

## 2025 consultation

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# Net Zero Commission

## 2025 Consultation Paper

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## Submitted to

NSW Net Zero Commission

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<https://www.netzerocommission.nsw.gov.au/engagement-consultation/2025-consultation>

## About RE-Alliance

The Australian Renewable Energy Alliance (RE-Alliance) is working to secure a responsible and rapid shift to renewable energy that actively contributes to the strength of our regions. We do this by working with, and listening to, the communities most impacted by renewable energy and grid projects, and facilitating collaboration across industry, government and civil society to deliver meaningful outcomes and lasting benefits for regions.

We are recognised as a leading voice on community engagement and social licence in Australia. We play a unique role as allies of, and advocates for, renewable energy host communities and assisting renewable energy developers seeking to deliver best practice community engagement, community funds and to build social licence. In New South Wales (NSW), we have been working for several years on community engagement and environmental issues associated with renewable energy and transmission projects, including in the Central West Orana REZ from 2021 and the South West REZ from 2023 and over the past decade around renewable energy developments across the state.

## Recommendations

RE-Alliance has considered the Net Zero Commission's 2025 Consultation Paper through the lens of our work to support regional communities in the shift to renewable energy. With that in mind, RE-Alliance makes the following recommendations:

- Prioritise work on the next NSW Net Zero Plan to provide a clear pathway to deliver a climate safe future that is equitable and maximises social, economic, environmental and cultural benefits.
- Provide recommendations to the NSW Government on the most effective mechanisms for whole-of-government and renewable energy developer engagement with regional communities.
- Advocate to the NSW Government to support the establishment of Local Energy Hubs in key NSW regions - both directly and through the Energy and Climate Change Ministerial Council.
- Work with First Nations organisations to identify pathways to ensure the implementation of best practice principles for First Nations peoples in all work associated with the shift to renewable energy.
- Include consideration of community and social support for the shift to renewable energy as a key measure in assessing progress towards achieving NSW's greenhouse gas emissions reduction targets.

- Develop more efficient assessment and delivery processes for renewable energy projects that maintain high levels of community engagement and environmental standards.
- Clarify regulatory pathways and provide Government support for community energy resources.
- Assess the effectiveness of the NSW Renewable Energy Framework and make recommendations to update the Framework, including to ensure stronger community engagement in the development and governance of community benefit funds and removing any unintended barriers that limit direct renewable energy developer engagement directly with, and funding for, local communities.
- Complementing the NSW Transmission Planning Review, make recommendations to Government on ways to improve community engagement in transmission development and implementation processes, and monitor the effectiveness of any changes made.
- Advise the NSW Government on a clear timeline to phase out the use of fossil fuel energy production and thermal coal mining that is consistent with NSW accepting a fair share of the emissions cuts necessary to meet the Paris climate targets.
- Advise the NSW Government on ways to improve policy and regulatory settings - including for financial assurance - to provide certainty and confidence to landholders that renewable energy project decommissioning will be appropriately managed by project developers.
- Identify the appropriate policy settings required to support the development of a circular economy that will cover waste streams in NSW, including in the renewable energy sector.
- Develop sectoral carbon budgets that drive absolute (as well as net) reductions in greenhouse gas emissions and that are consistent with NSW accepting a fair share of the emissions cuts necessary to meet the Paris climate targets.

## Introduction

Thank you for the opportunity to comment on the NSW Net Zero Commission's (Commission's) 2025 Consultation Paper. We welcome the Commission's decision to consult with the community to help shape its future work program.

RE-Alliance champions a holistic approach to the shift to renewable energy - one that prioritises community voices, fosters trust through transparent practices, and strives for long-term socio-economic and environmental sustainability for rural and regional areas.

