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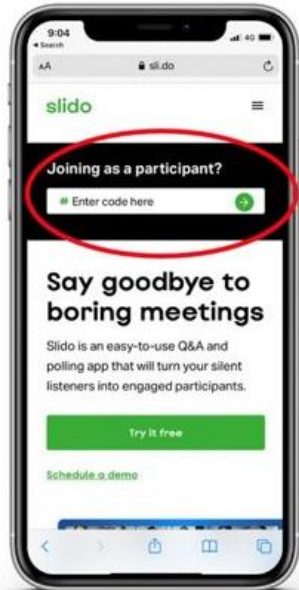
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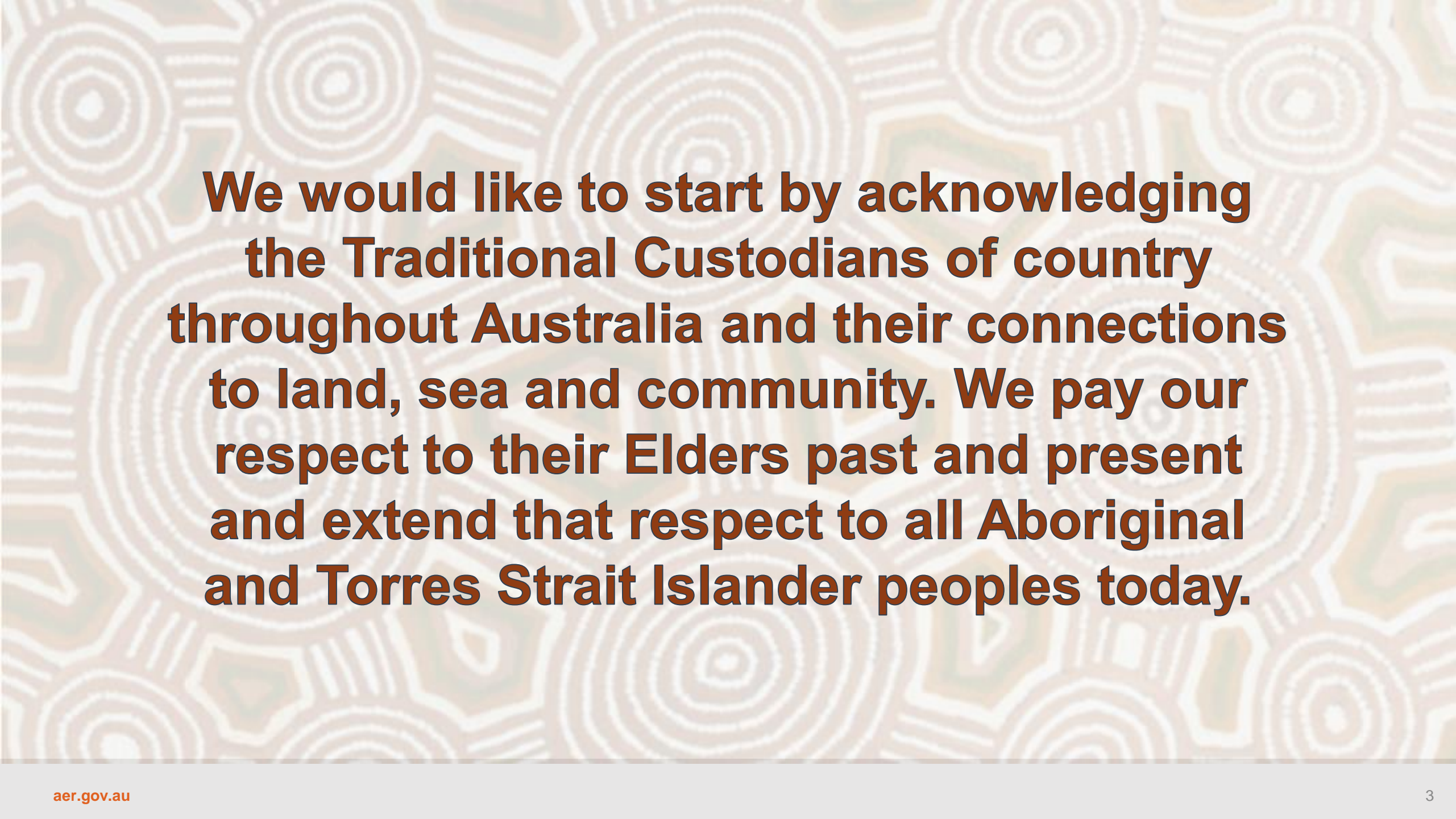
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AER2024

Review of the CBA and RIT application guidelines – Social Licence

Expert Forum Wednesday 28 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.

