RENEWABLE ENERGY DEVELOPMENT IN TASMANIA

A guideline for community engagement, benefit sharing and local procurement.

200%

Renewables, Climate and Future Industries Tasmania
Department of State Growth

Tasmanian Government

Acknowledgement of Country

Renewables, Climate and Future Industries Tasmania acknowledges Aboriginal people as the traditional owners and custodians of lutruwita/Tasmania and recognises Tasmanian Aboriginal people's deep and continuous historical connection to the land and sea.

TITLE
Renewable Energy Development in Tasmania –
A Guideline for Community Engagement,
Benefit Sharing and Local Procurement

FIRST PUBLISHED
DRAFT 2022

PUBLISHED BY
Tasmanian Department of State Growth through Renewables, Climate and Future Industries Tasmania

Developed from work commissioned from Dr Jarra Hicks and Kim Mallee from Community Power Agency

Image front cover top right: Supplied by TasNetworks

We thank all the Tasmanian community members and other stakeholders who participated in the research and engagement that informs this Guideline. Without their time and insights, this Guideline would not have been possible.

Find out more: www.recfit.tas.gov.au

Contents

Ministerial foreword 1

Executive Summary 2

A Guide for Tasmania 4

1. Understand social context 9

2. Planning for effective community engagement 11

2.1 Principles to Guide Community Engagement 12

2.2 Key questions to guide engagement activities 13

2.3 Desired outcomes of community engagement 13

3. Deliver benefit sharing 14

3.1 Guiding principles for developing benefit sharing strategies 15

3.2 Key questions to guide benefit sharing 16

3.3 Desired outcomes of benefit sharing 16

4. Think local procurement 18

4.1 Guiding principles for local procurement 19

4.2 Key questions to guide local procurement 20

4.3 Desired outcomes of local procurement 20

5. Roles for Government, Community and Local Businesses 22

5.1 Government's Role 22

5.2 Community and Local Business Roles 23

6. Commitment to engagement with Aboriginal people on renewable energy developments 24

7. On-going evaluation and practice improvement 25

8. Reference list 26

9. Appendix 1 27

Understand the value of social licence 27

Trends at the industry level 28

Influence of corporate governance and internal culture 29

Ministerial foreword

I am pleased to publish this Guideline – an important first step under the Tasmanian Government's Renewable Energy Coordination Framework (the Framework) towards partnering with communities to achieve the Tasmanian Government's renewables vision. Tasmania is host to a wealth of diverse communities, and we understand the importance and sense of pride Tasmanians have surrounding their own part of the world.

In developing the Tasmanian Guideline for Community Engagement, Benefit Sharing and Local Procurement, we want Tasmanian communities to be empowered to participate in every stage of renewable energy development, and to benefit directly from local projects. Achieving our renewable energy goals will likely inject billions of dollars into the Tasmanian economy, create thousands of local jobs, and strengthen our energy security for future generations.

The Tasmanian Government views engagement which involves people as participants, workers, suppliers, and beneficiaries of renewable energy projects as essential for creating projects with a broad base of support in Tasmanian communities.

Growing our renewable energy sector can maintain and grow existing businesses, improve the quality of life for Tasmanians and ensure our State's remarkable achievement of net zero emissions is robustly secured for generations to come. But for more renewable energy to be developed now, it needs to be done well.

Through the Guideline, the Government sets a clear standard for best practice community engagement, benefit sharing and local procurement through renewable energy development in Tasmania. The Guideline also helps to inform communities of the phases undertaken in the renewable energy development process, the roles they can play and what they can expect.

While the Guideline has been developed specifically for renewable energy generation projects, it has applicability to any new major development, and in particular to renewable energy related industries such as hydrogen production.

This Guideline has been prepared in collaboration with the community, industry and Government. A critical first step in its development was undertaking 'grassroots' engagement – to understand what methods people feel have worked well in Tasmania to date, and what they would like to see changed in the future.

We look forward to working with you to build Tasmania's renewable energy future and ensure all Tasmanians can experience the benefits.

Hon Guy Barnett MP
Minister for Energy and Renewables

Executive Summary

Establishing and maintaining a social licence and delivering social value to communities are essential preconditions for the success of renewable energy and associated transmission projects. This Guideline provides guidance for developers to follow to enable local integration of a project and optimise opportunities for the community as part of its delivery.

A principles-based approach is adopted so that projects can implement leading practices as introduced throughout this Guideline, while having flexibility to tailor practices based on each project and community's context. In addition to stakeholder engagement, an understanding of the social context and social impacts, as well as early engagement with the community, will inform what is appropriate in that context.

Good practice will require using multiple methods throughout all project phases and adjusting where needed based on the feedback received, and as things change. Authentic and preferably face-to-face engagement methods delivered on-the-ground and in community are essential strategies for project development in Tasmania.

The Guideline sets out what is meant by social licence to operate and provides principles and practical questions to guide the process and key outcomes sought for:

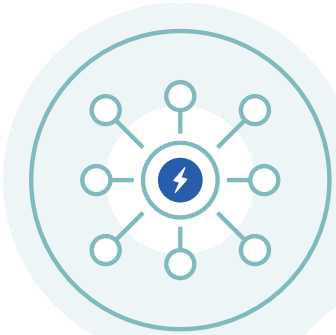
- **Community engagement:** How local communities are consulted and involved in the process of site selection, feasibility, design, planning and approval, construction, operations, and decommissioning.
- **Benefit sharing:** How the benefits of development are shared to create lasting value for local people and communities that host the project.
- **Local procurement:** How local people and businesses are encouraged and enabled to participate in providing services and skills to new developments.

It consists of this document, and four additional technical supplements:

- Technical Supplement 1: Understand social context
- Technical Supplement 2: Plan community engagement
- Technical Supplement 3: Implement benefit sharing
- Technical Supplement 4: Think local procurement

This document provides high-level information intended for a wide range of audiences, while the technical supplements provide further details intended for developers.

The Guideline is tailored to the Tasmanian context whilst reflecting expected standards of practice from the renewables industry across Australia and the world. It can be applied to any new major development, particularly those in renewable energy related industries such as hydrogen production.



Social Licence to Operate

In this Guideline, a 'social licence to operate' is defined by:

- How a project is developed (the **processes** of engagement, building strong relationships and trust)
- What people's perceptions and experiences of the **outcomes** are (including benefit sharing and local procurement).

Social licence to operate is a barometer of local sentiment. It is based on the relationships created between the proponent, the project, and the local community over time. Social licence is ongoing and changes over time as people respond to the processes and outcomes of the project. As such, it needs to be actively managed and carefully maintained.

Social licence to operate is enjoyed when people feel both the processes and outcomes of the project are fair. Within this, trust is a fundamental factor in the ability to establish and maintain a social licence. Trust is a social asset developed through consistency and delivering on expectations.

To ensure that trust can be developed and maintained, the community needs to be brought along on the development process in an informed and valued manner. Other aspects of renewable energy project development that consistently lead to a stronger social licence include:[1]

- developing long-term relationships;
- local staff presence and connections on the ground in the community;
- community engagement that starts early, is sustained over time, and is participatory;
- benefit-sharing (of various types) within the local neighbourhood and community surrounding a project;
- community input and discussion leading to co-developed solutions and influence over some aspects of the project;
- creation of local employment opportunities and use of local services; and
- respecting conservation and biodiversity and a commitment to avoiding and reducing impacts in this regard.

