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16 February 2023

To: Australian Energy Market Operator

Re: 2023 Inputs Assumptions and Scenarios Consultation

Via email: forecasting.planning@aemo.com.au

Dear AEMO,

I am writing on behalf of the Hunter Jobs Alliance, a regionally-based alliance comprising 9 unions and 4 environment groups.[1] We advocate for practical policy to support regional workers, communities and the environment, and to diversify and strengthen regional economies, as the energy system changes.

Our focus is particularly on the Hunter Region of NSW. However, we acknowledge the shared interests and issues between our region and that of workers, consumers and communities nationally. Individually, I have experience across several industry sectors and regions regarding land use and development issues, and am a member of the AEMO Advisory Council on Social Licence.

Accordingly, our comments on the IASR are restricted to social licence issues. Our view is that improved management of social licence issues is required to maintain community support, ensure

[1] Additional detail at hunterjobsalliance.org.au

social and environmental impacts are managed and benefits created, and ultimately to deliver a stable and affordable energy system.

Achieving these outcomes requires trade-offs. In turn, achieving durable trade-offs requires effective accounting of costs and benefits, and clear processes that deliver 'procedural justice' and community acceptance. The 2024 ISP must begin to tackle social licence in a more substantive fashion, as a starting point for what will be a long run challenge as transmission and generation projects increasingly come to new areas.

Acknowledging the need for both haste and rigour, we welcome the opportunity to provide comment on the treatment of social licence in the IASR. We also make some comment on social licence issues of broader relevance to the ISP.

1. A Social Licence Framework

For clarity, and the purposes of the ISP, we define social licence in a plain English, utilitarian fashion. That is, securing community acceptance for projects. This is not exclusive of broader definitions, but we take this as a for-purpose starting point in the IASR context.

We then seek to ask logical questions to define how these ends can be practically met.

Firstly – who are the set of stakeholders who interact with transmission developments and whose acceptance is required? What is their degree of exposure to social licence issues?

Secondly – what are the specific set of concerns that can prevent social licence being granted?

Thirdly – what are the actions that can be taken to adequately address those specific concerns?

Fourth – how can those actions be costed, or otherwise integrated, in system planning and development?

2. A Rough Typology of Stakeholders and Concerns

While acknowledging the complexity and fraught nature of seeking to identify stakeholder groups in the broad, it is important to understand who is affected, to what degree, and what it is they are concerned about. Our (imperfect) understanding of contemporary transmission builds, and the literature, suggests a rough typology.

While we note geographic proximity is a very incomplete proxy for the degree of affectation of different stakeholder groups, there is some relationship between the likelihood of imposition of additional social licence costs, and physical distance from a project.

Physically affected host landholders are the most exposed, and consequently the most common source of social licence concerns. Priority issues are property values, land access and use, amenity, and environment. This is often allied to concerns of shouldering disproportionate impacts on behalf of distant urban centres and energy consumers.[2]

Traditional owners also have highly significant and direct exposure to disruptive land use changes, in particular acknowledging the importance of interrelated landscape and cultural connections.

Neighbouring landholders, while generally not physically impacted, can often be exposed to significant amenity and visual impacts. These are variable based on population density, existing amenity values (such as intact environments), and the values, demographics and place attachments of communities.[3]

[2] Ceglarz, A., Beneking, A., Ellenbeck, S., & Battaglini, A. (2017). Understanding the role of trust in power line development projects: Evidence from two case studies in Norway. Energy Policy, 110, 570-580.
[3] Devine-Wright, P. (2013). Explaining "NIMBY" objections to a power line: The role of personal, place attachment and project-related factors. Environment and behavior, 45(6), 761-781.

Neighbouring communities comprises the next rung out in a zone of affectation. Depending on proximity or landscape type, there may be amenity or environmental concerns. However, concerns often centre around direct socioeconomic issues. This may include labour market, housing and tourism disruption during extended construction periods, and actual or perceived lack of enduring local benefit. Another regularly cited concern relates to community conflict and division, due to either procedural justice and engagement process failures, or variable distribution of costs and benefits.