Housekeeping

- There are two forums on social licence – this is the expert forum.

- Today's forum will run for one hour.

- 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 on the draft amendments or to clarify some things to help write your submission.

- You can provide feedback via Slido or using the 'raise hand' function to indicate you'd like to talk.

- If you have questions or concerns that are not addressed today, get in touch with Owen McIntyre at owen.mcintyre@aer.gov.au, and he will answer your questions directly or arrange a separate 1:1 briefing.

Today's agenda

The purpose of today's forum is to seek your views on our draft amendments related to the RIT and CBA guidelines related to **social licence.**

Our draft amendments incorporated feedback on the consultation paper on the three topics listed in the agenda below:

|			
1.	3:00pm	David Stanford	**Welcome and introduction to the session**
2.	3:05pm	Eugene de Guingand	**Topic 1: Engagement**
3.	3:20pm	Owen McIntyre	**Topic 2: Considering costs of building social licence**
4.	3:35pm	Scott Perrin	**Topic 3: Credible options**
5.	3:50pm	David Stanford	**Wrap-up and next steps**

Your feedback on the draft amendments will help shape the development of the final amendments.

Do you have any immediate questions on the process?

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Topic 1: Engagement

Engagement for actionable RIT-Ts:
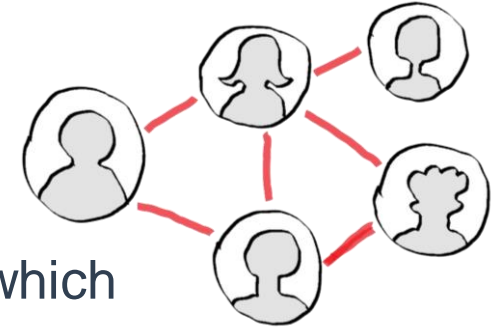
- AEMC rule change has defined **community engagement expectations** which proponents must use **reasonable endeavors** to meet

- Our draft amendments require RIT proponents to publish a **stakeholder engagement plan** as soon as practicable before the publication of the PADR and report against the plan throughout the RIT process.

- A stakeholder engagement plan will help a RIT proponent to demonstrate that they have used reasonable endeavors to meet the requirements in a transparent, inclusive, and effective manner.

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Engagement for actionable RIT-Ts: Questions

Question | **Is it clear enough that the stakeholder engagement plan allows the engagement approach to develop throughout the project life?**
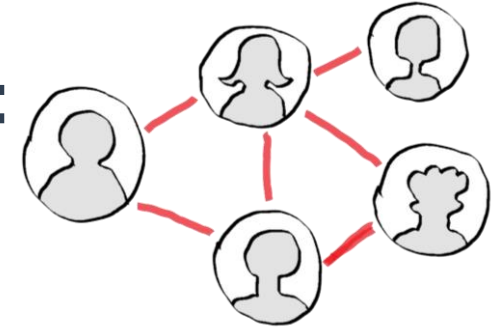
Question | **Does this guidance provide proponents with enough flexibility to adapt their consultation as engagement practices develop over time?**

Please remember to add any questions or comments in the Sli.do chat or raise your hand.

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Engagement for RIT-Ds and non-actionable RIT-Ts:

- Stakeholders have expressed an interest in transparent engagement
- Non-ISP RITs will not always require comprehensive stakeholder engagement
- Our draft amendments require non-ISP RIT proponents to describe how they:
  - have engaged with consumers and other stakeholders; and
  - sought to address any relevant concerns as a result of that engagement.
- If they have not engaged with consumers, the proponent must describe how they plan to, or why they have decided it is not necessary to engage with consumers.