Our research, and that of others, shows that there is currently majority support for renewables in regional areas in NSW. This fact demonstrates that - at face value - current engagement efforts by both industry and government are playing a role in maintaining community support. However, digging deeper into that research, and our experience on the ground in NSW regions, shows that this support is fragile. There is a high level of dissatisfaction about existing information gaps and lack of pathways for co-design and collaboration for regional communities. There are significant opportunities to address these gaps and involve

communities more effectively in shaping how things are being done and how development occurs in their region. Our response to the Consultation Paper focuses on those questions that intersect with community empowerment and engagement in the shift to renewable energy.

## **Question 2: Actions the Commission can take to engage across the community to help drive the shift needed for the net zero transition**

### **Providing clarity for the whole community**

While the NSW Government currently has multiple mechanisms to support the shift to renewable energy, there is no shared vision that demonstrates how all sectors of society will be required, and supported, to shift to an economic system that supports societal wellbeing in a climate safe future. The Commission must prioritise work to build on the current *Net Zero Plan Stage 1: 2020–2030* and develop a clear articulation of how the NSW Government will deliver the transition to a renewable economy in a way that is fast, fair and sustainable.

**Recommendation: Prioritise work on the next NSW Net Zero Plan to provide a clear pathway to deliver a climate safe future that is equitable and maximises social, economic, environmental and cultural benefits.**

### **Supporting coordinated communication**

The current lack of clear roles and responsibilities for decision makers responsible for different aspects of the shift to renewable energy creates confusion, and can make it difficult for the community to meaningfully engage. We have heard from communities and local governments that the broad range of entities informing or consulting communities on different aspects of the shift to renewable energy, often with overlapping time frames, is leading to communities and local governments feeling overwhelmed. The result is that renewable energy planners and decision makers miss out on key local insights and advice, as well as risking local support for new renewable energy infrastructure.

Our work consistently identifies that communication and information sharing that supports meaningful engagement is required, and in fact vital, for obtaining and maintaining social licence for new renewable energy infrastructure. The lack of a centralised information point is a key gap in the current regulatory framework that leaves communities and stakeholders guessing their way through discussions about the shift to renewable energy. Identifying a pathway and clearly directing responsibilities for coordinated government communication about the shift to renewable energy is important for building trust.

**Recommendation: Provide recommendations to the NSW Government on the most effective mechanisms for whole-of-government and renewable energy developer engagement with regional communities.**

## Local Energy Hubs

Local Energy Hubs would fill a clear gap in accessible, locally relevant information and engagement in relation to renewable energy. They would employ trusted local experts to inform communities, injecting facts that inoculate against misinformation, and provide locals with the resources and tools needed to understand, participate in, and benefit from, the renewable energy transition. Local Energy Hub staff could be crucial touchpoints for transmission infrastructure planners, renewable energy developers, and governments, playing a key local role helping to foster trust in communities for their projects through quality communication and engagement. They would also address barriers to accessing general information on renewables, household electrification, and tackle complex challenges like ensuring community input on large-scale projects proposed for their regions. Local Energy Hubs will accelerate the rollout and help meet renewable energy targets by addressing cost of living and local challenges in the energy shift, building trust and social licence.

Local Energy Hubs are outreach centres that would:

- Bridge the information gap in regional communities by employing trusted local experts.
- Tackle complex challenges like ensuring communities know exactly how to have input into, and benefit from, large-scale renewable energy projects proposed for their region.
- Help the public learn how to save money on power bills in their homes and businesses.
- Be a crucial touchpoint for developers, helping to foster trust in communities for their projects through quality communication and engagement.
- Address barriers to the electrification of households, small businesses and farms such as lack of time or quality expert advice.
- Provide grants to kick-start local community energy projects.

For more information see: <https://www.localenergyhubs.org.au/>.

**Recommendation: Advocate to the NSW Government to support the establishment of Local Energy Hubs in key NSW regions - both directly and through the Energy and Climate Change Ministerial Council.**

## Questions 3, 4 and 8: First Nations engagement and empowerment

First Nations engagement in renewable energy should be driven by First Nations peoples. There are a number of important documents that have been released in recent years that the Commission should use to guide its approach to First Nations engagement. These include:

- [Aboriginal and Torres Strait Islander Best Practice Principles for Clean Energy Projects](#)
- [The First Nations Clean Energy Strategy 2024 - 2030](#).

