AEIC Submission to the Productivity Commission's 5 Pillars Inquiry
"Investing in cheaper, cleaner energy and the net zero transformation"

Online questionnaire submission - 6 JUNE 2025

1. Are planning and approvals processes for large energy infrastructure taking too long? If so, what causes the most delay? *Many reforms have been proposed in the past to expedite planning and approvals. We are interested in identifying concrete, tangible reforms that will make the most difference.*

Recommendation 4 of the Community Engagement Review 2023 (the Review) identified the opportunity to improve planning and environmental approvals processes and to leverage reforms currently being undertaken by the states and territories. As highlighted by the indicative "journey map" recently published by the Commonwealth Department of Climate Change,Energy,The Environment and Water (https://www.dcceew.gov.au/initiatives/national-renewable-energy-development-pathway), the development process for renewable energy infrastructure requires various approvals across multiple jurisdictions. Our Office regularly hears from communities about their confusion with overly complex planning processes and short stakeholder engagement timeframes. Both individual project proponents and relevant regulatory system managers can do better in explaining to communities how these regimes fit together.

We support any move towards improving the visibility and driving continuous improvement through more nationally consistent approaches on these matters. The Productivity Commission is uniquely placed, for example, to undertake a credible assessment of baseline performance and progress to-date while driving ongoing reform on these topics, recognising relevant ongoing responsibilities at a state and territory jurisdictional level. As is currently the case through the Report on Government Services (https://www.pc.gov.au/ongoing/report-on-government-services), the Productivity Commission can also nurture cross-jurisdictional learning while making community understanding and accessibility easier, as well as greater equity in outcomes.

Recommendation 3 of the Review outlined how states and territories, in consultation with relevant stakeholders, could identify preferred zones for renewable energy development while also identifying 'no-go' zones. The use of strategic mapping for site selection could help to identify appropriate zones and effectively filter out inappropriate projects. Poor site selection has led to instances of significant community opposition, which has in turn caused major project delays. These changes can be addressed by leveraging reforms currently underway.

Another factor slowing down the deployment of renewable energy projects is investment in transmission infrastructure. Existing transmission infrastructure in the National Electricity Market (NEM) has been designed and located around a centralised supply system based predominantly on coal-fired generation. As these generators exit the market, the renewable energy resources required to replace them are located in areas of the grid that have not traditionally been sites of electricity generation. These more remote parts of the grid are now

requiring significant transmission network expansion to accommodate the increased share of variable renewable energy projects entering the market.

The regulatory investment test for transmission (RIT-T) in particular has slowed down investments in new transmission infrastructure, and has prompted some states to circumvent these rules altogether in order to fast-track priority projects. An example of this includes the Victorian Government's *National Electricity (Victoria) Amendment Bill 2020* which makes amendments to the *National Electricity (Victoria) Act 2005* and aims to fast-track priority storage and transmission projects. Current arrangements under the RIT-T may warrant thorough reconsideration, along with changes to relevant state planning frameworks.

2. How can planning and approvals processes be sped up without unduly compromising regulatory standards? *Given the urgency of the net-zero transition, some countries have introduced legislative processes and administrative features to specifically streamline approvals of clean energy, treating them differently to other types of infrastructure projects.*

The AEIC strongly endorses the inclusion of this question in the Productivity Commission's ongoing considerations, as community concerns with potential quality assurance risks from "fast-track" processes have often been raised in our case-handling and stakeholder engagement work.

There may be opportunities to explore collective or regional approaches to common planning or environmental assessment inputs.

3. Should clean energy projects be treated differently to other projects for the purpose of environmental and other approvals? If so, how? *The impacts of infrastructure projects are not spread evenly – some communities are affected more than others. Working with these communities and securing their support is vital.*

In general, public understanding and confidence in regulatory systems is supported when "like cases are treated alike". In the particular circumstances of Australia's energy transition, one factor worth considering (and potentially treating with additional focus) is the need to effectively assess, manage and communicate "cumulative impacts" in a local region. While much of the focus concerning Australia's energy transition centres around its timing, the uneven geographical nature of the transition has received comparatively little focus.

