

01 December 2023

Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601
Lodged by email to: aer inquiry@aer.gov.au

Dear Anthea Harris,

Response to Social Licence for Electricity Transmission Infrastructure Directions Paper

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback to the Australian Energy Regulator (AER) on the Social Licence for Electricity Transmission Infrastructure Directions Paper (Directions Paper) published on 23 October 2023.

CEIG represents domestic and global renewable energy developers and investors, with more than 11GW of installed renewable energy capacity across more than 70 power stations and a combined portfolio value of around \$24 billion. CEIG members' project pipeline is estimated to be more than 18GW. CEIG strongly advocates for an efficient transition to clean energy with a focus on the stakeholders who can provide the cost-effective capital required for this transition.

KEY POINTS

- CEIG welcomes the AER's acknowledgment of the importance of social licence in energy initiatives.
- CEIG supports the AER's criteria for transmission companies, which include complying with and demonstrating adherence to the Rule requirements, relevant regional policies, and guidelines, as well as committing to best practice stakeholder engagement based on sector-recognised standards.
- CEIG are encouraged by the AER's commitment to improving community involvement in transmission projects and align with their vision for effective stakeholder communication.
- CEIG would like to ensure that a balanced approach is taken that considers the practicalities of project execution alongside stakeholder engagement needs.

- CEIG supports incorporation of social licence factors in alignment with AEMC rule changes and the NEO, such as emissions reduction, as it provides clarity and consistency essential for investors.
- CEIG supports the development of plans for engagement and social licence, with an emphasis on their availability to the public.
- CEIG welcomes the AER's forward-thinking integration of social licence into their regulatory framework.

General Comments

CEIG welcomes the AER's recognition of the need for social licence in energy projects. This approach aligns with investors' increasing focus on sustainable and socially responsible investments. Ensuring community engagement and environmental stewardship can enhance the attractiveness of projects to investors who are increasingly mindful of these factors.

AER's Expectations for Transmission Businesses

CEIG supports the AER's expectations that transmission businesses:

- Meet, and explain how they have met, the Rule requirements and relevant jurisdictional policies and guidelines; and
- Undertake best practice engagement, in accordance with broadly accepted guidance in the sector.

Ensuring transmission businesses meet National Electricity Rules (NER) and policies enhances project reliability, a key factor for investment decisions. Furthermore, robust community engagement practices can significantly mitigate project risks, including delays and opposition, thus providing a more secure investment environment.

Community Engagement: Reducing Investment Risk

CEIG is encouraged by the AER's focus on enhancing community engagement in transmission projects and shares the AER's vision for effective stakeholder engagement. CEIG recognises that effective community engagement is a critical tool in reducing project delays and opposition, both of which pose significant risks to investors. A strong social licence can lead to smoother project implementation and safeguard investment returns.

The proactive approach to integrating social licence considerations into regulatory tests and network determinations is commendable, as it provides a more holistic understanding of a project's impacts and benefits. This holistic approach is essential for ensuring that renewable energy projects are not only economically viable but also socially and environmentally sustainable.

CEIG would like to ensure that a balanced approach is taken that considers the practicalities of project execution alongside stakeholder engagement needs. This balance is vital to maintain investor confidence and ensure the timely delivery of renewable energy projects.

Regulatory Framework: Investor Confidence

The integration of social licence considerations in line with AEMC rule changes and National Electricity Objectives (NEO), including emissions reduction, offers clarity and consistency, which is highly valued by investors. This clarity reduces the risk associated with regulatory compliance and fosters investor confidence.

Support for Development of Engagement and Social Licence Plans

CEIG supports the development of engagement and social licence plans, and advocates for their public availability. This transparency is crucial for investors in assessing the social viability of projects and in making informed decisions.

CEIG welcomes the AER's proactive approach in integrating social licence into the regulatory framework. The principles laid out in the Directions Paper will significantly contribute to the sustainable and community-oriented development of Australia's energy infrastructure.

CEIG thanks the AER for the opportunity to provide feedback on the Social Licence for Electricity Transmission Infrastructure Directions Paper and looks forward to continued engagement. Our Policy Director Ms. Marilyne Crestias can be contacted at marilyne.crestias@ceig.org.au if you would like to further discuss any elements of this submission.

Yours sincerely,



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