Research from the Australian National University has shown that there is appetite for more involvement in the shift to renewable energy from Traditional Owners:

Aboriginal land holders are optimistic about the possibilities of renewable energy and can see the benefits of being involved in this sector, but have limited resources to engage strategically in the bold energy transition plans.<sup>1</sup>

In our view, governments and industry need to establish a better understanding of, and respect for, First Nations rights and interests in the clean energy sector, including cultural heritage protection, environmental management and economic self-determination. The Commission should work with First Nations organisations to support the uptake up best practice principles in all work associated with the shift to renewable energy. At the heart of these principles is the requirement to embed free, prior, and informed consent, climate justice and energy equity.

**Recommendation: Work with First Nations organisations to identify pathways to ensure the implementation of best practice principles for First Nations peoples in all work associated with the shift to renewable energy.**

### **Question 5: Additional information and evidence for assessing progress towards NSW's greenhouse gas emissions reduction targets**

Social acceptance of the shift to renewable energy is a key indicator of whether NSW will be able to meet its targets for reducing net greenhouse gas emissions. We are already seeing the consequences of communities not being engaged as a trusted partner and the associated lack of social ownership reducing social acceptance. There is a clear need for targeted, specific action to build social support for the shift to renewable energy at the pace needed to meet NSW's targets. In our view, social acceptance is an additional measure for assessing progress towards NSW's greenhouse gas emissions reduction targets that should be considered by the Commission.

**Recommendation: Include consideration of community and social support for the shift to renewable energy as a key measure in assessing progress towards achieving NSW's greenhouse gas emissions reduction targets.**

### **Question 6: Fast-tracking renewable energy deployment**

As discussed in response to Questions 2 and 7, improving community engagement in the shift to renewable energy should be considered a key tool for increasing the speed of deployment of electricity generation and infrastructure. In addition, RE-Alliance has identified the following matters as priorities for supporting a rapid shift to renewable energy.

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<sup>1</sup> Norman, H, Briggs, C & Apolonio, T (2023), *Advancing Aboriginal interests in the New South Wales renewable energy transition (Discussion Paper No. 01/23)*, Centre for Aboriginal Economic Policy Research, Australian National University <https://doi.org/10.25911/BW7K-MM24>

## Improving assessment processes

We recommend improving processes to support more efficient assessment and delivery of renewable energy projects, but note that this must not be done at the expense of maintaining community engagement or environmental standards. Government actions that could increase the effectiveness of assessment processes include:

- High quality regional planning frameworks that clearly elicit and respond to community desires and concerns in relation to all aspects of the shift to renewable energy, whether it be social, agriculture or environmental, and that has regulatory effect.
- Data sharing that ensures existing information on environmental assets are coordinated, made available and support developers to prioritise environmental investigations into current information gaps.
- Increased resourcing to support more suitably qualified assessment staff to consider project applications.
- Regulatory frameworks that make clear what environmental features must be protected (by all projects) and show how proponents can develop projects that will meet environmental protection objectives, thereby supporting faster approvals.
- Clearly define what impacts will be considered unacceptable to support faster project refusals, where that is required.

**Recommendation: Develop more efficient assessment and delivery processes for renewable energy projects that maintain high levels of community engagement and environmental standards.**

## Complementing large scale projects and household level renewables

The NSW Government needs to grapple with the ‘missing middle’ - energy production greater than household level but smaller than large scale utility projects. Community energy resources, or distributed energy resources, and storage connected to the distribution grid have the potential to reduce reliance on new transmission infrastructure and collectively generate significant quantities of energy. There is great opportunity for much of this to be community owned, or co-owned, providing direct energy and financial benefits back to the local owners. Medium-scale community energy resources can also provide localised sources of power generation that increase reliability for regional communities. Work should be done to clarify regulatory pathways, scale-appropriate grid connection processes, and Government support for distributed and community owned energy resources. This could include actions to:

- Model capacity and set a target for distribution grid-scale connections up to an appropriate ‘mid-scale’ MW threshold.
- Establish incentives to accelerate project connections at the mid-scale, such as financial concessional finance, offtake agreements, or feed-in-tariffs designed specifically to support projects of this scale.