Social licence issues related to biodiversity and environmental impacts covers a spectrum of local, non-local and societal interest. The degree and management of environmental impact interacts with local values and demography to generate varying degrees of social licence concerns and costs. These are material.

The final rung out is the interests of consumers, both households and commercial. These interests are shared with workers who are dependent on reliable, cost effective, and increasingly low emissions energy for their livelihoods, and who have an active interest in the employment opportunities from the build out and supply chains required for the clean energy transmission.

Consumer interests have been historically integrated to a much more significant degree in ISP planning than the aforementioned 'new' social licence issues. However, it is important to acknowledge them in regards to social licence. Costing regimes, and decision support processes that better integrate the more geographically proximate social licence issues invariably need to be balance with the price, reliability and emissions imperatives of direct interest to the broader population.

3. Response Actions and Cost Factors.

We have found it useful to think about social licence actions in a set of 'buckets' that can then be translated to costs, or other forms of structured intervention.

From the outset it is important to note that:

a) Some actions and risk factors can be effectively priced in a relatively straightforward way (for example, jurisdictional host landholder fees),

b) Others are likely to require new tools that estimate costs within parameters or scenarios (for example, decision support/multi criteria analysis, or potential delay costs based on population proximity and demographic propensities[4]), and

c) Others are dependent on *procedural justice* that requires effective participation and engagement processes that are partly costable (for example sufficient engagement staff and process budgets per kilometre), but also depend critically on the quality and effectiveness of implementation.

3.1 Land Issues

Issues related to land are first order priorities. In some cases, it is relatively straightforward to model costs and interventions.

These include landholder access and hosting costs, and biodiversity rerouting or offset costs – noting, for example, potential variability based on state landholder costing regimes and biodiversity market pricing. We encourage AEMO to apply significant rigour to these costs, including the

[4] Devine-Wright, P. (2013). Explaining "NIMBY" objections to a power line: The role of personal, place attachment and project-related factors. Environment and behavior, 45(6), 761-781.

projected adoption of jurisdictional landholder payments, and the comparative costs of biodiversity market participation and alternatives such as site-specific undergrounding or alternative routing.

In relation to physically affected landholders, adequate hosting and compensatory regimes are likely to be the most efficient and easily priceable social licence intervention in most cases.

In addition, there are a set of credible on-property usage and access issues that cause social licence concern. For example, irrigation or aerial sowing constraints, or accessing sections of a property with machinery, for production or fire-fighting. Cost factors that assume additional micro-siting flexibility are one way to address these concerns.

These issues would also benefit from a broader package of engagement and procedural justice responses (see below) that build trust and confidence with landholders. These are to some extent costable, as increased factor loadings to ensure adequate staffing and engagement costs, specifically through finer grained 'transmission network augmentation costs and generator connection' costings.

Beyond private landholders, we would also encourage incorporation of costs for traditional owner engagement. Given the nature of transmission infrastructure crossing large tracts of country, there is considerable likelihood of risks associated with cultural sites, and cultural landscapes. While views related to any compensation arrangements are best represented by traditional owners representatives themselves, process and engagement costs should be estimated, along with improved engagement guidelines or directives.

3.2 Trust, Procedural Justice & Common Good

The other bucket of first order social licence issues is more difficult to quantify. Research and practice identify related issues of trust (between proponents, landholders, communities and authorities), procedural justice (fair and transparent process), and common good (building shared understanding and active host community participation in the provision of societal benefits) as critical to building and maintaining support for transmission infrastructure.

Ceglarz *et al.* (2015)[5] undertake an insightful applied study, working with network operators. They describe Norwegian transmission build cases defined by 'high rates of acceptability, small opposition and satisfied stakeholders' – in a stakeholder context defined by significant initial opposition and dissatisfaction with prior processes.