1 Hicks, J., Lane, T., Wood, E. & Hall, N. (2018) Enhancing Social Outcomes From Wind Development, Clean Energy Council.

A Guide for Tasmania

Market research undertaken by ReCFIT on the current sentiment towards renewable energy found that most survey participants agreed Tasmania should be producing renewable energy due to economic benefits, that Government should support renewable energy development, and recognised the important role renewables play in addressing climate change.

In total, 615 people from different communities across Tasmania took part in a survey in late 2021. They were asked a range of questions regarding their knowledge of and sentiment towards renewable energy in Tasmania.

1 in 3 Tasmanians are concerned by the impact individual developments can have and by the cost to taxpayers. The reason for these concerns included visual impact, the development being at odds with heritage listed sites or scenic beauty, lack of benefits for the local community, poor community engagement, risks to tourism, and environmental or biodiversity impacts.

Engagement undertaken to prepare this Guideline further emphasised the deep desire of Tasmanians that the concerted effort to rapidly deploy large-scale renewable electricity developments should primarily benefit Tasmanians. From the jobs it will create, to the clean electricity that it produces, to the energy security it affords and the profits that are collected – Tasmanians want to see these benefits delivered in their home State.

This research and engagement has informed the development of the Guideline content that is specific to the Tasmanian context. By using these Guidelines, developers will better understand the locality and community values and enable local project integration and realisation of benefit sharing and local procurement opportunities.

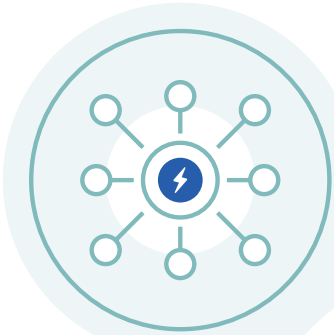
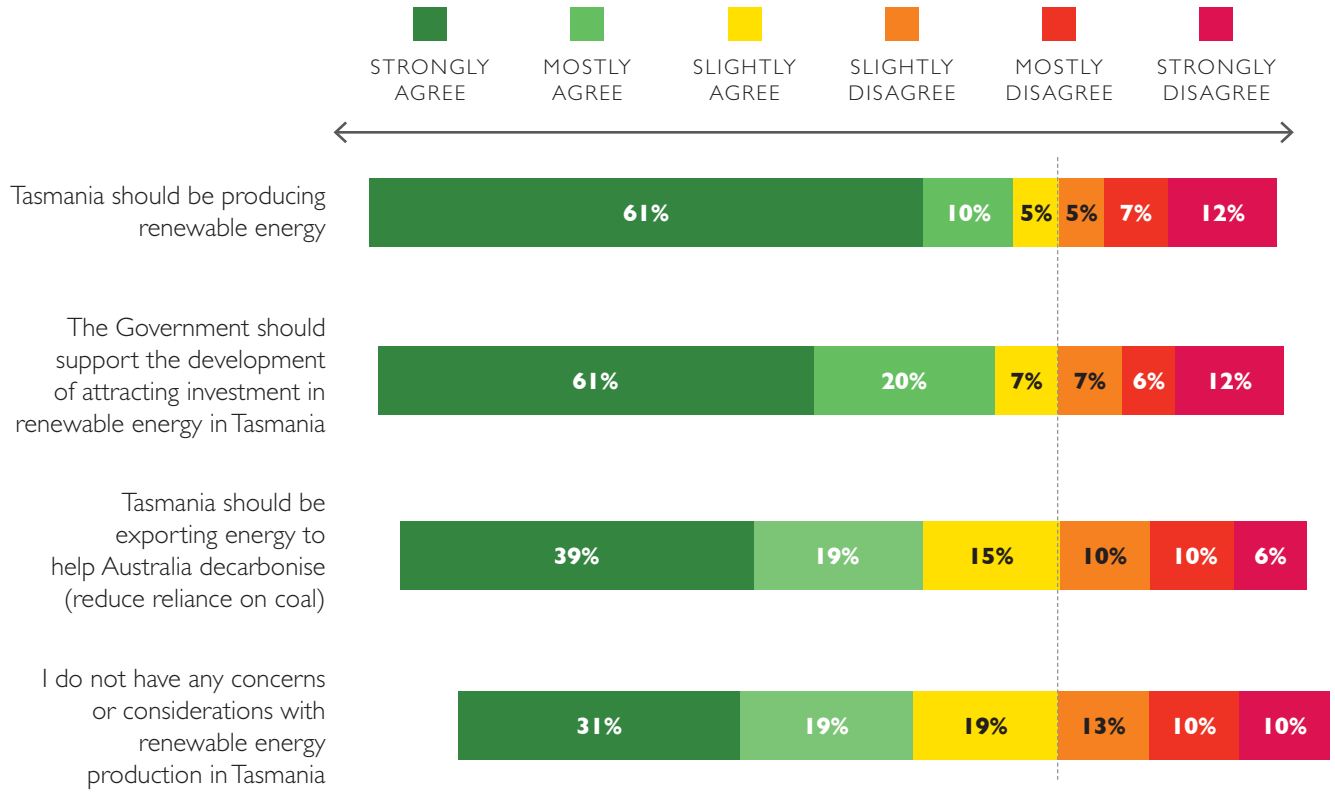


FIGURE 1: ATTITUDES TOWARDS RENEWABLE ENERGY

The majority agree that Tasmania should be producing renewable energy

But 1 in 3 have concerns or considerations with renewable energy production



Figures 1-4. Findings from research undertaken in partnership with Tasmanian media and strategy agency, The20. A total of 615 Tasmanians undertook a 15-minute survey on their attitude towards renewables in the state. The research was undertaken between 25th November and 9th December 2021.

FIGURE 2: RENEWABLE ENERGY IMPACT

It is believed that renewable energy will have the most positive impact on environmental factors

