

Department of Planning and Environment

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Draft Energy Policy Framework



An overview of the new policy framework for the assessment of energy development and infrastructure in NSW

November 2023



Acknowledgement of Country

The Department of Planning and Environment acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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Introduction

We're implementing an Energy Policy Framework to help achieve the transition to renewable energy, reduce emissions and secure an affordable supply of electricity for the people of NSW.

We're doing this through a suite of planning policies and guidelines for wind, solar, and transmission infrastructure.

These will support faster and more consistent decisions, provide industry greater investment certainty, and give communities more transparency about how we will assess and manage impacts.

The framework will also ensure that communities benefit from renewable energy projects and is estimated to generate \$413 million in benefits for host communities over 25 years.

The Department of Planning and Environment's (the department) draft Energy Policy Framework aims to support the transition to renewable energy in NSW. It aims to do this quickly enough to futureproof a cheap and reliable supply of renewable energy for the people of NSW.

A significant amount of new transmission infrastructure, renewable energy generation and storage and firming infrastructure will be required over the coming decades to meet the NSW Government's net zero target. By 2035, 4 of the state's 5 coal-fired power stations

(which currently generate approximately 75% of NSW's annual electricity) will come to their scheduled end of life. Because of this, we will need to rapidly build a new renewable network. The NSW Government's [Electricity Infrastructure Roadmap](#) sets out a 20-year plan to deliver the necessary infrastructure.

It will be increasingly important for the NSW planning system to operate efficiently to ensure a fast and measured rollout of energy generation and transmission infrastructure while giving certainty to investors and the community. It must do this by providing clear guidance and robust planning policy.

With that said, renewable energy development is not without impacts, and it must enable infrastructure while also managing land use conflict, balancing environmental and social impacts, addressing community concerns and supporting robust and meaningful community engagement.

The NSW Government recently commissioned the [Electricity Supply and Reliability Check-Up](#) to review progress and policy settings of the NSW Electricity Infrastructure Roadmap. The Check-Up identified the need to enhance the planning system by standardising the assessment of key issues and providing clearer guidelines.

We have developed the Energy Policy Framework (the Framework) to address the recommendations of the Check-Up and emerging issues raised by communities and the industry.

Policy Framework

The Energy Policy Framework comprises a series of guidelines for wind and solar energy generation and transmission infrastructure. These are summarised in Figure 1 and described in further detail throughout this document. The framework focuses on the development assessment process under the *Environmental Planning and Assessment Act 1979*. It provides guidance to help the industry, communities and consent authorities in identifying, assessing, avoiding, and mitigating impacts. The framework is designed to:

- provide clearer, more transparent assessment requirements and policy settings to ensure the level of assessment matches the level of risk and to help speed up the assessment process
- help the industry make informed investment decisions by providing more objective development standards
- allow communities to anticipate changes to their areas more readily by identifying the

- most desirable locations for large-scale solar and wind energy development
- ensure that development is guided by meaningful consultation with affected communities
- introduce clear setbacks to avoid significant visual impacts from wind energy and transmission infrastructure and to set clear expectations for the industry and communities
- provide more transparency about the likely costs of decommissioning solar and wind energy development so the industry and landowners can make more informed investment decisions
- provide greater support to applicants and landowners entering into agreements to host infrastructure or manage the impacts of development
- ensure the benefits of energy development are directly realised by the localities and regions that host the infrastructure

Through these measures, we expect the framework to support the accelerated delivery of infrastructure and host communities.