Engagement for RIT-Ds and non-actionable RIT-Ts: Questions

Question — Should community engagement be treated separately to consumer engagement for RIT-Ds and non-actionable RIT-Ts?
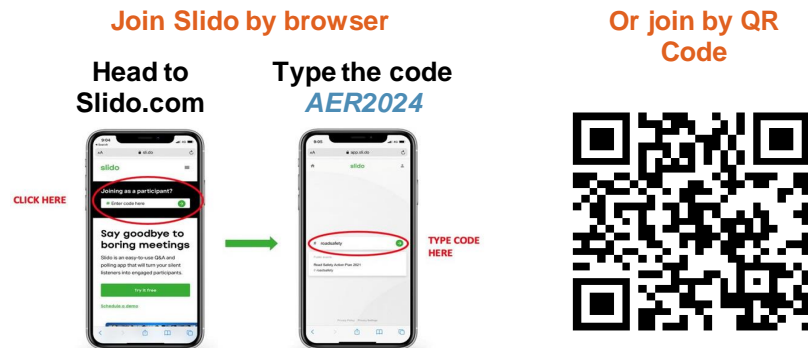
Question — What worked examples could be provided to help proponents in describing their consultation approaches for RIT-Ds and non-actionable RIT-Ts?

Question — Is this guidance clear that RIT proponents can determine the level of consultation required for their projects?

Please remember to add any questions or comments in the Sli.do chat or raise your hand.

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Topic 2: Considering costs of building social licence

Considering costs of building social licence

Our draft amendments are that costs associated with social licence activities fit into the current cost categories.

What is changing?

We have introduced worked examples into improve clarity around how RIT proponents should include costs associated with:

- community benefit sharing
- stakeholder engagement
- state legislation

What are we seeking your views on?

Is it clear what costs associated with social licence activities can be considered under the RIT?

Example 1: community benefit sharing

- The efficient amount of spending on community benefit sharing will vary between RIT projects, and this amount will be informed by engagement

- For a project that requires community benefit sharing, Option B and C are 10% and 20% more expensive than option A (respectively).

- After determining an appropriate percentage of funding that should be allocated to community benefit sharing, the RIT proponent allocates $100m to Option A, $110m to Option B, $120m to Option C.

| Question | Is there information the AER can provide on how to justify the efficient amount of spending, noting that the RIT proponent is best placed to determine this? |

Example 2: stakeholder engagement

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

- The RIT-T proponent will be required to justify how the efficient level of spending on stakeholder engagement has been identified.

Question | **Is clarification required for how to justify engagement costs for projects that do not have a stakeholder engagement plan?**

Example 3: Costs associated with state legislation for social licence

- This example covers a state legislated landowner payment.

- Payments associated with these landholder schemes (or other similar legislation) will be included as part of a project's operating expenditure (OPEX)
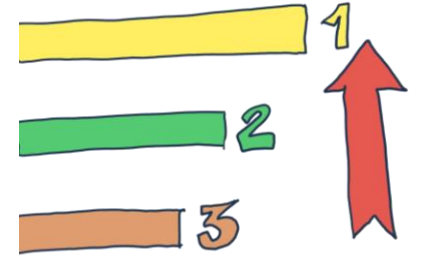
Question | **Is it clear how to treat costs associated with state legislation for social licence?**

Topic 3: Identifying a credible option

Identifying a credible option

Considering that a credible option:

- meets the identified need (and can be implemented in sufficient time to meet the need)

- Is commercially and technically feasible

Our draft amendments are that a RIT proponent:

- should not rule out a project option as not credible due to low community support.

- May consider that an option is not credible if:

  - The anticipated delivery date does not meet the identified need.

  - The costs of an option are significantly higher than costs of options with similar benefits, such that it may not be commercially feasible.

A RIT proponent's approach to ensuring that all options remain credible should be informed by the proponent's community engagement strategy

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Stakeholder feedback on credible options

- a lack of social licence does not, in and of itself, make an option not credible.