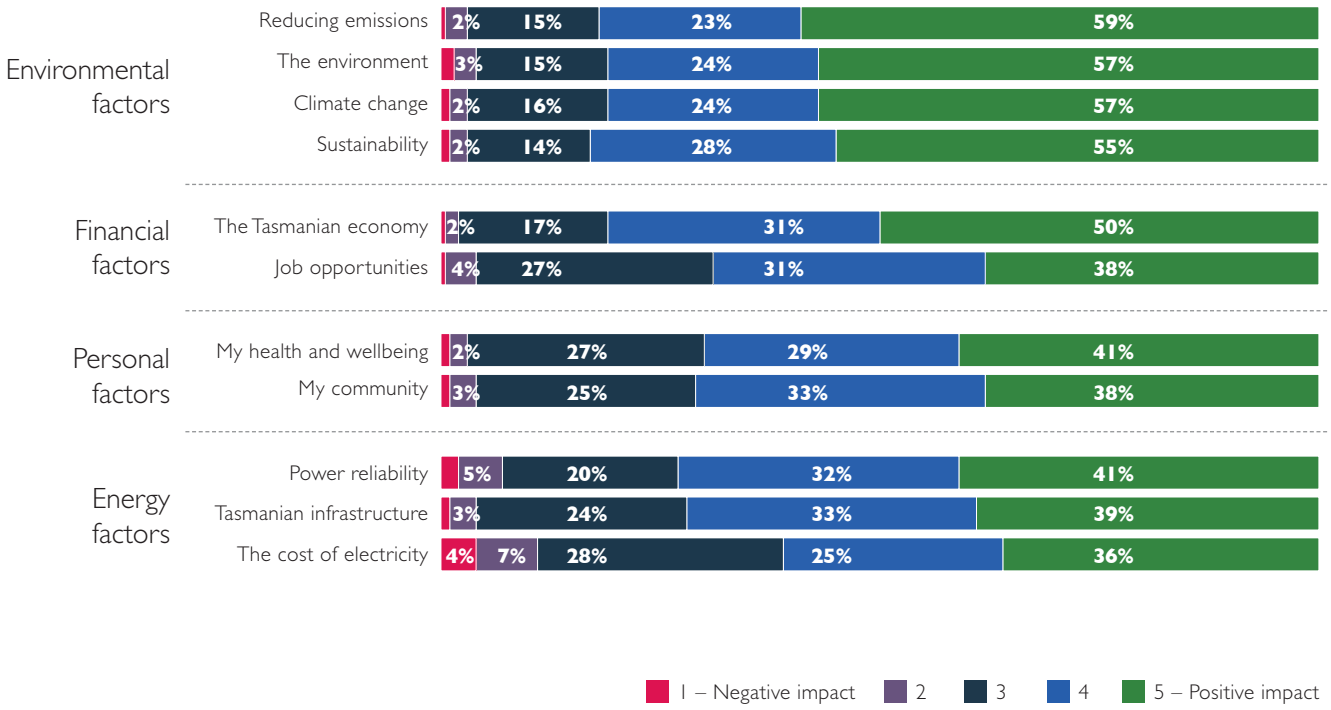


FIGURE 3: BEST OUTCOME OF TASMANIAN RENEWABLE ENERGY TARGET

Tasmanians feel the best outcomes of the 200% TRET are related to the state's economy and combating climate change as a nation

Will benefit Tasmania's local economy

Tasmanians were excited by the prospect of the 200% TRET increasing jobs and feeding money back into the states economy. Especially if it meant being able to focus funds towards departments they felt were lacking.

"Less reliance on limited energy sources (coal), a boost to the economy through jobs and energy trade and refocusing on infrastructure and education."

Address climate change

Many were happy that Tasmania would be playing a part in reducing Australia's annual carbon output and ultimately fighting against global warming.

"Making a difference toward halting and reversing human induced global climate change"

Assist other states in reducing reliance on fossil fuels

With Tasmanian residents feeling ahead of the pack in regards to renewables, they feel the next step is to help the mainland in reducing their reliance on fossil fuels.

"We can help out the rest of Australia. The whole world needs to work together to benefit the environment'

Opportunity to become industry leader

With Tasmania already having a strong renewables industry, some felt that the state could become a hub for further green research, business models, and 'clever communities''.

"That Tasmania becomes a centre of excellence in training, design, manufacture and implementation of renewable energy systems."

Will reduce energy costs

With some Tasmanians already noting a reduction in energy costs, many hoped that further commitment to renewables would continue to reduce energy expenses.

"Low-cost electricity for Tasmanian homes and businesses. Excess energy generated to be used for energy storage, battery, green hydrogen, hydro."

FIGURE 4: WORST OUTCOME OF TASMANIAN RENEWABLE ENERGY TARGET

Tasmanians are worried about the potential financial and environmental costs that may come with the 200% TRET

Environmental damage

There is a strong concern for additional infrastructure to support the target and its potential damage to the environment, like intrusion on wildlife and contamination of surrounding areas

"I would hate to see the environment affected in a detrimental manner, there's already so much damage been done"

Overcommitment to mainland

Some are worried that exporting large quantities of renewable energy to other states will be at the cost of Tasmanian, financially and environmentally.

"Tasmania losing control of its energy resources, becoming the battery of the nation...no energy for Tasmania with prioritisation for the mainland..."

Cost to Tasmanian taxpayers

In having to build a seemingly large amount of clean energy infrastructure, some are concerned that it will be at a cost to taxpayers, especially if it doesn't reflect in their energy bills.

"I think it will cost Tasmanian taxpayers more money for energy due to the sharing mechanism. I heard we already send power interstate and often have to poy to buy it back. raising energy prices. which seems absolutely stupid."

Failure to meet 200% TRET

At a top level, Tasmanians feel the worst outcome would be if the 200% TRET simply wasn't reached.

"Not meeting this goal and not being supported by the Australian federal Government in achieving this target"

Long term effect

While many can understand that renewables are a progressive alternative to fossil fuels, there is worry that the manufacture of materials that have a life expectancy, like solar panels and batteries will create bigger issues.

"Renewable energy may allow destruction in other areas then coal e.g. solar panels needing changing regularly and going to land fill. Lithium mining causing destruction. Renewable not been truly renewable"

1

Understand social context

Developing a sound understanding of the social context must be part of developing any renewable energy project from the very first stages of site selection through to decommissioning and should happen iteratively throughout the project as it enters new stages and as the social context evolves.

The social context has a significant bearing on:

- whether a project will be feasible at a given location;
- the types of interest or issues the project is likely to face;
- the design of the project, including placement of different technology components and roads;
- what community engagement is undertaken and how;
- the types of benefit sharing that might be appropriate; and
- the opportunities for local procurement and skills development.

Understanding the social context will help to manage social risks and enhance social opportunities by providing a foundation of information from which a well-informed, strategic approach to community engagement, benefit sharing, and local procurement can be developed. This increases the ability to develop a project with a strong social value.

Understanding the social context requires attention to:

> *Aboriginal heritage and ongoing connections with country; settler histories; current land uses and zoning; demographics of the local population (including age, education level, employment, income, home ownership, civic activity, health and wellbeing indicators); relationships to iconic and valued landscapes or environs; popular recreational activities relating to landscape; social values; key issues of local importance; local industries and economy; community services and infrastructure; past experiences with renewable energy and cumulative impacts; key personalities and champions; any other unique or defining features of a community.*

Once key information has been gathered, it should be used to undertake a social feasibility study and/or a social impact assessment. Ultimately, the social feasibility study and social impact assessment should aim to identify, be it at a REZ or project level, the potential impacts on host communities and should guide engagement on how they can be minimised, ameliorated or offset. For more information on methods for gathering information and assessing social context along with how to develop social impact assessments and social feasibility studies please refer to the Technical Supplement 1.

CASE STUDY 1

Hydro Tasmania's early stage social and environmental risk assessment process for pumped hydro options assessment in Tasmania

Hydro Tasmania has developed a process for assessing the potential social and environmental risks and opportunities of sites proposed for new pumped hydropower projects. They conduct the assessment early in the options assessment and site selection phase, ahead of undertaking feasibility studies on any particular site.

As a first step, to identify the proposed hydropower sites from a broad range of options, three essential social and environmental criteria are used:

- Avoidance of sites in the Tasmanian Wilderness World Heritage Areas
- No new dams on rivers to be built; and,
- Direct impact to private land is avoided or minimised.

Then, their 'Integrated Business Risk Management' process is used to apply a multi-criteria analysis of social, environmental, technical and financial risks and impacts of each site. This internal corporate governance framework guides risk-based decisions to rank each site by its possible risks and opportunities. Sites that exceeded an internal corporate threshold of environmental and social risk (in addition to other risk types) are excluded in the selection of the preferred sites in the early options assessment process.

The environmental and social studies that inform the multi-criteria analysis include:

- assessment of impacts and opportunities associated with environmental, heritage, planning and social aspects;
- identification of planning and environmental approval processes and requirements;
- identification of potential mitigation measures

In addition to desktop studies, Hydro Tasmania conducts some targeted field investigations and undertakes a series of one-on-one meetings and community and interest group briefings in nearby towns and communities to short listed sites to obtain early feedback.

