Renewable Energy Zones

Discussion Paper: Developing a regional Community Benefit Sharing framework for Tasmania's Renewable Energy Zones

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Department of State Growth

Tasmanian Government

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Introduction

The Government has recently announced consultation on a proposed first Renewable Energy Zone (REZ) situated in north west Tasmania. In combination with seeking to progress the REZ and the associated transmission planning, we are also developing a Community Benefit Sharing (CBS) framework to coordinate the delivery of benefits to regional communities hosting renewable energy infrastructure.

We have been speaking to communities in north west Tasmania and understand that they know what's best for their region. We are committed to working with locals, councils, Tasmanian Aboriginal people, industry, and other key stakeholders to help shape Tasmania's first regional CBS framework. We are now looking to those stakeholders in the north west to help co-design a regional CBS framework to accompany the state's first and future REZs.

This discussion paper outlines how the north west Tasmanian community will be involved in shaping a CBS framework. It forms one of the first steps in a process to co-design a CBS framework for north west Tasmania with the people that live and work there.

Once implemented, the framework will ensure that regions, communities and neighbourhoods will benefit from hosting REZ infrastructure, including both renewable energy projects and transmission lines. The framework will create expectations for communities and set a clear path forward for delivering outcomes on issues that locals care about.

What is Community Benefit Sharing?

CBS involves sharing the rewards of renewable energy development (including battery/storage and transmission infrastructure) with local communities. It aims to sustainably integrate renewables projects into their local communities by contributing to the community's future vitality and success. Generally, a renewable energy project will allocate funds towards a nominated community benefit program. Funds can be distributed in many ways, including via grants, scholarships, long-term funding partnerships, or via opportunities for co-ownership or investment.

The Tasmanian Government's Guideline for Community Engagement, Benefit Sharing and Local Procurement (the Guideline) sets the expectation that all renewable energy developers will deliver project-level benefits at a neighbourhood and community level, in addition to compensating landowner hosts.

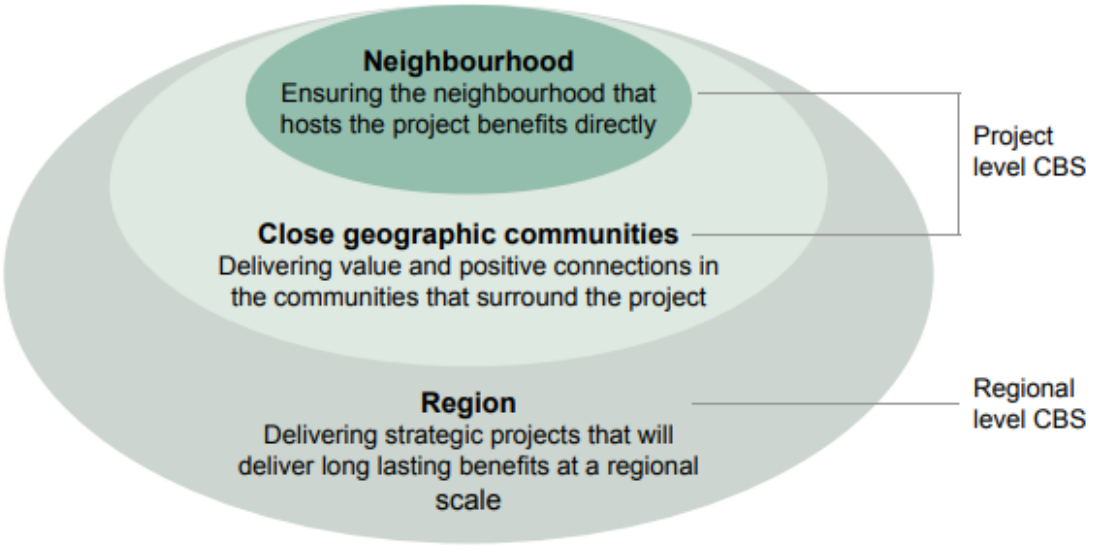

Figure 1: Levels of Community Benefit Sharing

Community Benefit Sharing within a Renewable Energy Zone

Under a REZ approach to delivering new generation, communities will benefit from a more strategic co-design and coordination of CBS to create positive impacts that last for generations. Multiple projects in a region would ordinarily result in multiple proponent specific benefit sharing funds, but if coordinated can make a greater impact on important local issues and address key community aspirations. A regional approach to CBS can:

- Overcome a lack of local host community projects to fund (due to the small size of many host communities) and recognise that larger town centres will play a role in supporting these projects;
- Provide opportunities to pool funding for legacy projects and/or partake in the energy transition and climate resilience;
- Reduce consultation fatigue where there are multiple projects all seeking similar information regarding desired benefits and community input (as is best practice) to co-design and govern CBS; and
- Build community capacity to engage in the renewable energy transition.

