

27 September 2023

Ms Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

By email to: <https://www.aemc.gov.au/contact-us/lodge-submission> (ERC0357)

Dear Ms Collyer,

Enhancing community engagement in transmission building (ERC0357) – Draft Determination

Iberdrola Australia Networks welcomes the opportunity to provide a submission to the AEMC Enhancing Community Engagement in Transmission Building – Draft Determination (ERC0357). The rule change proposal from the Minister for Climate Change and Energy, the Honourable Chris Bowen, follows the conclusion of the AEMC's Transmission Planning and Investment Review (TPIR), with the aim of ensuring the regulated monopoly Transmission Network Service Providers (TNSPs) undertake clear and consistent community engagement during planning for major transmission projects to underpin the building and maintaining of trust with local communities, while supporting social licence.

The Iberdrola group has become one of the leaders in the Australian renewable energy market after acquiring Infigen Energy in 2020. The company operates more than 1500 MW of solar, wind and storage batteries in Australia and has a significant portfolio of projects, of which 453 MW are under construction and more than 1,000 are in various stages of development.

Iberdrola group is also recognised globally by its experience building, operating and maintaining electricity lines, substations, transformation centres and other infrastructures to transfer electrical power from the production centres to the end user across relevant jurisdictions in Spain, UK, US and Brazil. Iberdrola currently operates one of the world's largest power distribution systems, comprising more than 1.3 million kilometres of distribution lines and more than 4,400 substations, which carry electricity to more than 34 million people around the planet. Forty percent of the group's organic investment for the period 2020-2025 (more than €27 billion) will go to the networks businesses. Iberdrola Australia is actively looking to roll-out these capabilities in country, demonstrating its full commitment to Australia's energy transition.

Importance of quality community engagement

Iberdrola Australia Networks, as a business within Iberdrola Australia, welcomes the continuing focus on community engagement as a vital part of accelerating the clean energy transition. We fully support the rule change proposed by Minister Bowen.

Quality community engagement has been a critical part of Iberdrola's infrastructure for many years underpinning the successful delivery of generation and transmission projects globally.

Our business depends on the support of the communities that host us and our assets. Therefore, we seek to ensure our operations make valuable social and economic contributions to our communities.

In addition to the effective engagement strategies we embrace, Iberdrola strives to be active in our host communities and support local community organisations, projects and fund-raising activities.

A case study illustrating the Iberdrola Group's commitment to actively listens to community concerns can be demonstrated through various programs implemented by Scottish Power (which is owned by the Iberdrola Group).

Scottish Power wanted to build new transmission to transmit over 2GWs of power across several hundred kilometres to link the transmission network in Scotland with that in England and Wales. This would unlock Scottish renewables for use in England and Wales. There were many community concerns about this project due to the number of transmissions lines which would have to traverse highly populated towns and villages, which would take a lot of time, cost, inconvenience to locals and have adverse visual impacts. After listening to the concerns raised by the community, Scottish Power altered its approach to upgrading onshore transmission lines and instead opted to install a subsea marine high-voltage direct current (HVDC) cable in order to bypass and cause minimal disruption to local communities.

In many cases, the use of HVDC technology is relatively expensive and inefficient, but in this instance, the most most efficient and economic solution was to go via the sea, rather than overland. DC circuits can transmit power more efficiently over long distances, on fewer cables than equivalent AC circuits and subsea cables can be installed relatively quickly, with minimal impact. This project is called the Western Link, it is in operation and the undersea cables allows power to flow in both directions according to future electricity supply and demand requirements. This project would not have existed if Scottish Power has not listened to the concerns raised by those who would have been impacted by building onshore transmission lines.¹

In addition, to ensure no one is left behind in the race to net zero, Scottish Power has developed the Transmission Net Zero and Green Economy Funds dedicated to supporting communities and their low carbon ambitions. The Transmission Net Zero fund works in

¹ Further information on the Western Link project can be found at [Western Link - Iberdrola](#)

three phases, the first is where Scottish Power delivers community workshops, secondly, when community net zero projects are proposed, Scottish Power supports the development of formal project plans and finally, provides funding support for these community net zero projects. Similarly, under the Green Economy Fund, Scottish Power funds renewable and low carbon innovative solutions or projects that are proposed by members of the community².

To round up the case study on Scottish Power, Scottish Power develops and annually publishes a Stakeholder Engagement Strategy, as well as bespoke stakeholder engagement documents plans³. The Stakeholder Engagement Strategy's purpose is 'engage proactively with stakeholders in order to anticipate their needs and deliver a consumer focused, socially responsible and sustainable energy service.' Thorough, strategic and planned stakeholder engagement has enabled Scottish Power to make better business decisions that take into consideration the communities needs.

Although we have used Scottish Power as a case study for community engagement, the Iberdrola Group believes that community and stakeholder engagement is a matter of best practice that all of its businesses participate in. In Australia, Iberdrola has also shown its commitment to listening too and working with communities, such as near its Bodangara Wind Farm, where Iberdrola has established a Community Benefits Fund to support not-for-profit organisations. These funds are managed by Local Councils to provide an impartial selection process to the applications received. The funds are released on an annual basis and are made available for the lifetime of the operating renewable energy project. Iberdrola Australia has also set up a similar Community Benefits Fund at its Flyers Creek Wind Farm, which will operate for the next 25 years.