Through this process, social risk management has been built into Hydro Tasmania's corporate governance structure and assists them to identify sites that have lower impacts and are most likely to be supported from a social perspective. Conversely, Hydro Tasmania have used this process to exclude sites with favourable technical specifications, but social and environmental risks above acceptable threshold levels.

The sites that make it through to the feasibility stage will undergo further consultation processes and social impact assessment studies to provide a more comprehensive assessment of social impacts and opportunities.

2

Planning for effective community engagement

Community engagement is a strategic process of working with groups of people to address issues that affect them and to achieve better long-term outcomes for a project. A fundamental difference between stakeholder and community engagement is that community engagement involves group-based engagement activities and encourages group discussion and deliberation.

Good community engagement is the foundation of being able to deliver quality benefit sharing and local procurement and can facilitate a range of benefits for a project which have a positive impact on the project budget including:

- better decision-making processes and outcomes, with less conflict;
- meeting procurement and funding milestones and performance indicators;
- more cost-effective project development and operations;
- better employment and skills development outcomes for the community;
- risk management and risk reduction;
- an understanding of social factors that affect timelines;
- an understanding of the needs of stakeholders;
- an overall understanding of needs and issues surrounding a problem;
- better social outcomes and capacity building; and
- more appropriate project design with fewer social and environmental impacts.

A key first step of the process is to assess whether a community has the engagement skills, time, resources, and ability to participate. There may be a need for capacity building and support to assist communities to engage with renewable energy projects. For instance, provision of childcare at community project meetings or hold a BBQ where the community naturally gathers.

Delivering on community expectations in a timely manner can be challenging in the context of renewable energy development as there are many variables that affect the final delivery of a project. This influences the ability to make clear commitments to communities and to be able to deliver on them, with challenging implications for trust building. To ensure that trust can be developed and maintained the community needs to be brought along on the development process in an informed and valued manner.

rent about what aspects of a project are uncertain, what possible contingencies are, and the processes and timelines for decision-making will help local people understand and accept uncertainties. Engaging local communities early in the project despite uncertainties can build social licence as communities can engage meaningfully in the project before it has advanced to a stage where that is no longer possible, for example at the siting or location mapping stage

For detailed guidance on understanding community, best practice engagement methods, timing and key stakeholder groups see *Technical Supplement 2 – Plan Community Engagement.*

WHAT IS 'COMMUNITY'?

There are many types of community, such as communities of interest (eg sporting, hobbies), geographic communities and cultural communities. Communities are bound together by a common situation, circumstance, or interest.

For the purposes of community engagement in renewable energy projects, the community will comprise all people living in close geographic vicinity of the proposed project, as well as others who might live further afield but who have a specific interest in the project. The boundaries of this local geographic community will be site-specific.

2 PLAN COMMUNITY ENGAGEMENT

2.1 Principles to Guide Community Engagement

Genuine

Seek community input and feedback, listen actively, report back what has been heard, respond thoughtfully, and make clear how community feedback has influenced the project (or not) and why.

Flexible and adaptable

Allow opportunities for community input to influence actions and decisions relating to the project.

Tailor the approach to match the local context based on local input.

Over the course of a project, the community needs can change and a project that can adapt to those and deliver mutually beneficial outcomes will retain community trust.

Trustworthy

Build, maintain and value local relationships. Show that outcomes are delivered on commitments (however small or large).

Inclusive

Reach different people with different needs within the community using a good mix of methods that are sustained over time, recognise and reach out to the many segments of a community (eg including first nations, youth). Support people to participate where required.

Mutually beneficial

Seek outcomes that benefit all parties. Remember that good practice will deliver better outcomes for communities, projects, developers, and Government.

Collaborative

Seek out local organisations already doing good engagement and community development in the project area to get advice from and partner with. Seek out and engage with people's ideas, feedback, and suggestions.

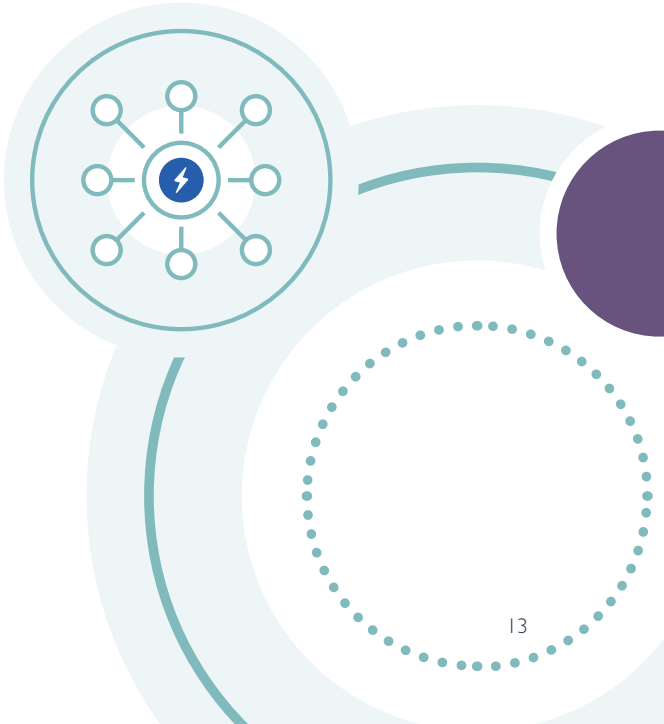
2.2 Key questions to guide engagement activities

When planning engagement activities, seek answers to the following questions:

- What would an appropriate and welcomed wind/ solar/ hydropower/ transmission project look like in this area?
- Who should we be speaking to locally (individuals and groups)?
- What are the best ways to involve people and share information in this community?
- How can we use a suite of engagement methods to reach out to different segments of the community, including hard to reach groups?
- What aspects of the project can we co-design with the community?
- How might we layer in engagement activities on specific topics such as benefit sharing and local procurement?

2.3 Desired outcomes of community engagement

- A project that is appropriate for the local context by virtue of adapting plans based on community input;
- A broad base of local acceptance and ideally support;
- A foundation of trust and relationships from which genuine and productive conversations are had; and
- A process that actively involves the immediately affected community (eg host landowners and neighbouring area) and the broader local community in the design and development process.



3

Deliver benefit sharing

Benefit sharing involves sharing the rewards of renewable energy development with local communities. It aims to integrate a development in the local community by contributing to the future vitality and success of the region. It is based on a desire to establish and maintain positive long-term connections to the area and to be a good neighbour.[2]

To do this well, discussions around benefit sharing must start early (in the feasibility and design phases) and go alongside good engagement for it to be received as genuine. Benefit sharing that is introduced late in the planning and approval phase or later without the participation of the community runs the risk of being interpreted as trying to 'buy approval'.

The benefit sharing budget is directed at project neighbours and the impacted community, as well as the broader region where appropriate. However, does not include essential project requirements such as host landowner payments. There are many benefits from a project that are not covered through benefit sharing such as local job creation and local economic benefits.

Many factors affect the benefit sharing budget and it is important to recognise that each project will have a different threshold for what is feasible depending on technology type, scale, site constraints and available energy resources. Community engagement is essential for finding the balance point between the needs of the community and the available funds allocated for benefit sharing.

