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Submission to Draft Renewable Energy Coordination Framework

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Thank you for the opportunity to provide our feedback to the draft Renewable Energy Coordination Framework. UPC\AC Renewables Australia (UPC) is an Australian entity, established in early 2017, that is headquartered in Tasmania. We have a development portfolio of over 6 GWs of renewable energy within the National Electricity Market. UPC is part of the global UPC Renewables Group that was established in the early 1990s. The UPC Renewables Group has developed, owned and operated over 4,500MW of large scale wind and solar farms in 10 countries across Europe, North America and Australia-Asia, with an investment value of over US\$5 billion. We have always been a pioneering renewable energy developer, developing the first commercial wind farms in Italy and Indonesia as an example. Our mission is to meet our world's growing energy needs with clean electricity and improve the lives of local people and communities. As a developer, owner and operator, UPC is vested in the community for the long term.

UPC is currently progressing two renewable energy projects in north-west Tasmania, representing around \$1.5 billion in private investment into Tasmania and 400 construction jobs at its peak (up to 65 ongoing jobs). When complete, the projects will provide around 1000 MW of new renewable energy, which is equivalent to over 30 per cent of Tasmania's current energy usage. We also have secured land in North East Tasmania for wind farm developments of equivalent scale.

UPC established its headquarters in Tasmania due to the exceptional opportunity that Tasmania presents in terms of renewable energy development. The TRET ambition identifies such potential but there is a need now to start to deliver actions to ensure such a target can be reached. Such actions will provide private investors with confidence to develop in Tasmania in both renewable energy projects but also new industries looking to access clean green energy supply. We therefore see the need for further immediate actions to increase confidence in investing in Tasmania and the development of the Renewable Energy Coordination Framework is a part of building this

confidence. Otherwise the risk is industry will look elsewhere to develop and Tasmania will miss this excellent opportunity.

We have addressed each objective in the draft paper and these are discussed below. However the key concern that UPC considers needs to be addressed is the development of a compelling narrative and promoting of such narrative to gain community support. This issue has become more evident recently due to the slow pace of the Marinus development, seeming lack of urgency and the inability to answer the who will pay question. This seems to be garnering opposition to the initiatives like Marinus and TRET, from groups against wind farm and transmission line developments in the state. We would urge the government to prioritise the development of this compelling narrative (including the interaction between Marinus Link and green hydrogen/new industry) and start a campaign to increase support for this renewable energy vision.

Objective 1 – Achieve our Tasmanian Renewable Energy Target

Goal 1.1 Orderly sequencing of new development projects

UPC consider that to achieve the desired outcome of an orderly sequencing of projects that the government will need to introduce some mechanism. As indicated in the draft, reserve auctions are one mechanism that is being used in Australia with some success. The value of such auctions is that they provide a level of competition between projects to help drive down the price offered by the projects and hence deliver a lower cost outcome for electricity consumers. The other benefit of such a mechanism is, if supported by government or Hydro Tasmania, then this will also result in optimal financing of projects and hence deliver lower cost energy from this process.

The mechanism could also be managed to adjust for any third party developments outside the mechanism through the timing and number of auctions implemented. But any auction should define a minimum level of generation required (i.e. MW/GWh) based on a realistic trajectory to meet the TRET.

Using a reserve auction mechanism will also allow government to define other initiatives they want to achieve with new developments such as percentage of local jobs, percentage of apprenticeships, community benefits funds/schemes/ community consultation expectations, etc. Some of these initiatives have been prominent in other examples like Victorian Renewable Energy Target (VRET) or the ACT reverse auction process. Although, the more onerous the initiative then the more likely the price offered will increase.

It would also be possible for result of the auctions to be made available to aid transparency and the discussion on the value such development can add to the Tasmanian community.

Goal 1.2 Collaboration and strategic decision making

UPC supports development of Renewable Energy Zone (REZ) criteria definitions further although given the size of the zones, a pragmatic approach may limit this to highlighting varying environmental sensitive zones already identified (i.e. National Parks, TWWHA, etc) as well as key town/cultural areas. Defining environmental conditions further would take a significant amount (and cost) of on ground work to understand the key environmental conditions to dive deeper into the REZ area.