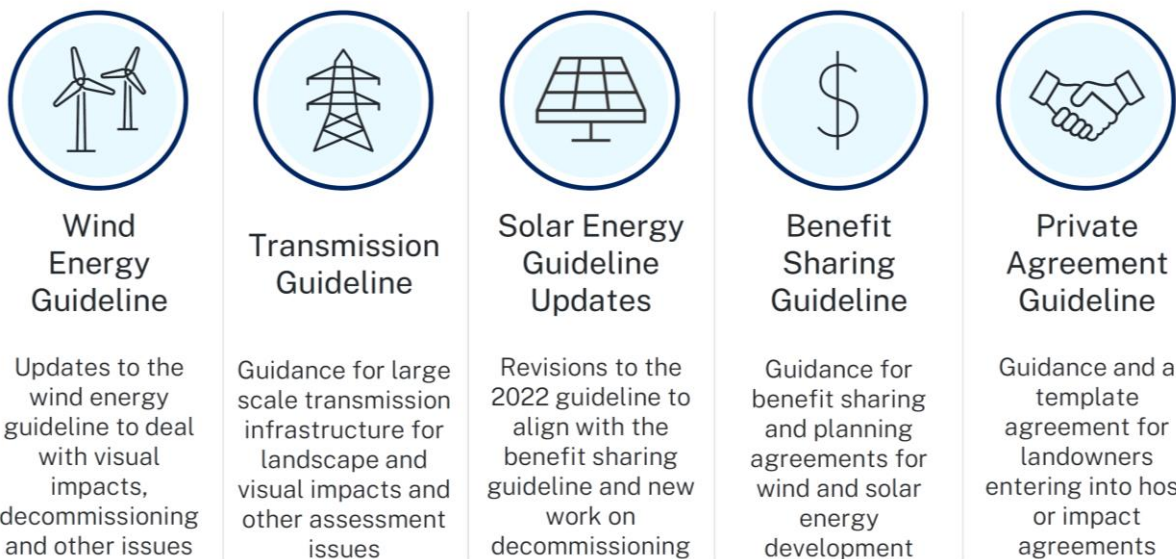


Figure 1. Key components of the framework

Relationship between documents and tools

A range of documents, guidelines and tools fit together to form the framework. Their relationship to wind, solar and transmission infrastructure is shown in Figure 2 below.