To be consistent and to ensure there is a match between the scale of a project and the level of benefit, a benefit sharing budget is best calculated on a per MW basis , or as a percentage of project revenue. Current range of contributions from existing renewable energy projects are:

- Wind Farms: $800-$1,800 per installed MW per year through to decommissioning;
- Solar Farms: $150-$800 per installed MW per year through to decommissioning.[3]

The full range of these figures represents current best practice based on the large amount of variability in each project (eg wind resource, commercial arrangements). It is encouraged proponents tailor their contributions to the local community and the project itself, meaning contributions may be on the lower end of the scale for smaller projects and communities, or may exceed $1,800 per installed MW per year.

Once there is a benefit sharing budget determined for a project, the community should then be engaged to determine how these funds can be shared and best delivered in the local context for maximum impact.

A benefit sharing co-design process is a perfect opportunity to collaborate with and empower the community and is well suited to being done in the design and planning phases of a project. It is important to remember that before the project and community decide on 'what' the benefit sharing funds are spent on, a conversation needs to be had on 'how' the funds are to be shared.

For more information on who benefits should be shared with, options for calculating benefit sharing, doing community development to enable benefit sharing, how to budget benefit sharing, regional benefit sharing and timing refer to Technical Supplement 3.

2 Lane, T. & Hicks, J. (2019) *A Guide to Benefit Sharing Options for Renewable Energy Projects*. Clean Energy Council, Melbourne.

3 A per MW basis is considered best practice because it is proportionate to the scale of the project. Turbines can vary greatly by scale and it is therefore more appropriate to calculate budget by MW.

3 DELIVER BENEFIT SHARING

3.1. Guiding principles for developing benefit sharing strategies

Appropriate

Benefit sharing is tailored to local circumstances, culture and needs, helping to address (not create or reinforce) patterns of conflict or inequality. It makes sense and is appropriate in the local context.

The benefits are perceived as being appropriate and proportionate to the scale of the project and the level of change or disturbance experienced by local people. Given that community members living closest to the project will generally experience greater impacts, they should receive a proportionate benefit.

Flexible

Benefit sharing is an aspect of project development that will greatly benefit from being open to community involvement, influence and negotiation. Having the flexibility to respond to local context will ensure benefit sharing has the best and biggest positive impact (for locals and for the project).

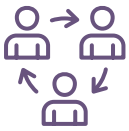
The lifecycle of renewable energy developments is significant (25 years or more), and much can change in a community during that period of time. It is therefore important to build in flexibility so that benefit sharing can evolve with community needs.

Transparent

The benefit sharing strategy is transparently available to the community and provides a clear and understandable rationale for the various programs and who is eligible to participate. Benefit sharing is managed in a transparent and accountable way that involves local stakeholders. Benefits are given for the sake of sharing the proceeds of the project and building positive relationships. Benefit sharing should not come with conditions of silence or consent.

Integrated

Benefit sharing seeks to integrate the developer and the project as valuable community members by building links and relationships with the community. The benefit sharing approach is integrated with the company's broader approach to community engagement and project development.



Mutually beneficial

The approach is designed to bring mutual benefit to local communities, the project and its owners and financiers.

Strategic

Benefit sharing creates a positive legacy in the local community and seeks to bring ongoing and lasting value to the local area. The programs seek to integrate benefit sharing opportunities with broader strategies by building local partnerships.

3.2 Key questions to guide benefit sharing

When planning benefit sharing, seek answers to the following questions:

- How can we involve the local community and stakeholders to co-design benefit sharing strategies?
- How can the project contribute to the social and environmental values that local people care about?
- How can we share benefits in ways that help to address long-term challenges faced by the local community? (eg, housing, healthcare, education, social equity).
- What local groups or organisations (including tiers of government) could we partner with to create bigger impacts?
- How can we involve local representatives in the governance and decision-making around benefit sharing?

3.3 Desired outcomes of benefit sharing

- Community co-design process to develop benefit sharing plans;
- Community involvement in ongoing governance and decision-making of benefit sharing delivery;
- Benefits flow to those in closest proximity to the project, as well as the broader local community; and
- The project brings a range of long-lasting benefits to the community and the project owners.

CASE STUDY 2

How Coonooer Bridge Windfarm delivers best-practice benefit sharing and community engagement

Coonooer Bridge Wind Farm is a 19.8MW wind farm located on rural land 90km north-west of Bendigo, Victoria. It was developed and is owned by Windlab.

Windlab has implemented Australia's first co-ownership model with their Coonooer Bridge Wind Farm. This benefit sharing strategy offers all neighbours with any land within 3km, or a house within 3.5km of a turbine, a share in the equity of the project company. In addition, Windlab's community grant program is specifically targeted towards project neighbours, with each having an equal vote in determining the allocation of community funding. Windlab have gone on to implement similar benefit sharing arrangements at subsequent projects, such as Kiata Wind Farm.

Community engagement activities

To build trust and relationships, Windlab prioritised frequent face-to-face engagement with landowners and neighbours on a regular basis. At key times, Windlab, neighbours and hosts all met as a group to discuss options. These mechanisms of community feedback provided guidance and design advice that informed the benefit sharing strategy.

In response to community feedback about the need for a democratic decision-making process about the allocation of grant funding, the Community Grant Fund includes a role for all neighbours to vote to determine funding allocations.

To maintain transparency and trusted relationships between the developer and the local community, a Community Board Observer has been elected by project neighbours and hosts. This person has full access to Coonooer Bridge Wind Farm board information and meetings for the lifetime of the project.

Benefit sharing methods

Windlab offered free shares to all neighbours of the project within a certain distance from the turbines. This offer was taken up by 100% of those project neighbours and constitutes a 3.5% ownership stake in the Coonooer Bridge Wind Farm. In addition, Windlab made a further 10% of the project shares open for community investment on the same terms as any incoming investor. A small number of neigbours took up this offer and purchased additional shares. All shareholders received returns on their shares.

The Community Grant Fund allocated $1,315 per installed MW per year to community initiatives. All project neighbours get to vote on which applications should receive funding. So far the grants have supported the Charlton Bowling Club and the Coonooer Bridge Recreation Reserve, among other local groups.

The value of benefit sharing to Windlab projects

Windlab has calculated that the risks of poor relationships with the community pose significant and calculable risks for project development. For example, responding to objections, failure to secure planning approval from Council, appeals processes, reputational damage, failure to secure finance or an off-take agreement, loss of landholder support and damage to team morale are all risks associated with not achieving a social license to operate. They calculate that these risks could cost the project in excess of $5/MWh and 36 months of time. As such, they have sought to implement quality community engagement and benefit sharing strategies that cost less and take less time than these possible risks.

4

Think local procurement

The opportunities for local businesses and broader Tasmanian supply chains need to be considered concurrently with engaging the host community about issues of importance and how benefits can be shared.

Local procurement involves engaging local people and businesses to provide the skills and services needed for a project and, as a result, it is a fundamental way that a project can benefit a community. Local procurement should involve prioritising people and businesses in the towns adjacent to the project, followed by the region and then the State, where possible.

It is essential that there is clear communication about the expected job opportunities during the different stages of the project (especially construction and ongoing operations) and which of these might be sourced locally, regionally, within Tasmania and from further afield. Being transparent about what can and cannot be procured locally will be critical for managing expectations and maintaining trust in the community.

The construction of large-scale renewable energy infrastructure requires numerous job types, and it is important to understand that it will not always be possible to employ local people and businesses in all instances. Systems and infrastructure that require specialised tools, equipment or skill sets may reduce opportunities for local procurement.