Given there is a robust planning approval process that addresses key environmental risk for development then UPC would encourage any environmental overlay to remain at a high level or based on reserve classification already defined by the State (see figure 1). Although again, what this means in terms of development still needs to be defined, as the lowest level of reserves are still open for mining, forestry and other development activities. While it may be useful to defining other land uses in a REZ, it needs to be clear that this may not mean no development but reflect a high level of sensitivity that needs to be consider in terms of developing in these areas.

In many respects, developing the REZ along the lines of the South Australia Statewide wind farm development plan maps could be considered. There is also the potential that the planning schemes could be amended to better support renewable energy developments in REZ.

While developing a more robust REZ criteria, this will not guarantee universal support for the REZ's developed. We have already seen opposition to transmission lines to support the REZ developments in Tasmania and further engagement of groups opposed to such infrastructure is unlikely to resolve the issue unless the transmission infrastructure are moved elsewhere. This may continue in Tasmania and the engagement on REZ criteria is unlikely to assist in lessening the likelihood of this outcome.

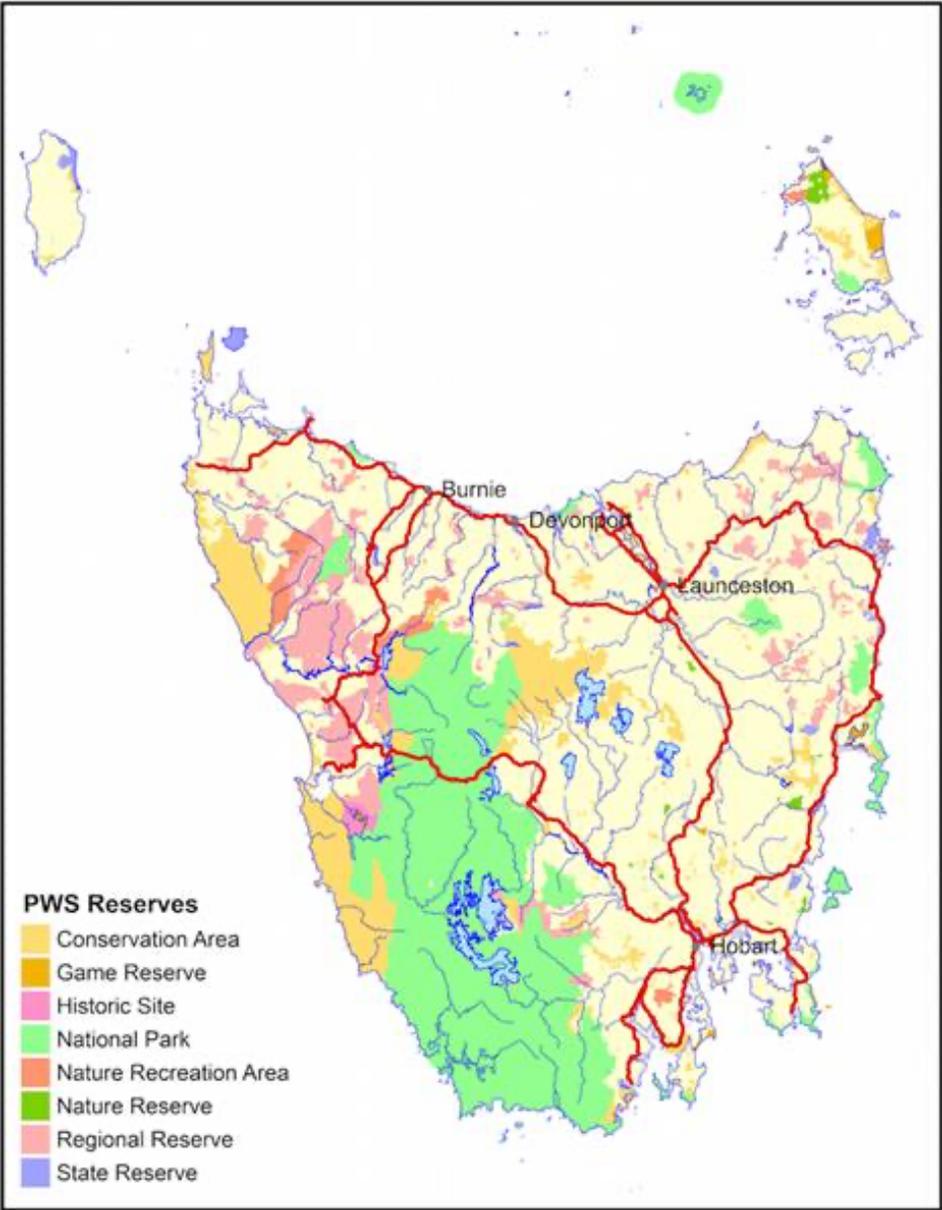


Figure 1 Reserve classifications in Tasmania (<https://parks.tas.gov.au/about-us/managing-our-parks-and-reserves/reserve-listing>).

One of the key issues with this approach is the manner of engagement with the community in terms of the REZ but also what this means as a development progresses through the approval phase. For example, if the community signs off on the REZ maps does this mean there is a reduced rights to appeal on various impacts of a development (i.e. visual/noise for a wind farm if outside a range (i.e. 2km)- refer SA example <http://www.renewablesa.sa.gov.au/topic/large-scale-generation-storage/wind-farm-planning-policy>).

UPC considers there is merit in reviewing the Environmental Management and Pollution Control Act (1994) to enhance major project development. UPC have experienced a level of uncertainty in terms of the approval of the transmission line required as part of our development. This may have been clearer and more efficient, if the transmission line was covered by EMPCA (i.e. level 2 activity).

UPC also supports a clearer process and guidelines for access to areas of crown land. This should include defined timeframes for responses to provide greater certainty, clarity and transparency for projects being developed that interact with crown land. UPC experience has seen inefficiency differences of approach/understanding by public servants and timing uncertainty due to no timeframe or guidelines for such engagement. In developments that cross crown land, the information to gain consent to submit a develop application should be focused on the development across crown land rather than the whole development. At present, the requirement is to submit the full development application (DA) rather than specific sections of the DA aligned to the crown land involved which can add time and complexity to this process. Also in a complex project, the DA may change a number of times (sometimes with no impact on the crown land involved), yet the full DA would need to reviewed again to gain consent to submit a DA.