- Advocate for changes to the energy market rules so distribution network upgrades are not hamstrung by a population density hurdle and can proceed, providing increased capacity to connect more small and mid-scale renewables on farms and throughout NSW regional and rural communities thereby supporting current and future electricity demand (including from increased electrification), and climate resilience.
- Assist to communicate the role of community energy resources in the shift to renewable energy.

**Recommendation: Clarify regulatory pathways and provide Government support for community energy resources.**

## Question 7: Sufficiency of current community engagement and benefit sharing measures

There is evidence that providing pathways for communities to determine the priorities for investment builds strong buy-in and support, while addressing gaps that are important to the local social, economic and environmental context. In our view, the measures now in place remain insufficient to ensure adequate community engagement and benefit sharing from the build out of infrastructure for the energy transition. And while we support and recognise the crucial role played by local governments managing engagement and benefit sharing related to renewable energy development, there appears to be a gap in official frameworks recognising that community groups and stakeholders extend beyond local government.

We acknowledge and welcome the work done by the NSW Department of Planning, Housing and Infrastructure in finalising the NSW Renewable Energy Framework. The moves to improve information about projects and to provide model clauses for private agreement-making are both practical and positive steps. The NSW Renewable Energy Framework has set clear expectations for developer contributions to local government, but more should be done to provide supporting structures that ensure good governance and transparency over how these funds are collected, managed and invested.

### Strengthening community benefits funds

RE-Alliance's report [\*Building Stronger Communities: community benefit funds from renewable energy projects support local outcomes\*](#) identified seven principles for best practice community benefit funds, namely:

1. Deliver social value - this requires that proponents work to build trust-based relationships with local communities and operate based on fairness.
2. Deliver in the long-term - community benefits should extend for at least the life of the developments.
3. Build context-specific solutions - funds are most beneficial when they go towards programs that are rooted in the local context – either answering unmet local needs or bringing an opportunity that the local community is able to use.

4. Give agency to communities to co-design programs - ensure engagement programs create equal opportunities for all members of the community to participate.
5. Be transparent and accountable.
6. Measure impact - like all community investments, community benefit funds should be monitored and evaluated.
7. Create a culture of collaboration - cooperation between multiple proponents would reduce duplication of effort, community over-consultation and siloed approaches to benefits.

While the NSW Renewable Energy Framework includes clear requirements for the scale of community funds and their distribution, there are insufficient requirements to ensure adequate community engagement in the distribution of those funds. The current wording of the *Benefit-Sharing Guideline November 2024*<sup>2</sup> (**Guideline**) that councils should administer no less than 85% of the relevant portion of the total benefit-sharing value also potentially limits an individual developer's ability to support community identified priority projects over the amount specified in the Guideline. In fact, we understand that use of the Guideline has already prevented renewable energy companies from supporting previously discussed high priority community projects and, in our view, the system has the potential to reduce opportunities for co-investment, co-ownership and beyond-compliance environmental initiatives. These issues should be addressed in an updated Renewable Energy Framework, further informed by the recommendations in the RE-Alliance report [Community Benefits Handbook: How Regional Australia can Prosper from the Clean Energy Boom](#).

A more explicit focus on supporting communities to engage with offshore wind projects would also be appropriate.

