Question

Have we struck the right balance between engagement requirements that improve project planning versus unnecessary engagement that delays projects and adds costs?

Question

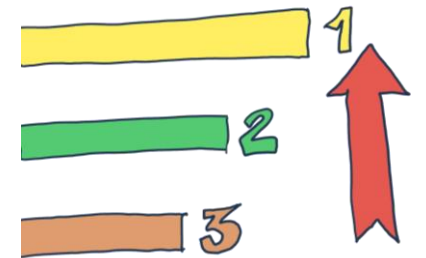
What engagement types or strategies would be most useful to assist a community to provide the most useful feedback on reasonable costs associated with building social licence?

Topic 3: Identifying a credible option

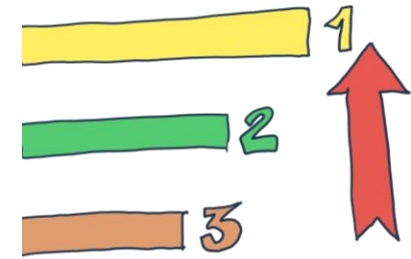
Identifying a credible option

For a route to be ‘credible’, it has to:

- Address the purpose of the project (e.g. making the network more reliable at the lowest cost).
- Technically possible to build.



Draft amendments



- A business shouldn't rule out options at the beginning of the planning stage due to a lack of social licence, but they need a plan to build this social licence over time.
- It is up to the proponent to deliver the project in such a way that a reasonable amount of community acceptance is achieved.
- **For example**, based on community feedback, they may agree that slight diversions of the route are required to avoid an area of parkland that is home to an endangered species.

Question

Are there good examples of actions a transmission company should take to refine a route over time to ensure it remains credible?

Open discussion

Thank you for attending today

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

If you choose to write one, please email your submissions by 20 September 2024:

RITguidelines@aer.gov.au

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

RITguidelines@aer.gov.au