Why pursue a regional CBS model?

Throughout 2023, the Tasmanian Government ran a series of workshops with Stakeholder Reference Groups (SRG) in the north west. The SRG consisted of representatives from local government, interest groups and community, and were split across two geographically based groups.

The SRG's role is to provide advice on important aspects of a future REZ by providing the government with a sense of place, and providing advice on community values and what is important to the north west when considering future renewable energy development.

The SRG took part in workshops that aimed to:

- Increase knowledge of CBS and the concept of a regional CBS framework under REZ;
- Increase the government's understanding of the region's priorities and experiences with CBS; and
- Workshop community benefit sharing models.

Feedback through these workshops strongly supported a framework featuring coordinated regional and project level benefits. You can read about other framework options here.

Establishing a regional CBS framework

The nominated framework to distribute benefits is a **coordinated regional level approach**. In this framework, a large percentage of the funds a proponent is required to allocate (see Funding below) are pooled in a regional fund that can be administered to deliver broader community outcomes, with the proponent left to administer the remainder at the project level as it sees fit.

A regional organisation will administer the pooled funds, while individual projects will likely seek to deliver benefits to those communities closest to renewable energy infrastructure. The regional CBS framework will be developed in collaboration with local stakeholders and communities, identifying key community needs and aspirations to direct the use of funds.

The following elements help form the basis of the CBS framework. These are the areas where we are particularly interested in getting community feedback.

Governance and administration

A community advisory board is currently being established and will represent a diverse membership as identified by community leaders. The aim is to support and promote local decision-making through community representation. The function of the group will be to identify:

- Regional priorities;
- Geographically define the region to be targeted by a CBS fund;
- Identify how benefits are delivered (grants, local ownership models, scholarships, etc);
- Develop eligibility criteria for applicants; and
- Input into the governance of the CBS.

It is proposed that an existing regional organisation are utilised to administer and govern the regional CBS fund.

Funding

The proposed option for funding regional CBS is through contributions made by proponents as part of the conditions of connection to the REZ.

As per the Guideline for Community Engagement, Benefit Sharing and Local Procurement, it is suggested that projects contribute $1,800 per MW of installed capacity per year. Because the potential hosting capacity of the first north west REZ is up to 1000 MW capacity, the potential total benefit sharing budget is up to $1.8 million per year.

When coordinating benefits only a proportion of the total budget will be directed to regional level benefit sharing. The final division of contributions will be decided by the community advisory board.

It should be noted that the administration costs of the CBS will be funded by proponents and is in addition to the CBS budget, with those costs also being recouped as part of the condition of connection to the REZ.

Regional priorities and benefit delivery

The Government undertook a desktop assessment to determine regional priorities which has since been tested with the north west SRG. These priorities are:

- Health
- Education
- Housing
- Environment
- Tasmanian Aboriginal people

The CBS community advisory board will further articulate these priority areas and test with the broader community through consultation.

The community advisory board will also identify how benefits are delivered. Our engagement with the north west SRG told us that the regional fund should have multiple delivery mechanisms, such as grants, strategic long-term funding partnerships, scholarships, or community co-ownership.

Next steps

- Establish a community advisory board to finalise the co-design of the CBS framework.
- Consider feedback received from all submissions, then assess and refine the framework.
- Test final strategy with community.
- Assess, refine, and publicly release the final CBS framework alongside a consultation outcomes summary.
- Establish and implement the chosen governance processes and structures.
- Continuous monitoring, evaluation and improvement of the framework

Have your say

We invite all Tasmanians who live and work in the north west region to make a submission and help us co-design a Community Benefit Sharing framework. Any feedback received will be carefully considered and directly influence elements of the framework.

Submissions are due by Monday 1st July, 2024.