Providing funding is not the only way that Iberdrola assists works with communities. Iberdrola also helps with innovative projects and research and development, amongst other activities that it takes to work with and benefit communities. Iberdrola's US arm, Avangrid has developed the Supplier Diversity Program⁴ where it aims to proactively support small and diverse suppliers and ensure the company's supply chain reflects the customers, communities, and economies that it serves. It has also founded the Renewable Wildlife Research Institute⁵ whose purpose is to protect wildlife and wildlife habitats and Avangrid has signed the United Nations Global Compact Sustainable Ocean Principles, that aims to accelerate the transformation to a cleaner energy future while protecting the marine environment and biodiversity⁶.

Early community and stakeholder engagement is essential and an important part of doing business well and right, rather than an obligation. Good community engagement is a routine

² Further information on the Transmission Net Zero and Green Economy funds can be found at [Green Economy and Net Zero Funds - SP Energy Networks](#)

³ Further information on Scottish Power's Stakeholder Engagement and Engagement Strategies can be located on the website at [Engagement - SP Energy Networks](#)

⁴ For further information on the Supplier Diversity Program see [Supplier Diversity - Avangrid](#)

⁵ For further information on the Renewable Wildlife Research Institute see [Home - Renewable Energy Wildlife Institute \(rewi.org\)](#)

⁶ For information on Iberdrola's participation and commitment to the United Nations Global Compact Sustainable Oceans Principles, please refer to [Practical Guidances for the UN Global Compact Sustainable Ocean Principles | UN Global Compact](#) and [How Avangrid is Protecting Offshore Biodiversity and Ocean Resources - AVANews Blog](#)

and best-practice approach that all renewable developers currently undertake and fund without additional support for their projects.

Iberdrola Australia Networks is looking forward to extending its established quality engagement model from global networks experiences alongside successful practices in local Australian renewable generation and storage projects, recognising that past positive community experiences across the Iberdrola Group will facilitate positive outcomes for future projects.

We believe that current TNSP engagement with customers and communities revolves around progressing and securing reset proposals, which is a different process to delivering social licence for new vital energy infrastructure such as transmission lines.

Just like the stakeholder engagement undertaken as part of a regulated reset process, the quality of the engagement is important to ensure positive outcomes and the engagement undertaken by the TNSPs during the development of a transmission line project needs to be assessed and monitored by the AER. Any future community engagement needs to be much more comprehensive than the current approach to stakeholder engagement undertaken as part of the Regulated Investment Test – Transmission (RIT-T).

Should apply to all transmission projects, not just REZs and ISP

We are pleased that the proposed rule change applies to AEMO as the Victorian TNSP, given the issues related to the planning and routes for the Western Renewables Link and VNI-West. However, the requirement to undertake genuine and quality community engagement should apply to all transmission projects, not just those identified in the Integrated System Plan (ISP) as either part of the optimal development path or as part of a Renewable Energy Zone (REZ).

Funding

We note that this rule change is a first step in a process that will ultimately allow the regulated TNSPs to seek regulated funding for community engagement and care will be needed to ensure that the cost of the engagement process does not overburden customers who are already expected to fund the new transmission lines.

Small incremental changes in the regulatory framework for TNSPs and transmission line delivery will not resolve the fundamental issues that are preventing the construction of much needed transmission lines.

A new way of delivering this major new infrastructure is needed, recognising the urgency and global context for Australia's clean energy transition. Victoria has demonstrated how allowing non-regulated transmission specialists to build transmission lines has reduced waiting times and costs⁷. NSW is also relying on non-regulated global developers of transmission to deliver their REZ program. Competitive provision of new transmission lines opens the market for new players in the Network Operation landscape, allowing for

⁷ <https://engage.vic.gov.au/download/document/31853>

innovative technical approaches and the opportunity to develop more effective benefit models to support positive and lasting community outcomes. We believe extending competitive models across the NEM can ensure meeting emission reductions and renewable generation targets in a timely manner.

Interactions

This rule change will apply only to the regulated TNSPs, however in a number of jurisdictions new transmission built as part of a REZ (which may be specified in the ISP) will be contestably delivered and it is not clear how this rule change will interact with the various community engagement frameworks in Victoria, NSW and Queensland. It would be appreciated if this be taken into consideration when the final rule change is determined, as all participants who build transmission should be treated equally.

Thank you for the opportunity to provide a submission to the AEMC Accommodating Financeability in the Regulatory Framework: Consultation Paper (ERC0348). We would welcome the opportunity to engage with the AEMC team to share our international experience in building electricity networks.

If you would like to discuss any of the issues raised in this submission, please contact Maheshini (Mesh) Weerackoon via email at Maheshini.Weerackoon@iberdrola.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Da Silva', is written over a horizontal line. The signature is stylized with large, flowing letters.

Ricardo Da Silva
Network Business Development Manager