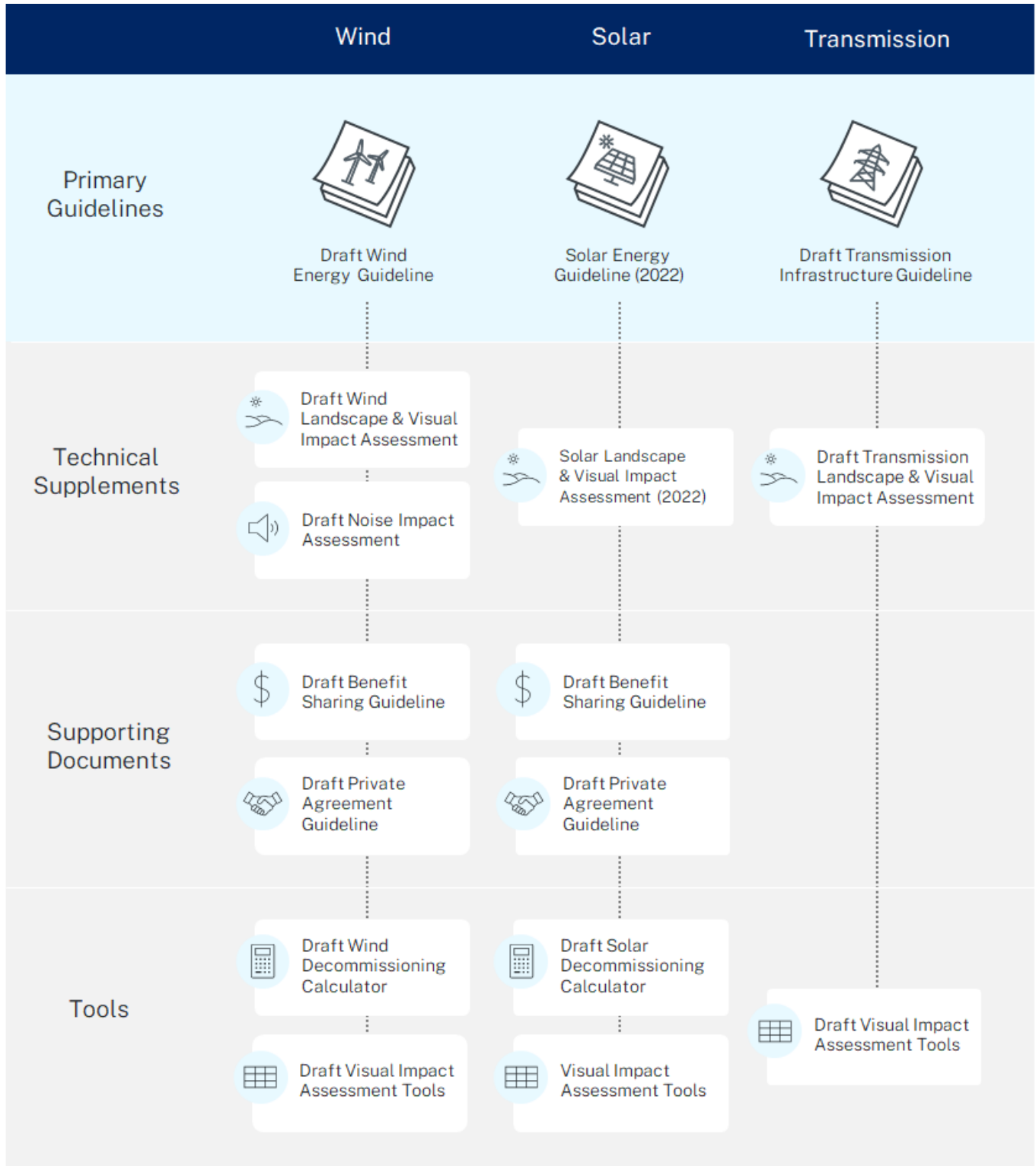


Figure 2. Relationship between elements of the Framework

Wind Energy Guideline



In 2016, the department released the current [Wind Energy Guideline \(2016\)](#) and technical guidance for noise and visual impact assessment. Since then, the industry has developed rapidly, and the heights of turbines have increased considerably.

This necessitates a review and update of the guideline and provides an opportunity to address emerging issues and feedback from the industry and communities.

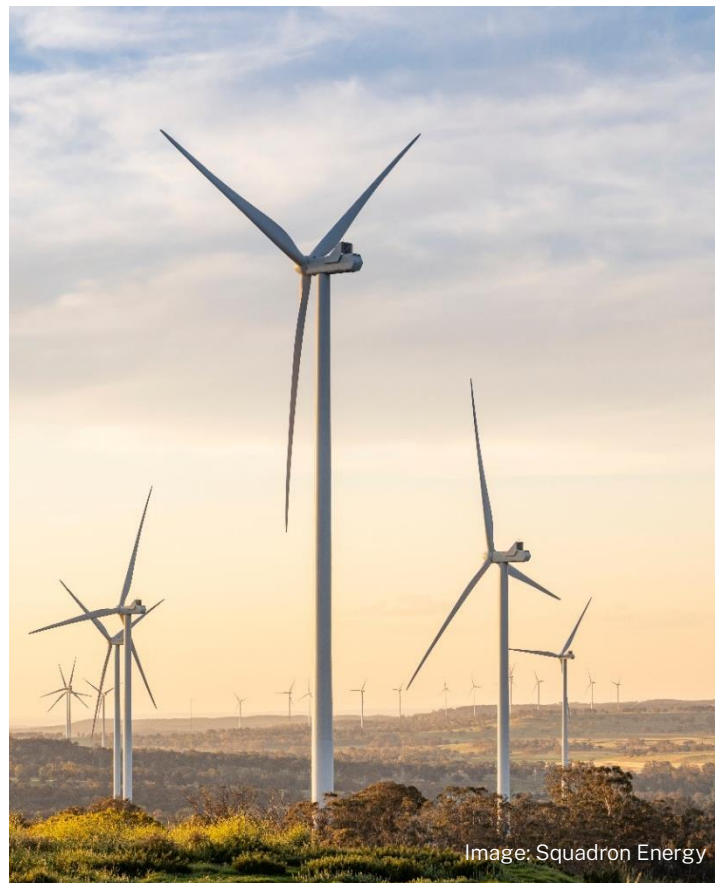
The new guideline builds on the policy directions and intent of the existing guideline and will improve the way in which the planning system can manage landscape and visual amenity impacts, decommissioning and a range of other issues.

The draft Wind Energy Guideline:

- identifies desirable areas for wind energy development based on a range of considerations including wind resource potential, proximity to transmission, and land use constraints.
- provides advice to assist the industry in selecting sites and designing projects
- includes new guidance on landscape and visual impact assessment in a technical supplement.

The new visual impact methodology builds on foundational principles from the existing guideline but provides a wholly revised approach to provide greater certainty and expedite decision-making. This includes a setback for wind turbines that are fully visible from people's homes (for example 2 km from a turbine 250 m tall).

- includes minor updates to align the noise impact assessment methodology with updates to the South Australian wind farm noise guidelines (2021) (these updates do not change the noise criteria and would not materially change modelling results)
- adopts a new noise criterion of 50dB(A) for passive recreation areas within National Parks to minimise land use conflicts
- includes a calculator for estimating the potential costs of decommissioning to ensure host landowners are well informed about the likely costs, and
- addresses commonly raised concerns including traffic and transport management, aviation risk and night-lighting.



Transmission Guideline



A significant amount of transmission infrastructure is needed to connect renewable energy sources to the electricity grid and to ensure NSW has the cleanest and most affordable energy into the future.

The existing transmission network is estimated to have a connection capacity of 16 gigawatts in areas with favourable renewable energy resources. This is much less than the 125 gigawatts of new grid-scale renewable energy required by 2050.

Approximately 4,000km of new transmission infrastructure will need to be built over the next 2 decades to unlock the additional capacity required.