They assess *interpersonal trust* as the most critical difference maker in securing acceptance, with this 'occurring mainly between stakeholders and the project manager.' In practical terms, this means an accessible, accountable contact point that validates and genuinely responds to stakeholder concerns and values on a personal basis. This reduces concerns about faceless institutional decisions, and builds trust in the ultimate outcome.

This personal trust approach is accompanied by proactive and well-timed information provision, and processes that demonstrate trust in stakeholders, hear their concerns and values, and facilitate open discussion about alternatives. Companies that conducted these type of processes – moving away from their previous non-participatory "decide, announce, defend" mode – reported substantial progress.

[5] Ceglarz, A., Beneking, A., Ellenbeck, S., & Battaglini, A. (2017). Understanding the role of trust in power line development projects: Evidence from two case studies in Norway. Energy Policy, 110, 570-580.

Significantly, this commitment to procedural justice and participatory process helped local stakeholders understand the cost and technical limitations on siting decisions, and their role as critical contributors to the broader common good of providing an essential service. This helps bridge the commonly identified 'national-local gap' in support for (particularly renewable) electricity infrastructure.[6] In the Norwegian example, it also helped address the intra-community disagreements that are often raised by stakeholders as a divisive by-product of transmission and renewable infrastructure builds.

While there is some scepticism about the value, and concern about the risk, in executing a more participatory, proactive and transparent planning and siting process, there is a compelling case, compared to alternatives. In an environment with urgent build requirements and significant risk of fuelling 'militant particularism' (site specific development objections that coalesce into widespread and enduring conflict)[7], a different approach is warranted.

In relation to the IASR, and ISP, there are several implications of an approach that sees trust and procedural justice issues as an effective response to social licence concerns.

Firstly, 'transmission network augmentation costs and generator connection' factors should accommodate increased costs for staff that can effectively engage with communities on a regular and proactive basis, and allocate costs for appropriately rigorous engagement processes.

[6] Batel, S., & Devine-Wright, P. (2015). A critical and empirical analysis of the national-local 'gap'in public responses to large-scale energy infrastructures. Journal of Environmental Planning and Management, 58(6), 1076-1095.
[7] Harvey, D., & Williams, R. (1995). Militant particularism and global ambition: The conceptual politics of place, space, and environment in the work of Raymond Williams. Social Text, (42), 69-98.

Secondly – and potentially beyond the remit of the IASR consultation but as an important area of future ISP attention – there must be clear guidance on the expected and consistent conduct of improved engagement and participation processes.

This is not a simple exercise (however it is likely highly cost effective, in comparison to delay and other risks). Guidance on consistent process requires a shared and progressive understanding across planners and transmission network service providers of engagement approaches; tools such as geographic decision support systems and multi-criteria analysis; and careful identification of affected stakeholders and facilitation of participation.

Given this, we believe there is a role for AEMO is standardising guidance that assists in the building of social licence in project development and implementation.

3.3 Other factors

We suggest there are two other buckets of factors – amenity, visual, and 'place' impacts aside from host landholder and biodiversity issues; and local costs and benefits.

In relation to 'place'-related impacts, there is a case for costing of affected neighbour type payments, noting these are jurisdictionally defined. Loadings to address visual siting issues near populated areas – such as rerouting – may be a consideration for network augmentation cost estimates.

We also suggest development work is undertaken that can incorporate data on community characteristics that are in proximity to particular routes or projects. There is some evidence from the UK that demographic factors can influence transmission support or opposition in predictable

ways.[8] This aligns with anecdotal observations in the Australian context, where some Renewable Energy Zone sites or connectors are located in regions with communities that suggest higher propensities for particular responses.

We do not suggest incorporating these type of factors into assumptions at this stage. From a technical standpoint utilising community sentiment surveys and modelled propensities is likely to prove challenging. However, there is value in assessing whether these approaches can be effectively applied. For example, multi-level regression with post stratification has been regularly applied for efficiently predicting sub-regional sentiment for a number of years in the public opinion field.[9]

The other key area of social licence concern is related to local costs and benefits.