**Recommendation: Assess the effectiveness of the NSW Renewable Energy Framework and make recommendations to update the Framework, including to ensure stronger community engagement in the development and governance of community benefit funds and removing any unintended barriers that limit direct renewable energy developer engagement with, and funding for, local communities.**

## Building trust in transmission

The 2021 RE-Alliance report, [Building trust for transmission: Earning the social licence needed to plug in Australia's Renewable Energy Zones](#) identified a failure to ensure strong social licence for the large roll out of transmission infrastructure needed to support the shift to renewable energy and made 11 recommendations for improvement. We are pleased that a number of these recommendations have since been implemented but there remain some key areas that would benefit from further work, including by the Commission. These include:

- That transmission companies are encouraged and supported to move their consultation style from one of inform, consult, or involve to more actively collaborating and empowering their local communities.

<sup>2</sup> Available at <https://www.planning.nsw.gov.au/sites/default/files/2024-11/benefit-sharing-guideline.pdf>

- That transmission companies are required to meaningfully consult local Traditional Owners and land councils on projects and associated benefit sharing initiatives; that native title issues are properly understood; and that opportunities for training or apprenticeship programs include opportunities for local First Nations people.
- That NSW Government embed First Nations Clean Energy Strategy objectives in all activities related to the roll out of transmission.
- That community benefits for host communities include pathways for local economic participation and local workforce development and employment.
- When NSW establishes their own regulatory tests in place of the Regulatory Investment Test for Transmission (RIT-T), the new regulatory test should facilitate appropriate landholder compensation, neighbour compensation, and funding community benefit sharing in the transmission sector to enhance social licence and facilitate the success of the REZs. NSW should also consider cost benefit analysis of social and environmental impacts on local communities. The new regulatory investment test should include consideration of non-network solutions.

An important aspect of transmission planning governance is transmission benefit sharing. We welcome the implementation of the NSW Strategic Benefit Payments Scheme which introduced increased compensation payments for transmission landholders. However transmission neighbours were not considered and wider community benefit sharing under the NSW Renewable Energy Framework appears to be optional. Broader, mandated benefit sharing should adopt a strategic approach to supporting local communities, and enabling local input to inform what is prioritised in a region.<sup>3</sup> The previous NSW Energy Supply and Reliability Check Up recommended:

That consideration be given to complementing the Strategic Benefit Payments Scheme (SBPS) with a NSW framework for neighbours and visual impacts.<sup>4</sup>

The Commission should recommend to the NSW Government that a payment scheme for impacted neighbours should be implemented, and monitor whether such a scheme is being appropriately delivered.

RE-Alliance recently made a submission to the NSW Transmission Planning Review 2025 which included a number of recommendations for improving transmission in NSW.<sup>5</sup> The Commission should play a role in monitoring any changes to transmission planning in NSW to ensure they deliver the required changes.

**Recommendation: Complementing the NSW Transmission Planning Review, make recommendations to Government on ways to improve compensation frameworks, benefit sharing and community engagement in transmission development and implementation processes, and monitor the effectiveness of any changes made.**

<sup>3</sup> For more information see [Building Trust for Transmission](#) and Clean Energy Council [A Guide to Benefit Sharing Options for Renewable Energy Projects](#)

<sup>4</sup> [NSW Energy Supply and Reliability Check Up](#) Recommendation 52

<sup>5</sup> Submission available at [REA Submission NSW Transmission Review Options Paper](#)

## Question 13: Complementing the Safeguard Mechanism

Renewable energy development would be better supported by the increased certainty that would come with a NSW Government commitment to phase out the use of fossil fuel energy production and thermal coal mining. This must be timed to ensure that NSW meets its own net zero emissions targets as well as the Paris climate targets in line with the science to limit the temperature increase to 1.5°C above pre-industrial levels.

The NSW Productivity and Equality Commission recently identified the future of coal mining as one area needing a change in policy settings if 2050 emissions targets are to be achieved.<sup>6</sup> The Commission has a role to play in this discussion by preparing advice for the NSW Government on the need for a coal phase out consistent with NSW climate targets and the policy changes that would be required to deliver on this phase out.