- project delay and inaccurate cost/benefit estimation due to lack of social licence is far more likely than an option not proceeding at all

- There is a need to build social licence and an option's credibility over time and then demonstrate the growth in acceptance, which must be possible under new guidelines.

Identifying a credible options: Questions

Question	Is there anything unclear about the treatment of option credibility in our draft amendments?

Question	Is it clear how engagement should inform the development of options throughout the RIT to ensure they remain credible?

Please remember to add any questions or comments in the Sli.do chat or raise your hand.

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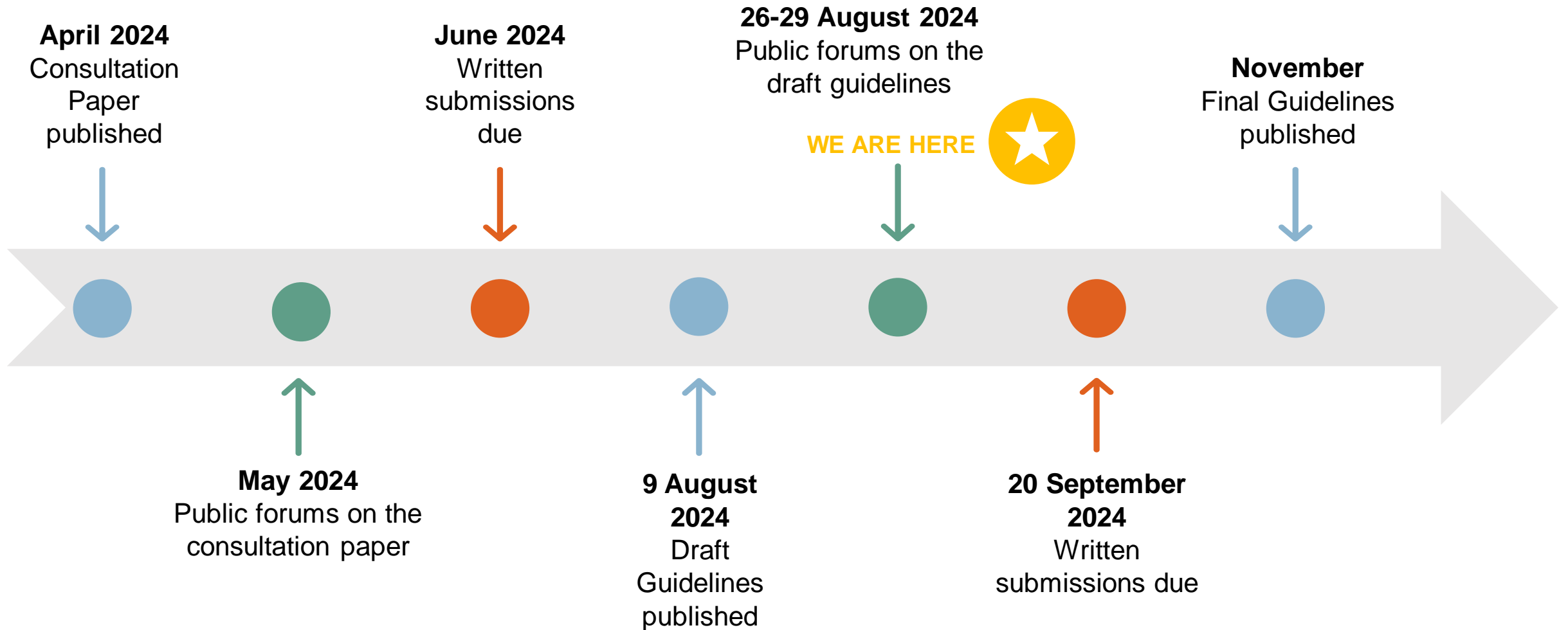
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The consultation process and timeline

April 2024
Consultation Paper published

June 2024
Written submissions due

26-29 August 2024
Public forums on the draft guidelines

WE ARE HERE ⭐

November
Final Guidelines published

May 2024
Public forums on the consultation paper

9 August 2024
Draft Guidelines published

20 September 2024
Written submissions due

Thank you for attending today

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

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

aer.gov.au

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