While there are acknowledged economic benefits from locating large construction workforces in regional communities, there are also disbenefits. For example, in the form of local labour shortages for existing businesses, concerns regarding anti-social behaviour, disruption to tourism such as shortages of temporary accommodation, and housing access and inflation for long term residents. These concerns are often exacerbated given sustained renewable generation buildouts often occur in the same regions.

These negative impacts drive expectations of more enduring benefits. For example, often in the form of site-specific modifications such as temporary accommodation being converted to

[8] Devine-Wright, P. (2013). Explaining "NIMBY" objections to a power line: The role of personal, place attachment and project-related factors. Environment and behavior, 45(6), 761-781.

[9] For example, see
Leemann, L., & Wasserfallen, F. (2017). Extending the use and prediction precision of subnational public opinion estimation. American journal of political science, 61(4), 1003-1022.

Downes, M., Gurrin, L. C., English, D. R., Pirkis, J., Currier, D., Spittal, M. J., & Carlin, J. B. (2018). Multilevel regression and poststratification: A modeling approach to estimating population quantities from highly selected survey samples. American journal of epidemiology, 187(8), 1780-1790.

permanent accommodation or residential land to address housing shortages, community enhancement fund type schemes, or investments that address 'common good' concerns, such as local energy storage or household solar programs.

While not offering a commentary on whether such concerns should be systemically incorporated into ISP approaches or costing, they are commonly identified social licence concerns that could theoretically be factored in as an augmentation cost.

3.4 Combinations and Scenarios of Social Licence Factors

We acknowledge the deep technical expertise and experience that informs the ISP modelling, and the importance of consistency in costing approach over time. We also note the inherent unpredictability and difficulty in estimating parameters for social licence issues, as well as the challenges in costing some qualitative social licence risks and responses. Nonetheless, it is critical to improve estimation of social licence issues in the ISP.

Given the variety and variability of potential social licence costs, we believe there is value in considering and developing additional tools. This may include specific estimation tools such as the aforementioned survey-and-propensity modelling tools on likely community responses.[10] It may also include the development and incorporation of spatial decision support or choice modelling tools that could be utilised as part of a more participatory ground level engagement with affected stakeholders.[11]

More broadly, there is a case for the development and integration of Multi-Criteria Analysis (MCA) type approaches into system planning. For example, Bertsch and Fichtner (2016) describe such an

[10] Leemann, L., & Wasserfallen, F. (2017). Extending the use and prediction precision of subnational public opinion estimation. American journal of political science, 61(4), 1003-1022.
[11] Gorsevski, P. V., Cathcart, S. C., Mirzaei, G., Jamali, M. M., Ye, X., & Gomezdelcampo, E. (2013). A group-based spatial decision support system for wind farm site selection in Northwest Ohio. Energy Policy, 55, 374-385.

approach to generate scenarios, elicit preferences and build consensus by integrating system planning and MCA approaches. [12] While needing significant development and lead time, this may be a promising approach to integrate social licence issues more fully with the spread of other considerations.

4. Final Comments

Research, and recent experience as the intensity of transmission build out increases, point to a specific set of social licence risks and costs. Assessed systematically, there are discrete responses to address these issues.

However, they are not all directly priceable, and some require more qualitative or structural responses, such as consistent community engagement processes.

Where factors are costable, we encourage increased rigour and detail, and increased weightings where required. Where there are uncertainties but potential for improved costing, and/or the more systematic integration of social licence concerns into system planning, we encourage development work to improve future assessments and planning. For example, decision support systems and multi criteria analysis.

Where more qualitative responses are required, we urge AEMO to consider additional activities, in particular the creation of consistent guidelines for engagement and participatory siting processes for planners and TNSPs.

We thank you for the ongoing work to inform the ISP, and the opportunity to provide suggestions on these matters.

[12] Bertsch, V., & Fichtner, W. (2016). A participatory multi-criteria approach for power generation and transmission planning. Annals of Operations Research, 245, 177-207.

Sincerely

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Hunter Jobs Alliance