

16 June 2024

Hon. Lily D'Ambrosio MP
Minister for Energy & Resources
Victorian Government
Lodged via [online survey](#)

Dear Minister,

Response to Victorian Government's consultation paper on the REZ Community Benefits Plan

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback on the Victorian Government's consultation paper on the Renewable Energy Zone (REZ) Community Benefits Plan published in May 2024.

CEIG represents domestic and global renewable energy developers and investors, with more than 16GW of installed renewable energy capacity across more than 76 power stations and a combined portfolio value of around \$38 billion. CEIG members' project pipeline is estimated to be more than 46GW across Australia. CEIG strongly advocates for an efficient transition to a clean energy future on behalf of the investors who will provide the low-cost capital required for this transition.

Key Points

- **CEIG strongly supports the development of a plan for delivering direct benefits to communities** hosting new transmission and renewable energy infrastructure in Victoria.
- Robust frameworks **help investors assess the social viability of projects**, thereby increase investor certainty.
- **A clear strategy is needed for communicating this Plan to communities**, ensuring transparency in the rollout of renewable energy projects across the State and the benefits available to them.
- **CEIG calls for a Plan that harmonises practical project execution with robust stakeholder engagement.**
- **CEIG supports the clear eligibility criteria for landholder benefits**, including

that these benefits will not be available to public entities.

- **CEIG supports establishing a REZ Community Energy Fund** in each region hosting a Victorian REZ.
- **CEIG supports the eligibility criteria** which restricts fund usage to direct benefits from the energy transition and clearly defines ineligible projects.
- **CEIG supports the proposed governance structure** with VicGrid managing each REZ Community Energy Fund in close collaboration with local stakeholders.
- **CEIG supports tiered benefit payment rates** based on development impact.
- **CEIG recommends that the Plan explicitly define what constitutes a dwelling**, including specifying the timing for development applications or commencement of construction to be considered a dwelling to **prevent misuse of significantly impacted neighbour benefits**.
- **CEIG supports fit-for-purpose dispute resolution procedures for visual amenity disagreements**.
- **CEIG recommends that the Plan clearly distinguish and develop criteria for weighting views from neighbouring properties** such as differentiating between primary and secondary views.

GENERAL COMMENTS

CEIG strongly supports the development of a plan for delivering direct benefits to communities hosting new transmission and renewable energy infrastructure in Victoria. CEIG is pleased to see that the Plan has been developed in close collaboration with communities and Traditional Owners, and strongly supports that local considerations are well understood and reflected in government policy and project planning. The robustness of such frameworks is crucial for investors to assess the social viability of projects and make informed decisions, thereby increasing investor certainty.

Concerns about community impacts and land-use are already presenting obstacles for some generation and transmission projects in the National Electricity Market (NEM), demonstrating the growing importance that early and genuine community engagement, social licence, and broader planning and environmental assessment processes can have on the timely delivery of renewable energy projects¹.

CEIG recognises that obtaining social licence from the community is critical to project success. VicGrid can play an important role in coordinating and setting up consistent frameworks for engagement with local communities, businesses, and local governments across Victoria, as well as incentivising local economic development and community benefit sharing outcomes². CEIG commends the Victorian Government on coordinating social licence and benefit sharing, which will help to de-risk investment in the State.

¹ CEIG & Baringa (Jun-22) [Transmission planning and investment for clean electricity](#)

² CEIG (Aug-22) [Response to Victorian Transmission Investment Framework](#)

The delivery of REZs in the NEM is heavily driven by State governments, who can set standards for effective community benefit sharing and establish minimum expectations for community engagement practices³. CEIG would appreciate a clear strategy for communicating this Plan to communities, ensuring transparency in the rollout of renewable energy projects across the State and the benefits available to them.

In the implementation of this Plan, CEIG seeks a balanced approach that considers the practicalities of project execution alongside stakeholder engagement needs. This approach will help build trust and support from local communities while ensuring the long-term success of renewable energy initiatives.

Eligibility for landholder benefits

CEIG appreciates the clear outline of the proposed eligibility for landholder benefits and supports the specified eligibility criteria.

In particular, CEIG endorses the provision that landholder benefits will not be available for public entities, such as councils, including the specification that projects ineligible for funding are projects that fall within local councils' core activities or are typically funded by other State, Commonwealth and local government sources.

Proposed uses of the REZ Community Energy Funds

CEIG welcomes the consideration of broader benefits, such as community benefits, in the Plan. CEIG believes that tailored community benefit energy funds tailored to local contexts are the best approach, avoiding a one-size-fits-all approach.