The types of jobs associated with renewable energy developments vary widely and include labourers, machine operators, administrative workers, technicians and trades, professionals, and project managers.

4 THINK LOCAL PROCUREMENT

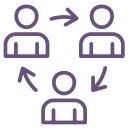
4.1 Guiding principles for local procurement

Prioritise local

Where possible, prioritise procuring first from local sources, then regional, then Tasmanian, then Australian/ New Zealand.

Active Inquiry

Actively reach out using community engagement methods outlined in Technical Supplement 2 to understand the local opportunities or how procurement can be split or adjusted to facilitate local participation. What services and skills are already available locally and what could be fostered within the timelines of the project?



Mutually beneficial

Local procurement is a perfect example of ways that a project can benefit the host community, Tasmania and the developer.

Collaboration

Collaboration is key to delivering great renewable energy projects in Tasmania. This will include working with local businesses/service providers/chambers of commerce to build capacity for tendering as well as collaborating with other developers and contractors to leverage ongoing opportunities. Consider how your project can support local people and businesses to know about and be prepared for work opportunities.

Inclusive

Procurement should actively seek to foster opportunities for underrepresented sectors of the workforce. Programs and contracts that allow for the inclusion of Aboriginal people, women, people with a disability or long term unemployed should be scoped and incorporated into the project's procurement where viable. Collaboration with local service providers will be important to ensure that the local needs are addressed appropriately. Likewise, opportunities for trainees, apprenticeships and graduates need to be identified early in the project so that there is enough lead time to incorporate their learning.

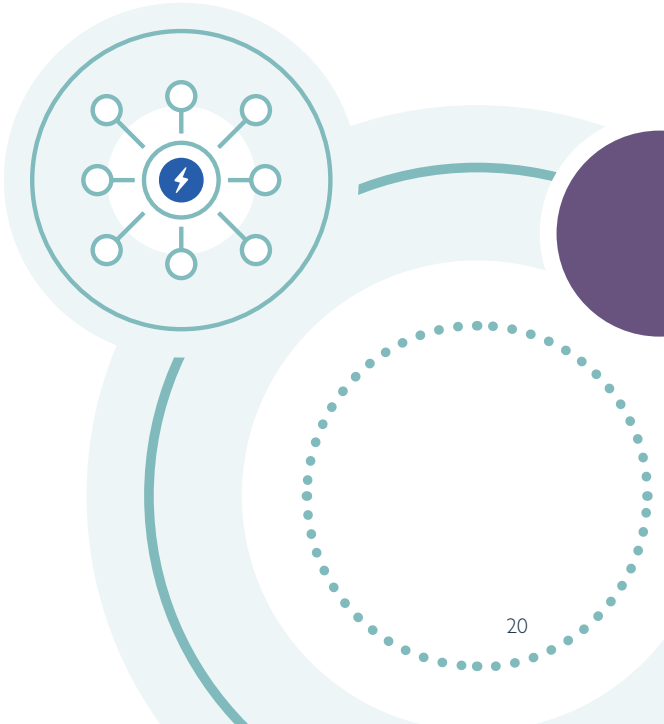
4.2 Key questions to guide local procurement

When planning local procurement, seek answers to the following questions:

- What skills and services are available locally? What skills and services can be developed locally?
- How (and when) can we support local people and business to be job and contract ready?
- How could we use local procurement to deliver a positive social impact, particularly for disadvantaged communities?

4.3 Desired outcomes of local procurement

- That there are both direct and indirect local employment benefits from development, construction and operations phases of a project;
- Local people and businesses have been prioritised to provide skills and services where available and feasible;
- That local people have been briefed and/ or trained to enhance their ability to take up work for renewable energy projects; and
- That the local economy is more robust, diversified, and skilled having been the host of a large-scale renewable energy development.



CASE STUDY 3

Implementing local employment and training at the Karadoc Solar Farm

Beon Energy Solutions was appointed by BayWa to be the Engineering, Procurement and Construction contractor and developed a strategic employment and training program in the Mildura community for the nine-month construction period of the 112MW Karadoc Solar Farm.

Their employment and training program had three principles:

- hire local people;
- provide employment opportunities for people facing barriers to employment; and,
- provide training and support to young people that would develop skills for a potential career in the solar industry.

With a focus, but no requirement under their contract for hiring local, Beon employed over 200 locals over the life of the project. This included, among others:

- 90 long term unemployed
- 12 people on community-based orders
- 14 people from culturally and linguistically diverse backgrounds
- 38 Aboriginal people
- 4 people with a disability.

Beon developed partnerships with local organisations to develop and deliver the local employment and training program. They worked with Jobactives (Jobs Australia employment services program) to identify candidates for its employment and training program, as well as involving the local Mallee District Aboriginal Service (MDAS), the Mildura City Council's employment program, the Victorian Department of Justice and Jobs Victoria Employment Network

Beon and partners needed to be flexible to meet the needs of these groups. For example, Beon provided transport to and from the site, given that many long-term unemployed people did not have access to a vehicle or a current driving licence. A week-long training program was run by labour hire company, Chandler Macleod, for the long-term unemployed as part of a final-stage selection process, and to ensure that the candidates were job ready.

In addition to this employment program, Beon also partnered with Mildura's SuniTAFE and the local Group Training Organisation, SMGT, on a training program for 25 new electrical apprenticeships. Of these 25 apprentices, nine were Aboriginal, including one Aboriginal woman. Beon also worked with SuniTAFE to offer a number of positions in the Certificate II in Electrotechnology (Career Start) course.

SuniTAFE were able to vary the course so that instead of pure course content, Beon was able to provide hands-on work experience with training for two weeks prior to starting on site, then during construction they undertook one week of training per month, finishing with two weeks training post-construction. This effectively fast tracked their traineeships. Beon paid for the training courses and for the trainees' time to participate. Many of the workers subsequently going on to work at the nearby Yatpool Solar Farm, also being built by Beon,

Beon found that the key to a successful employment and training program was to:

- start the process early;
- partner with local organisations who specialise in employment and training;
- be prepared to be flexible, supportive, and adaptive in order to deal with a large proportion of your workforce who may face challenges; and,
- have all levels of management on board.

5

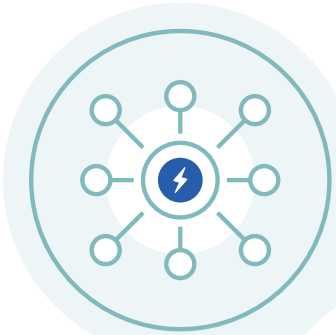
Roles for Government, Community and Local Businesses

5.1 Government's Role

In addition to informing project development activities, this Guideline provides a blueprint for engagement principles and methodology required by Government itself when developing, communicating, and implementing renewable energy policy particularly in Renewable Energy Zone communities. The Tasmanian Government will provide:

- Assistance through information and education on the context and imperatives for renewable energy generally, and the expectations for developers.
- Coordination with stakeholders to assist in reducing negative impacts that communities might experience from multiple projects (eg engagement fatigue, housing constraints) and increase positive outcomes (eg coordinating multiple projects in a region and leveraging government agencies to deliver larger community legacy projects).
- Awareness building in the community about the types of benefit sharing opportunities that are possible and how to negotiate strong outcomes for their community.
- Assistance to facilitate coordinated visioning and community needs assessments (ie doing the community development work ahead of time). This could enable developers and communities to make more strategic decisions about how to direct benefit sharing funds for maximum and lasting impact.
- Support for the widest possible participation of Tasmanian businesses in the growing renewable energy industry.
- Support to increase skills and education programs through the Energising Tasmania program.