Goal 1.3 Efficient process and procedures for major renewable energy projects.

UPC supports a coordination role within government to ensure developments can progress smoothly and any issues are addressed in an efficient manner. The role should help developers understand the engagement path with various departments but also be an escalation point for resolving issues.

However, the role needs to be clear on how it interacts with community and stakeholders on specific projects. It still should be the role of the project developer to manage the engagement with communities and stakeholders. Having the government in the middle of these engagements could cause issues in terms of ownership of issues. If government took on a more a facilitating role in terms of stakeholder engagement then that may have merit. Although in terms of wind farm development, the federal wind farm commissioner already plays a role in dealing with complaints and issues for individual developments and some thought is needed on what the government coordinator interaction may be in regard to wind farms, complaints and the wind farm commissioner.

The coordinator role could also look at enhancing initiatives in terms of developing positive outcomes for communities aligned to developments and other government initiatives. For example, major project development will need significant housing requirements during development. It may be possible for the developer and government to coordinate actions to address both the short term development need but also the longer term housing need. Another example may be in terms of

skills development. Ideally these discussion will happen well in advance of the actual development to maximise the value to Tasmania of such developments.

Objective 2 Establish Tasmania renewable energy zones.

Goal 2.1. Integrated delivery of future renewable energy generation and transmission systems

UPC supports the government engaging with the community more over the development of the REZ. Like all REZ defined in other regions, the basis for the REZ definition is on defining the lowest cost/best resources to be developed. Engaging with the community to better articulate this but also understand the key concerns and issues to be resolved may help to gain greater acceptance of the REZ concept. UPC considers that one key action is the development and dissemination of the compelling narrative of the Tasmanian renewable opportunity and how the REZ assists in delivering the targeted outcomes. This should also focus on the value opportunity to the local communities to help gain support for the REZ concept and the wider Tasmanian renewable energy opportunity.