As existing coal-fired generators exit the market, new renewable developments will be predominantly located in rural areas that have not traditionally hosted electricity generation projects. In its 2024 *Integrated Systems Plan*, the Australian Energy Market Operator identified 43 *potential* renewable energy zones (REZs) which would accommodate many of these renewable energy developments.

Not all of these REZs will be developed. However, the regions that do host REZs will experience a high density of energy infrastructure development.

As noted above, community discussions with the AEIC indicate that the issue of cumulative impacts are not adequately being taken into consideration by regulatory and planning authorities. This is reflected in existing reports which point to the difficulty in undertaking cumulative impact assessments by individual proponents, and the potential conflicts of interest that arise from this process.

It is essential to understand these cumulative impacts (along with any potential additional productivity opportunities) from a regional basis, not simply from a project-level basis. Priority projects should take into consideration the adverse cumulative impacts associated with these REZs. Any reforms should better incorporate community engagement and participation to ensure that equity in outcomes are improved which could potentially reduce adequately compensate for these cumulative impacts, which would in turn help to build a social licence in host communities.

4. What can be done to build local community support for new energy infrastructure projects? *For example, how might benefit-sharing arrangements be improved? This inquiry is about finding implementable reforms to boost the country's productivity in the net-zero transformation. We are interested in any evidence showing the productivity benefits of faster approvals for energy projects. For example, how much might developers save and how might this affect the cost of energy for consumers?*

While faster approvals processes are needed to ensure reliability requirements and decarbonisation objectives are met, these measures must also be designed to deliver their core regulatory objectives (e.g. social impact, land use, environmental standards), alongside more effective community engagement and meaningful participation. Although the timeliness of planning processes are aligned to recommendation 4 of the Community Engagement Review, it is important to emphasise that the genesis of the Review was about giving voice to communities' experience of the energy shift. As noted above, our Office regularly hears from community members who express frustration that the planning process for renewable energy developments take too long. Community members also conveyed their sentiment that the planning process was overly complex and the prolonged nature caused significant uncertainty, which can negatively impact mental health.

When the opportunity to engage in the stakeholder feedback process arises, community members and landholders have frequently raised concerns with our Office regarding short engagement timeframes. There is an asymmetry between community members who have relatively limited time and resources to respond within these timeframes compared to developers and regulatory authorities who are comparatively better equipped to undertake these processes. These community members and landholders also commonly expressed concern about the complexity of navigating these processes, in addition to their limited duration.

Future reforms could also provide an opportunity to take into consideration how community benefit sharing arrangements can be better coordinated to maximise regional benefits.

Our Office supports any initiatives that seek to strengthen community engagement and community benefits associated with the delivery of the energy transition. The report recommendations from the 2023 Community Engagement Review provide a strong framework for addressing these issues and the AEIC will continue to work with governments and stakeholders to promote their timely and effective implementation.

5. Please outline any evidence showing the productivity benefits of faster approvals for energy projects.

In practice, early and meaningful community engagement, including respectful relationships, clear communication and accountability commitments, can foster trust and enable practical adjustments (such as siting changes) that support a smoother and fairer development process. Conversely, community opposition has been a key factor delaying renewable energy projects in Australia and abroad.

Early community engagement and effective and equitable benefit sharing arrangements have been shown to increase the level of public support and reduce overall opposition for large-scale renewable energy infrastructure projects.

The review team may want to consider liaising with Infrastructure Australia, to explore any alignment with the irrelated 2021 recommendation:
https://www.infrastructureaustralia.gov.au/2021-australian-infrastructure-plan-implementation-and-progress/recommendation-2.3

More generally, the AEIC team would welcome the opportunity to explore this issue further with the review team, including suggesting other stakeholders who may be able to provide specific evidence or research inputs.