Without investment in new transmission infrastructure, the existing transmission network will reach capacity and new sources of energy generation will not be commercially viable. This will result in higher power prices and an uncertain and unreliable energy future for NSW electricity customers and communities.

We have prepared the draft Transmission Guideline to support major upgrades and expansions of the State's transmission network. It aims to provide communities, industry and regulators with clear and consistent information and guidance on the planning and development of this infrastructure.

The guideline is supported by a technical supplement for landscape and visual impact assessment. The supplement adopts a visual assessment methodology consistent with the revised Wind Energy Guideline to assess visual impacts more consistently and objectively.

The guideline clearly outlines when measures may be required to avoid or mitigate visual impacts on private landowners. It includes a setback for fully visible transmission towers (for example, 380 m from a tower 80 m tall).

The draft Transmission Guideline also includes advice on route selection, community engagement, biodiversity impacts, agricultural impacts, bushfire risk and other issues.



Updates to the Solar Energy Guideline



In 2022, the department released the revised [Large-scale Solar Energy Guideline](#) (Solar Energy Guideline) and its supporting technical supplement for landscape and visual impacts.

The Solar Energy Guideline provides the community, industry and regulators with guidance on the assessment framework, site

selection process, landscape and visual impacts and agricultural land use conflicts.

We are proposing minor updates to the Solar Energy Guideline to reflect the key policy changes under the draft Energy Policy Framework. The key changes are described in Table 1.

Table 1. Changes to the Large-scale Solar Energy Guideline

Area of Change	Proposed Change
Planning framework	<ul style="list-style-type: none"> Consistent with section 2.6 of the draft Wind Energy Guideline, identify that the Minister will consider requests to declare solar energy development as Critical State Significant Infrastructure if it includes a significant energy storage system (for example, a delivery capacity of 750 megawatts or more).
Site selection	<ul style="list-style-type: none"> Update section 4.2 of the existing Solar Energy Guideline to identify suitable locations for solar energy development (as shown in Figure 3) to help communities anticipate development and change.
Decommissioning	<ul style="list-style-type: none"> Provide a calculator for estimating decommissioning costs to ensure landholders are well informed about the likely costs.
Benefit sharing	<ul style="list-style-type: none"> Repeal existing guidance on benefit sharing in section 5.3.2 of the Solar Guideline and replace with a reference to the draft Benefit Sharing Guideline (2023). This encourages applicants to pay \$850 per megawatt per annum (in 2023 dollars) in benefit sharing.
Private agreements	<ul style="list-style-type: none"> Repeal existing guidance on private agreements in section 5.3.3 and Appendix B of the Solar Energy Guideline and replace it with a reference to the draft Private Agreement Guideline (2023).
Landscape and visual impact assessment	<ul style="list-style-type: none"> Define dwelling and clarify assessment requirements for dwelling entitlements, in accordance with the draft Wind Energy Guidelines (2023), where relevant. Update the assessment methodology in line with the proposed approach for wind and transmission to allow a more proportionate approach that does not rely exclusively on photomontages.