Objective 3 Partner with our Communities

Goal 3.1 Understanding what matters most to maximise benefits

UPC supports the development of community benefits schemes to help share the value of the developments. UPC are providing a community benefits fund for its Robbins Island and Jim's Plain Renewable Energy Parks to provide a value sharing from these developments to the community. We have allocated \$750/MW for this fund. What is important however is to get community input and buy in to the scheme. The design of this scheme is still to be finalised and UPC is seeking input from the community impacted by the developments to determine how the funds are administered. Overarching basis of the scheme is for it to be community managed (independent of council or UPC), aligned to community projects, UPC will provide support services and ideally managed by a committee with an independent chair. There are many examples of such committees on mainland Australia related to large scale renewables energy projects that the government could review.

In addition, UPC are also committing a further \$250/MW for community projects and environmental projects (UPC managed fund) that UPC wants to support. Projects such as Rice Grass eradication in the proximity of our project, support for local fire brigade and SES are examples of projects UPC have already supported.

UPC would encourage government not to define a funding level but in the case there is a mechanism for sequencing projects (i.e. goal 1.3) demonstration of funding a community benefits fund could be a criteria to be met.

Goal 3.2 Participatory and Transparent Engagement

UPC supports the need for strong community/stakeholder engagement. While there is merit in considering developing a guide to define this from the government point of view, UPC would advocate adopting or reinforcing the need for developers to demonstrate the use of industry guidelines such as the Clean Energy Councils community engagement best practice charter. UPC are a signatory to the CEC charter but have also adopted the International Association of Public Participation guidelines for its community consultation program.

Also it is unclear how effective engagement can be measured. For example, with major projects there is always likely to be some aggrieved parties, despite extensive engagement. UPC experience and expectation is that there are community members who do not want wind farms or transmission lines in their back yard, no matter how extensive the community engagement is or robust the planning process. In UPC experience with 28 drop in sessions and numerous individual and group briefings, sponsorship and presence in the community (local office set up), we will still get objectors to our developments. Therefore the measure of effectiveness needs to be more than full support in the community but on the comprehensive nature of the engagement.

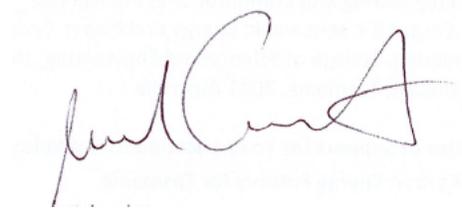
Goal 3.3 Clear, compelling and authentic communication of the Governments renewable energy vision.

UPC experience in the past 6 months is a growing resistance to the government renewable energy vision. This is due to a limited narrative on the benefits to Tasmania and how those benefits will materialise and the fear Tasmanians will pay the cost. UPC have continued to support the vision but there is a need for government to start promoting this more. It needs to answer the key questions of “ What’s in it for Tasmania ?” and will Tasmanians be left footing the bill?” The question of how green hydrogen/ammonia fit with Marinus link also needs to be addressed. It would seem that the community do not see the complementary value of Marinus link to helping develop green hydrogen and that’s its not either/or its an and. Also the fact that its likely both Marinus Link and green hydrogen, or other industry, will be required to meet the TRET 2040 target needs to be further articulated.

While the Renewables Tasmania website helps outlines the various initiatives, the narrative needs to bring this together and articulate the benefits in jobs, economic activity, new industry, energy reliability, lower energy prices and greater dividends to Tasmania.

If you would like to discuss this feedback in more detail then please don't hesitate to get in contact with me.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Michael Connarty". The signature is written in a cursive style with a large, prominent 'C' at the end.

Dr Michael Connarty
Manager, Strategy and Stakeholder Engagement
UPC\AC Renewables Australia