Any policy mechanisms being considered to establish Renewable Energy Zones and support the TRET can also align to this Guideline. For example, principles and/or targets for local procurement could be included in any merit-based assessment criteria developed as part of a Renewable Energy Zone access scheme.



5.2 Community and Local Business Roles

With increasing interest in the development of renewable development in Tasmania a growing number of landholders, neighbours, communities and businesses are involved in renewable development. This may be awareness through the media, websites or through the opportunities for engagement, benefit sharing and local procurement by developers on individual projects or as part of policy development or strategic planning for future growth.

The Guide is structured in a way which references the different aspects and stages of development, including the checklist of questions to consider. Use it as a tool to discuss with project developers approaches you want to see used and opportunities to effectively participate in the engagement throughout that process.

Community input into the process is essential for the project to integrate effectively. As developers seek to engagement early in a project's lifecycle there will be many questions still unanswered, but this creates scope to input into the project design process. Use this Guideline to understand what outcomes a developer is seeking to deliver and to guide conversations on what is important and what might work best in your community.

Communities have the networks to bring groups together to collectively discuss what is important, causes of social challenges and propose options for projects that would deliver local value. This is particularly relevant to development of benefit sharing and its effective implementation. At the earliest opportunity use this guide to start a conversation with project developers on how a benefit sharing strategy can be developed and governed collaboratively to deliver social value locally.

Government agencies and service providers and developers will be seeking input from the community to identify individuals and businesses interested in gaining employment or tendering for contracts on renewable energy developments. Early conversations about business requirements are important so that there is enough time to consider any barriers to realising the benefits. The types of issues for consideration include transferable skills, need to update safety or site access accreditation, or understanding of the procurement approach including tendering procedures.

Some small and medium businesses may consider collaborating with other local or State-wide businesses to enable them to tender at a larger or more diversified scale than previously done before. This will take time to establish relationships and understand the work opportunities.

Local people can also contact Skills Tasmania to discuss a training plan that suits their specific needs and interests that will enable them to be job ready for employment opportunities in the renewable energy industry. There may also be opportunities through local governments and chambers of commerce to participate in business networks as part of the identification of potential of an area as well as promote and encourage participation in wider engagement opportunities that arise.

6

Commitment to engagement with Aboriginal people on renewable energy developments

"And whereas the Parliament, on behalf of all the people of Tasmania, acknowledges the Aboriginal people as Tasmania's First People and the traditional and original owners of Tasmanian lands and waters; recognises the enduring spiritual, social, cultural and economic importance of traditional lands and waters to Tasmanian Aboriginal people; and recognises the unique and lasting contributions that Tasmanian Aboriginal people have made and continue to make to Tasmania."
(Preamble of the Tasmanian Constitution)

It is essential to acknowledge in all engagement that all land and water in Tasmania comes under traditional custodianship of Aboriginal people and that this connection to country is ongoing. As such, Aboriginal people are key stakeholders regardless of the type of land tenure currently recognised under Tasmanian law.

European colonisation had a devastating impact upon Tasmanian Aboriginal people and Country and continues to do so today. A long-term commitment to Aboriginal engagement develops a shared approach to restore and redress harms to Country and bring healing to Country and community.

Developers can take meaningful action to advance reconciliation by considering how their project, organisation, and investments can make an impact and develop commitments. Engaging early with Aboriginal stakeholders will enable developers to be aware of any cultural sensitivities and to create inclusive and respectful community engagement, benefit sharing and local procurement strategies that cater to the specific context and needs of Aboriginal people.

The Closing the Gap National Agreement recognises that Aboriginal people are best placed to determine and deliver services to meet their needs and cultural requirements. In Tasmania, the Closing the Gap principles are:

- Inclusiveness, ensuring all perspectives are heard, respected and acknowledged appropriately as decisions are made.
- Genuine shared decision making, including transparent negotiation and transparent data sharing.
- The views, needs, interests and aspirations of Tasmanian Aboriginal people is central in all decision-making.

To ensure First Nations people in Australia shape and drive the clean energy transformation the National Energy Transformation Partnership is co-designing a First Nations Clean Energy Strategy.

For effective participation, however, it is recognised that greater resourcing and capacity-building is needed. The Tasmanian Government will therefore work with Aboriginal people, Aboriginal community-controlled organisations, and service providers pursuant to these commitments to develop supporting strategies to further Aboriginal engagement equity and positive outcomes from the Tasmanian renewable powerhouse initiatives.

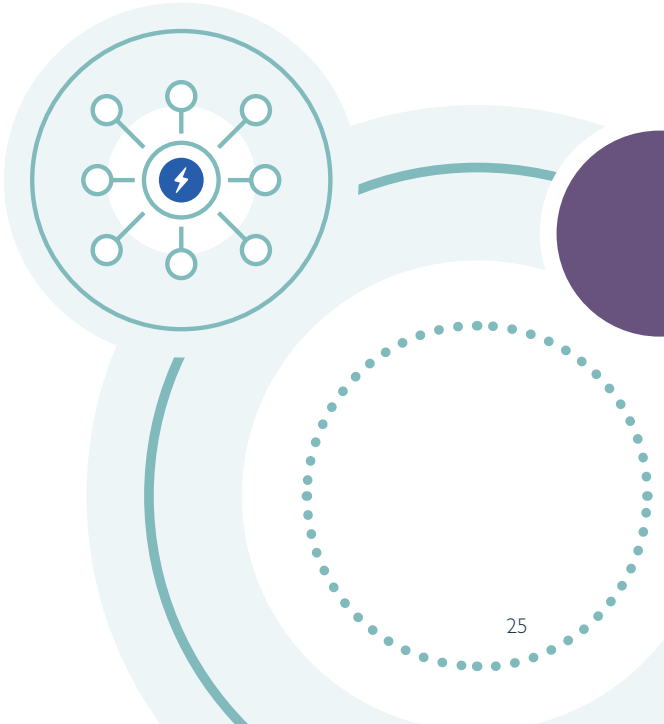
7

On-going evaluation and practice improvement

For all the practices outlined in this Guideline, it is recommended that an evaluation and practice improvement process is adopted as part of the approach.

Practice improvement processes offer the ability to reflect on and understand the effectiveness of plans, strategies, and actions. It should be an internal process, as well as an external one involving the community. Evaluation is essential for providing guidance for improving and refining practices so that they are tailored to and appropriate for the local context.

Useful methods for including community and other stakeholders in evaluation include: online and hard copy surveys, interviews and focus groups. Things will need to change over time, as local needs change. Adjusting where needed, based on the feedback received, will help to build trust in the community. Once improvements have been made be sure to report back to the community to explain changes made and why.



8

Reference list

Australian Energy Market Operator (2022) *Integrated System Plan,* Appendix 3 Renewable Energy Zones

Australian Energy Infrastructure Commissioner (2021), *2021 Annual Report,* Appendix A Updated Recommendations and Observations

Clean Energy Council. (2018) *Community Engagement Guidelines for the Australian Wind Industry*. Clean Energy Council, Melbourne.

Department of Environment, Land, Water and Planning Victoria. (2021) *Community Engagement and Benefit Sharing in Renewable Energy Development in Victoria, A guide for renewable energy developers,* Victoria State Government.