CEIG supports the establishment of a REZ Community Energy Fund in each region hosting a Victorian REZ. We strongly endorse using these funds to support initiatives that facilitate the energy transition, including building renewable energy supply chains, creating jobs in the energy sector, promoting renewable energy research and innovation, and attracting renewable energy investment.

Social licence should go beyond a checklist exercise by emphasising genuine community investment and engagement, providing communities the opportunity to financially benefit from hosting renewable energy infrastructure. It is crucial for communities hosting this vital infrastructure to experience significant benefits for both the community and the State as a whole. Thus, CEIG is strongly supportive of the proposed eligibility criteria, which restrict fund usage to direct benefits from the energy transition and clearly define ineligible projects.

We also advocate for the coordinated management of social investment and economic development within regions where renewable energy projects occur. As reflected in the feedback heard to date, CEIG urges State governments to provide early guidance on developer fees, specifying the amount, recipients, and purpose while avoiding duplication.

³ CEIG (Sept-23) [Response to Community Engagement Review](#)

We also stress the importance of keeping fees reasonable to support developer social licence programs and preventing cumulative impacts that could diminish the attractiveness of REZs and result in higher wholesale prices.

CEIG calls on the Victorian Government to ensure transparency in the allocation of government-mandated fees, prevent fee duplication, and offer clear guidance on fee use, contributors, and responsible parties for fee management.

How funding decisions will be made

CEIG supports VidGrid taking responsibility for each REZ Community Energy Fund, collaborating closely with regional and local stakeholders to coordinate decision-making. CEIG endorses the proposed governance structure, which includes community reference groups composed of broad community and industry representation to identify and recommend appropriate funding opportunities from REZ Community Energy Funds. CEIG understands that a cross-reference group consisting of senior regional community reference groups will provide decision-making guidance, while VicGrid will ensure overall statewide accountability. The establishment and enforcement of governance and accountability measures by the State will enhance stakeholder and community confidence.

This approach closely aligns with CEIG's advocacy for State governments to appoint an official to address complaints related to the exploration, development, construction, operation, and decommissioning of renewable energy generation, large-scale storage, and new transmission infrastructure⁴. Collaborative discussions with local government entities could also enhance project pipeline visibility.

CEIG supports State governments in establishing coordinated community benefit sharing frameworks to foster social licence, improve conditions for project support, and reduce investment risks associated with project deliverability. We believe this will ensure visible and consistent impacts of new energy infrastructure projects, which are essential for the strategic development of local communities.

Significantly impacted neighbour benefits

CEIG supports the use of tiered benefit payment rates based on the impact of the development, including higher rates for exceptional circumstances, as outlined in the proposed Plan.

Definition of a dwelling

However, CEIG recommends that the Plan clearly define what constitutes a dwelling and specify the timing for which either development applications for dwellings can be lodged or approved, or when a construction must commence before being considered a dwelling at the time a company has been contracted to deliver a new major transmission project.

⁴ CEIG & HSF (Apr-24) [Delivering Major Clean Energy Projects in Queensland and Victoria](#)

CEIG recommends that there should be a construction in place, with a clear definition of what constitutes a construction, rather than merely requiring a building permit to be considered a dwelling. CEIG members have experienced how in some States, dwelling entitlements can significantly impact renewable energy projects. If a landowner becomes aware of a project in time to apply for a building permit for a proposed dwelling, even without actual construction, they may then be eligible for significantly impacted neighbour benefits. CEIG proposes that the Victorian Government outline a clear and reasonable methodology for assessing impacts related to dwellings to prevent misuse of these benefits.

Visual amenity

CEIG strongly supports the development of fit-for-purpose dispute resolution procedures to address disagreements between transmission companies and significantly impacted neighbouring property owners regarding the extent of the infrastructure's impact on visual amenity. CEIG understands that to access significantly impacted neighbour benefits. Visual amenity impacts must be demonstrated, and the infrastructure must be clearly visible from the dwelling. CEIG recommends that the Plan clearly distinguish and develop criteria for weighting views from neighbouring properties such as differentiating between primary and secondary views. For instance, an impacted view from a living room should be weighted higher than an impacted view from a laundry room.

CEIG thanks the Victorian Government for the opportunity to provide feedback on its REZ Community Benefits Plan and looks forward to continued engagement on those issues. Our Acting Policy Director can be contacted at daniel.zelcer@ceig.org.au if you would like to further discuss any elements of this submission.

Yours sincerely,



Daniel Zelcer
Acting Policy Director
Clean Energy Investor Group Ltd
w: www.ceig.org.au