

CEFC SUBMISSION TO THE CLIMATE CHANGE
AUTHORITY SPECIAL REVIEW OF THE
NATIONAL WIND FARM COMMISSIONER

APRIL 2018

By email to: submissions@climatechangeauthority.gov.au

PREFACE TO CEFC REMARKS

The CEFC welcomes the opportunity to make this submission to the Climate Change Authority (CCA) Special Review into the National Wind Farm Commissioner (NWFC).

The CEFC's interest in the NWFC comes about because:

- The NWFC is a sister entity of the Commonwealth within the Environment and Energy portfolio and we enjoy overlapping national mandates with respect to wind technology
- Formed to facilitate increased financial flows to the clean technology sector, the CEFC is an Australian Government financier of wind farms as our Act directs that at least 50% of our investment commitments on and after 1 July 2018 be constitute renewable energy technology. Apart from hydroelectricity (which in any case has thus far within the life of the CEFC had limited scope for new development in Australia), wind is the most developed technology amongst renewables and this requirement plus our target rate of investment return make investment in wind farms a logical outcome
- The CEFC is reluctant to finance projects that have not engaged properly with the community in which they intend to operate, and which have not taken appropriate measures to ensure they have a social licence. This accords with the directions in the CEFC's Investment Mandate to adopt best practice environmental, social and governance and to not act in a way that would damage the Australian Government's reputation.

This short submission therefore summarises the CEFC's view as an Australian Government entity that is active in financing the clean energy sector, including wind technology. This submission is restricted to areas of the CEFC's direct observation and interest, is not subject to any confidentiality requirement that would prevent publication and makes one recommendation only:

Recommendation 1: that the NWFC role be extended beyond the initial three-year period on an ongoing basis, but that for the time being this office continue to operate on a non-legislated basis. If the role is to be continued, that the inaugural Commissioner Mr Dyer and the Department work to capture the essence of what has made this initial tenure a success, with a view to ensuring they are set down as a guide for future occupants of the role (perhaps as a set of Ministerial expectations).

SUBSTANTIVE REMARKS: ROLE OF NATIONAL WIND FARM COMMISSIONER

Summary

The CEFC commends the Australian Government on the creation of the NWFC which has proven an invaluable resource; commends the work of the Department and Mr Dyer in establishing the Commission; commends the exceptional work of Mr Dyer in the conduct of his commission. The CEFC would very much like to see the Commission extended in its current form and to that end would like to see arrangements put in place for the office's continuity.

Key Questions

The Terms of Reference to the Special Review request the CCA to perform an assessment as to the extent to which the role of NWFC is fulfilling its own terms of reference, including:

- working collaboratively with all levels of government, scientists, industry and the community to resolve complaints
- referring complaints to the appropriate authorities to ensure they are properly addressed and
- leading efforts to promote best practices, information availability and provide a central trusted source for dissemination of information.

Operations to Date

For its own part, the CEFC has enjoyed a very collaborative relationship with the NWFC and to the extent it is visible to the CEFC, our observation is that the NWFC has been very effective in embedding itself into the fabric and ethos of the industry, notwithstanding the limited resources available. The NWFC has quickly established itself as the “go-to” for independent and well considered advice as to social licence and wind farm community issues nationally.

The nature of the CEFC's interactions with the NWFC include using the NWFC as an invaluable and approachable informal sounding board on prospective wind farm developments - about the nature and extent of efforts by various developers as to community engagement and social licence considerations. This is particularly useful to us as a financier as it provides early warning of emerging issues and trends. Importantly, this service is available to all within the wind industry and the finance sector.

The NWFC has been particularly useful – with its national and independent view - in determining best practice and in advising policy makers as to suggested regulatory changes that would improve industry and community outcomes. The NWFC Annual Report has proven a comprehensive, rich resource of insights into the developments and trends in social licence matters in the wind sector. As a suggestion it would be helpful if the NWFC could track national progress against its recommendations as part of the annual reporting process. This could assist the NWFC itself as a measure of its own influence. This is important in the context where compliance with the role is voluntary.

The CEFC view is that both the office and the incumbent appointee Mr Dyer have admirable and commendably discharged all required duties over and above expectations. It is fair to say the role was probably initially viewed by the wind sector with some scepticism, but the Commissioner has established the office as a source of true value both to the sector, to policy makers in the area and to the community at large.

Should the role be extended?