You can make a submission by participating in our survey here. If you would prefer to make a separate written submission, please include your name, email, age, and current address. If you are submitting on behalf of an organisation, please include the organisation's name.

It is preferred that submissions be sent electronically to the below email address. Submissions may be posted to the below postal address if required.

Email address:

rez@recfit.tas.gov.au

Postal address:

Renewables Climate and Future Industries Tasmania

10 Murray Street

Hobart, Tasmania 7000

Contact us at rez@recfit.tas.gov.au for any additional information.

Confidentiality and privacy

No personal information other than an individual's name or the organisation making a submission will be published in the outcomes summary.

In the absence of a clear indication that a submission is intended to be treated as confidential (or parts of the submission), the Department will treat the submission as public.

Copyright in submissions remains with the author(s), not with the Tasmanian Government.

The Department will not publish, in whole or in part, submissions containing defamatory or offensive material. If your submission includes information that could enable the identification of other individuals then either all or parts of the submission will not be published.

The Right to Information Act 2009 and confidentiality

Information provided to the Government may be provided to an applicant under the provisions of the Right to Information Act 2009 (RTI). If you have indicated that you wish all or part of your submission to be treated as confidential, your statement detailing the reasons may be taken into account in determining whether or not to release the information in the event of an RTI application for assessed disclosure. You may also be contacted to provide any further comment.

Personal Information Protection Statement

If you participate in the survey, the personal information you provide will be used by the Department of State Growth to guide the practice of renewable energy development in Tasmania. The information you provide is required to associate responses with postcodes and specific stakeholder groups. Your contact details will be used to send you further information relating to REZ. Your personal information will be managed in accordance with the Personal Information Protection Act 2004. The Department may disclose personal information in circumstances allowed for by law and if you consent to the publication of your details in the summary of consultation, your (full name, title and/or organisation etc...) will be included in the appendix. You have the right to access your personal information by request to the Department.

Background

Tasmanian Renewable Energy Target

In November 2020, legislation passed the Tasmanian Parliament to establish the Tasmanian Renewable Energy Target (TRET) to double renewable energy production and reach 200 per cent of the State's 2022 baseline of 10 500 GWh of renewable energy generation by 2040. The legislation also sets an interim target of 150 per cent by 2030.

The pathway to achieving this vision is guided by the Renewable Energy Coordination Framework. The Framework priorities the actions necessary to coordinate the large-scale development and investment required to grow the State's renewable energy sector sustainably over the next 20 years.

Renewable Energy Zones

A key action under the Framework is to establish Tasmania's first Renewable Energy Zone. Renewable Energy Zones are high-quality resource areas where clusters of large-scale renewable energy projects can be developed using economies of scale.

In December 2022, it was announced that north west Tasmania would be the first region to be explored for the development of a REZ. Following a year of community and stakeholder engagement, and detailed technical, environmental, and economic studies the Government has committed to introduce REZ

legislation within 100 days and to declare the North West REZ. The candidate areas and other key aspects of the REZ framework are now up for consultation.

A north west Tasmanian context

North west Tasmania has an existing strong renewable energy development interest and is key to supporting the proposed Marinus Link as well as Cethana Pumped Hydro, Hellyer & Guildford Wind Farms, Jims Plains & Robbins Island renewable energy park, Western Plains Wind Farm, Port Latta Wind Farm, Whaleback Ridge Wind Farm and the repowering of the existing Studland Bay and Bluff Point Wind Farms.

Under a REZ scenario it has been projected that the region has the potential to host up to 800 MW of generation, based on a single Marinus Link cable and refined NWTD. Under a future two Marinus Link scenario the potential generation capacity is 1500 MW.

Engagement to date through the development of the Tasmanian Government's Guideline for Community Engagement, Benefit Sharing and Local Procurement, SRG workshops and community sessions has indicated that the region is experiencing engagement fatigue, confusion and has limited capacity to engage. It also identified that there is a government role for the coordination of engagement and benefit sharing as they relate to Marinus Link, NWTD, Battery of the Nation and REZ.

Industry engagement raised that regional coordination of CBS may create a social licence risk as community may not differentiate between projects, and projects without social licence may tarnish others. Proponents sought to manage their own project level benefit sharing to develop relationships with local community.

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