Hall, N., Ashworth, P. & Shaw, H. (2012) *Summary: Exploring community acceptance of rural wind farms in Australia*, CSIRO.

Healy, K. (2021) *Building Trust for Transmission Earning the social licence needed to plug in Australia's Renewable Energy Zones*, RE-Alliance.

Hicks, J., Lane, T., Wood, E. & Hall, N. (2018) *Enhancing Social Outcomes From Wind Development,* Clean Energy Council, Melbourne.

Klain, S., MacDonald, S. and Battista, N. (2015) *Engaging Communities in Offshore Wind*. Island Institute, New England, USA.

Lane, T. & Hicks, J. (2019) *A Guide to Benefit Sharing Options for Renewable Energy Projects*. Clean Energy Council, Melbourne.

Thomson, I. & Boutilier, R. (2020). Social Licence. www.socialicense.com.

9

Appendix 1

Understand the value of social licence

Social licence to operate ('social licence') is a level of "ongoing acceptance or approval for a development granted by the local community [and] other stakeholders"[4]. It is based on the relationship created between the developer, the project, and the local community over time. Social licence is "rooted in the beliefs, perceptions and opinions held by the local population and other stakeholders about the project".[5] As such, it is dynamic and subject to change as people's beliefs, perceptions and opinions shift as a result of changes in developer practice or staff, key events and local context. Because of this, social licence needs to be earned, actively maintained, and continually evaluated.

When a project is first initiated, it will have no social licence, as the project is as yet unknown in the community. As a developer establishes local relationships and trust, and demonstrates honest and authentic engagement and communications, people's acceptance for a project grows. If people feel a developer is not being honest, respectful or fair, social licence can slip or be withdrawn. If people feel the changes or negative impacts the project might bring outweigh the positives, social licence can dissolve.

In this case, there are serious social and political risks to a project that can manifest in negative media or community protest. However, if the community has genuine ways to be involved in the project (which need not be in an ownership or shareholder forms), they feel heard, respected, and can see the benefits, then the social licence can reach levels of active support. In this case, the community can become champions of the project and the project's socio-political risks become very low.

Social licence needs to be earned, actively maintained, and continually evaluated. Seeking a social licence requires careful attention to all the contact points a project has with the community as no community is homogenous, there will always be a range of views.

Social licence requires having at least a broad level of acceptance in the community, and ideally it will have a broad level of active support. The spectrum of social licence is shown in Figure 1. In the withdrawn or withheld position, there is no social licence.

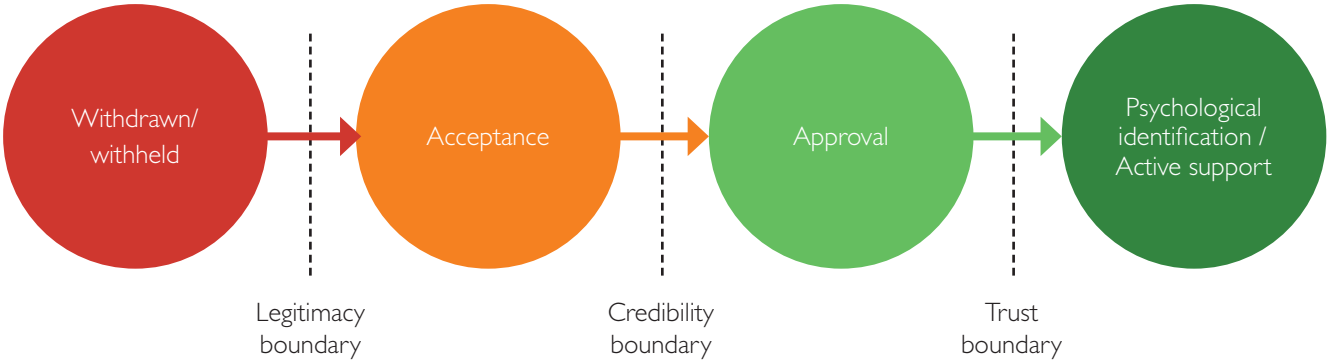


Figure 1: The spectrum of social licence to operate, from none on the left to very strong on the right (adapted from Thomson & Boutilier, 2020).

4 Hall et. al. (2012). *Summary: Exploring community acceptance of rural wind farms in Australia*, CSIRO.

5 Thomson & Boutilier (2020). *Social Licence*. www.socialicense.com.

9 APPENDIX I

Trends at the industry level

Social licence has become an important way of understanding the legitimacy of renewable energy developments in Australia. It is now common to understand and value social licence as an essential ingredient in delivering better projects. Projects with social licence have less challenges and easier development pathways (for developers) and create better social outcomes, such as less conflict within community, more support, and greater benefits (for communities).

Overall social licence supports the transition to renewable energy to happen more quickly and smoothly. Individual projects that get it right contribute to the social licence of the whole industry.

Over the past 10 years, many large-scale wind farms have improved practices of community engagement, benefit sharing and local procurement by going beyond minimum compliance levels and previous industry norms, resulting in greater understanding of the conditions that will lead to social licence. Similarly, large hydropower projects have a long history of learning on this topic. This Guideline (and accompanying Technical Supplements) presents a summary of these better practices.

Community-owned wind farms, such as Hepburn Wind and Denmark Community Wind demonstrate what active involvement and ownership can look like and how it can result in strong and active support of wind farms.

As large-scale solar farms are now becoming more commonplace, the learning from the large-scale wind industry is being applied to solar farms. As the use of renewable energy increases, there is a need to build new electricity transmission lines to areas with good renewable energy resources. This means building new transmission lines in a very different era to when a majority of transmission lines were previously built. The community's expectations for how to do this well have changed, and transmission companies are now also needing to modernise their approaches to community engagement, benefit sharing and local procurement and adapt them to maintain social licence. As new industries emerge, such as hydrogen production, there is also a learning process to understand what practices are important to achieve and maintain social licence.

This Guideline consolidates learning from large-scale wind and hydro development to newer sectors of renewable energy development and allied transmission development.

9 APPENDIX I

Influence of corporate governance and internal culture

Corporate governance within renewable energy development companies has a strong influence on how social licence to operate is developed.

Companies are increasingly valuing social licence for its ability to deliver better projects with fewer delays, lower costs, less challenges, and higher chances of success. Where this exists, developers have found ways to integrate social licence considerations into corporate governance, company structure and project development practice. When social licence to operate is understood and valued at senior levels of a company, then there is more commitment of resources (staff time and project budget) to practices known to enhance social licence.

Examples of this include:

- instilling commitment to social licence within company policies;
- the inclusion of social impact assessments in the site identification, selection and project feasibility processes;
- allocating budget for community engagement and benefit sharing upfront for every project;
- having dedicated, specialist inhouse staff to inform community engagement, and also integrating community engagement into project development teams; and
- training all project development staff in essential social licence, community engagement, benefit sharing and local procurement considerations.

For more information on social licence see:

- Thomson, I. & Boutilier, R. (2020). *Social Licence*. www.socialicense.com.
- Hall, N., Ashworth, P. & Shaw, H. (2012) Summary: Exploring community acceptance of rural wind farms in Australia, CSIRO. For further reading, find the full report here.
- Hicks, J., Lane, T., Wood, E. & Hall, N. (2018) Enhancing Social Outcomes From Wind Development, Clean Energy Council.
- Healy, K. (2021) Building Trust for Transmission Earning the social licence needed to plug in Australia's Renewable Energy Zones, RE-Alliance.