An observation is that the NWFC operates somewhat informally as a non-statutory office with persuasive rather than coercive powers. Currently, the CEFC sees value in keeping the arrangements of the commission as a non-legislated role, as it is the informality, flexibility and accessibility of the arrangements which add considerable value. Conversely, the danger the CEFC sees in legislating the office is in ossifying and formalising it to an extent that its value is greatly diminished, and which could inadvertently create an oppositional or adversarial rather than collaborative approach.

The CEFC recognises that part of the reason why the NWFC has been so successful is due to the personal qualities and professionalism which Mr Dyer has brought to the role. If the role is to continue on an unlegislated basis, this brings an element of ‘key-man’ risk. It is therefore important that Mr Dyer and the Department work to ensure while he is still present in the role that the ‘recipe’ for success is captured and written down (perhaps as a set of Ministerial expectations) with a view to succession planning for the NWFC as an office.

From the CEFC point of view the attributes Mr Dyer has brought to bear on the role include:

- proactivity – the NWFC does not sit idle waiting for complaints but actively engages with developers and communities on site and in the local community. Mr Dyer performs extensive travel and attendance at site, within the community and at proponents’ offices. This has made the NWFC office much more approachable and has helped to front foot the workload of complaints and information requests by largely addressing them before they occur.
- impartial fairness – the NWFC is quite properly not a technology advocate for the wind sector and has handled such complaints that have been received with the gravitas they deserve. Conversely, the NWFC has been careful not to let itself be used and abused by chasing down nonsense trivialities. A key and dispassionate response that the Commissioner has often given to concerned members of the community and wind farm opponents generally is to ‘trust the process’ in the prescribed planning, approval and review arrangements.

- considered advice – the various recommendations and observations made by the NWFC in the 2 annual reports published to date have been carefully described, and in the CEFC’s opinion offer beneficial insights to the sector, regulators and policy makers and to the wider interested community
- informality – because the Commission is unregulated and has no coercive power Mr Dyer has acted as a valuable sounding board for industry (and indeed even the CEFC’s investment team) as and when considerations of social licence in the sector occur.

Recommendation 1: that the NWFC role be extended beyond the initial three-year period on an ongoing basis, but that for the time being this office continue to operate on a non-legislated basis. If the role is to be continued, that the inaugural Commissioner Mr Dyer and the Department work to capture the essence of what has made this initial tenure a success, with a view to ensuring they are set down as a guide for future occupants of the role (perhaps as a set of Ministerial expectations).

Should the scope of the role be extended to other large scale renewable energy projects such as solar and storage?

The CEFC’s trite observation is that different energy technologies have some social licence concerns that are inherently common across all (e.g. noise, dust, and traffic complaints during construction phases) but some are inherent to the specific technology (e.g. ‘flicker’ on wind turbines, submergence of land and downstream water use impacts in hydro).

In principle, the CEFC would have no objection to having the scope of the NWFC expanded to other technologies. However, it is important to note that community concerns around development and operation of energy technologies are not limited to renewable energy technologies – coal seam gas for example, is quite clearly an energy technology with highly variable levels of community licence; while the Australian Government also proposes to remove the CEFC’s legislative prohibition on carbon capture and storage. Government may therefore want to consider whether value that the NWFC has brought to wind developments may also be of utility to the energy generation sector as a whole, because from the CEFC’s viewpoint, the formation and operational effectiveness of the NWFC has most certainly lifted the level of seriousness that the industry gives to social licence whilst also raising the general level of social licence practice.

To conclude, we therefore commend this submission to the CCA for consideration in its conduct of the Special Review.

BACKGROUND: ABOUT THE CEFC

The CEFC invests, applying commercial rigour, to increase the flow of finance into the clean energy sector.

Our mission is to accelerate Australia’s transformation towards a more competitive economy in a carbon constrained world, by acting as a catalyst to increase investment in emissions reduction.

We do this through an investment strategy focused on cleaner power solutions, including large and small-scale solar, wind and bioenergy; and a better built environment, with investments to drive more energy efficient property, vehicles, infrastructure and industry.

The CEFC also invests with co-financiers to develop new sources of capital for the clean energy sector, including climate bonds, equity funds, aggregation facilities and other financial solutions.

The CEFC operates under the *Clean Energy Finance Corporation Act 2012*.

The CEFC’s strategic framework supports sectors in the Australian economy that are the largest sources of carbon emissions to reduce their emissions and ultimately to help to transform the economy to achieve net zero emissions in the second half of the century.

For further information in respect of this submission please contact Mr Simon Every, Head of Government & Stakeholder Relations at simon.every@cefc.com.au or 07 3188 162.

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