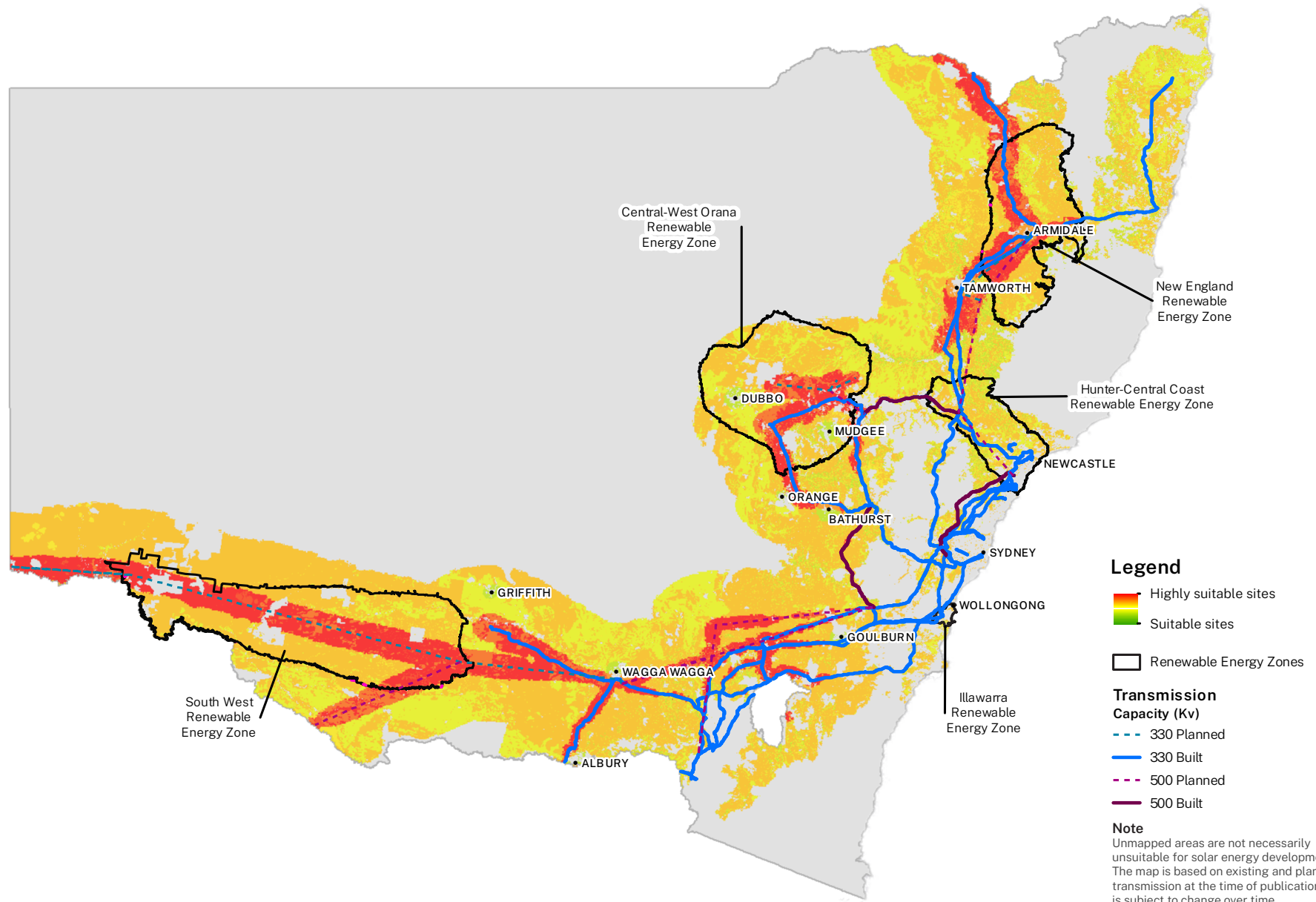


Figure 3. Suitable locations for solar development

Benefit Sharing Guideline



The uptake of large-scale renewable energy development provides significant benefits for the state, including reduced reliance on fossil fuels, reduced emissions, and a secure and affordable power supply.

While it also has a range of direct and indirect benefits for host communities (including temporary construction jobs, ongoing operational jobs and lease payments to landholders and neighbours,) it is our regional communities that experience the most pressure and change from the renewable energy transition.

The Benefit Sharing Guideline provides advice on how the industry can share proceeds of solar and wind energy development (financial and other benefits) with host communities to ensure they benefit from the transition to renewable energy.

The guideline sets out a range of principles to ensure that benefit sharing is transparent, focussed on communities, and delivers positive, tangible and long term social and economic benefits.

There is a growing practice in Australia and internationally of developing community benefit sharing initiatives for renewable energy projects. These help foster greater local acceptance and support.

The draft Benefit Sharing Guidelines will help local communities be more resilient to change and will deliver estimated benefits of up to \$413 million over 25-years (in present value terms).

The guideline proposes a rate for benefit sharing of:

- \$850 per megawatt per annum for solar energy development, or
- \$1050 per megawatt per annum for wind energy development,

paid over the life of the development and indexed to the Consumer Price Index.



Private Agreement Guideline



Renewable energy development is usually located or hosted on private land. This typically requires the applicant to enter into a private agreement with the host landowner to allow the project to go ahead.

Renewable energy projects can also impact land surrounding the project. Applicants can enter into agreements with neighbouring landowners when impacts from the project may affect their land or the amenity of their property and when these impacts cannot be managed or mitigated in other ways.

The draft Private Agreement Guideline contains advice on the role of these agreements for solar and wind energy development, including issues that should be considered.

The guideline aims to help the industry and landowners navigate the process in a fair and informed manner. It includes a template that can be used as the basis for any agreement.



Have your say

The Energy Policy Framework is on public exhibition until **29 January 2024**.

To view the contents of framework and provide feedback, please visit our webpage at www.planning.nsw.gov.au/energy-policy-framework.

Your feedback will help us refine the framework before we finalise it.

For more information contact us on energy.resourcespolicy@dpie.nsw.gov.au