**Recommendation: Advise NSW Government on a clear timeline to phase out the use of fossil fuel energy production and thermal coal mining that is consistent with NSW accepting a fair share of the emissions cuts necessary to meet the Paris climate targets.**

## Question 15: Addressing the systemic challenges regarding waste generation and resource recovery

### Preparing for decommissioning

RE-Alliance has heard from renewable energy host landholders, and potential hosts, that the risk of the landholder being left with decommissioning obligations is acting as a barrier to future renewable energy projects. The NSW Government has a number of opportunities to address decommissioning risks and gaps for the existing and future projects which include:

- Investigating and sharing expectations for project life-extension and repowering at NSW's existing cohort of renewable energy generation sites, including whether new technology configurations (eg. generation and co-located storage) can be efficiently enabled.
- Clarifying settings for planning assessment processes for decommissioning, including periodic reviews of funding provision to cover decommissioning and end-of-life activities.
- Policy or regulatory interventions to ensure that decommissioning obligations apply to and stay with the asset owner, or their parent organisation (eg. trailing obligations).

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<sup>6</sup> NSW Productivity and Equality Commission (2024) [Ensuring a cost-effective transition Achieving net zero Paper 1 November 2024](#)

**Recommendation: Advise the NSW Government on ways to improve policy and regulatory settings - including for financial assurance - to provide certainty and confidence to landholders that renewable energy project decommissioning will be appropriately managed by project developers.**

### **Moving to a circular economy**

The shift to renewable energy will require the construction of new infrastructure which at the end of life must be reused, repurposed or recycled to avoid significant new waste streams entering the system. While renewables companies are increasingly investigating innovative solutions for materials reuse and recycling, for a number of waste streams the renewable energy industry will remain a relatively small proportion of the total waste generated. In these cases, meaningful markets for reuse and recycled materials will rely on involvement and investment across multiple industries, creating an important coordination role for governments. Development of cost effective reverse logistics, i.e. the process of moving goods backwards through the supply chain for reuse or recycling, also remains a key challenge in ensuring commercially viable reuse and recycling of renewable infrastructure. The NSW Government must act now to ensure that NSW has the capacity and technology in place to support decommissioning activities as wind, solar and battery storage projects come to the end of their life.

**Recommendation: Identify the appropriate policy settings required to support the development of a circular economy that will cover waste streams in NSW, including in the renewable energy sector.**

### **Question 22: Metrics and indicators to include in the NSW monitoring framework**

While monitoring progress towards achieving net zero is important, given the high degree of uncertainty associated with any long term emissions capture from carbon offsets, including the issue of land carbon offsets (such as revegetation) being used to offset against carbon emissions from fossil fuels,<sup>7</sup> and carbon capture technology,<sup>8</sup> the NSW Government should also transparently monitor absolute reductions in greenhouse gas emissions. This will help to ensure that policies designed to reduce emissions are not simply generating a market for carbon offsets that, ultimately, may not be delivering the climate benefit that is claimed.

Similarly, the concept of net zero emissions should not be considered in isolation from targets to limit warming to 1.5°C above pre-industrial levels. Achieving net zero emissions by 2050 must require NSW to keep well within a carbon budget that will ensure emissions remain well below 2°C above pre-industrial levels. Anything less will fail to deliver emissions reduction that meaningfully limits climate harms.

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<sup>7</sup> For more information see [Land carbon: No substitute for action on fossil fuels](#)

<sup>8</sup> See for example [The Problem with Carbon Credits and Offsets Explained](#) and [The False Promise of Carbon Capture as a Climate Solution](#)

**Recommendation: Develop sectoral carbon budgets that drive absolute (as well as net) reductions in greenhouse gas emissions and are consistent with NSW accepting a fair share of the emissions cuts necessary to meet national and global climate targets.**

## **Conclusion**

Thank you again for the opportunity to provide this submission to the Commission. RE-Alliance would welcome the opportunity to further discuss any of the issues raised in this submission.