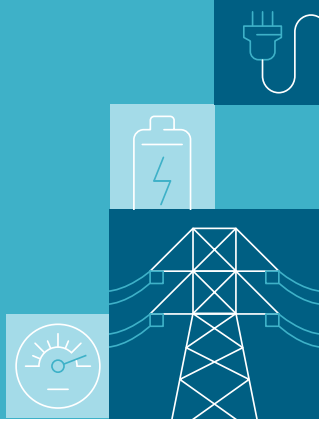


# Market Briefing Note

## LTESA Social Licence Commitments



## Purpose

The purpose of this briefing note is to provide detailed information to assist Proponents in preparing quality Bids that address the social licence Merit Criteria for Tender Rounds.

This briefing note should be read along with the relevant Tender Round documentation, including the [Tender Guidelines](#), [NSW Renewable Energy Sector Board Plan<sup>1</sup>](#) and the [First Nations Guidelines<sup>2</sup>](#). AEMO Services, as the Consumer Trustee, must consider these documents when conducting, assessing, and making recommendations in Tender Rounds. The Tender Guidelines, for each Tender Round, prevail in the case of any inconsistency with this note. Capitalised terms have the meaning given to them in the Tender Guidelines and Returnable Schedule (as applicable).

## Why it is important Proponents invest in social licence

- Key in delivering the NSW Government's Electricity Infrastructure Roadmap and ensuring whole-of-system benefits.
- To drive the best possible outcome for local communities and deliver benefits for the local economy.
- Supports sustainable development.
- Early investment in community engagement can improve local acceptance, approval and operation.

Fostering and enabling local community support, employment opportunities and sharing benefits in regional areas is a foundational principle of the Electricity Infrastructure Roadmap and the development of the Renewable Energy Zones (REZs). AEMO Services is committed to supporting Proponents to deliver social licence outcomes.

## What Proponents should demonstrate in Project Bids

A fundamental objective of the Consumer Trustee's tenders is to award Long Term Energy Service Agreements (LTESA) to Proponents whose approach to achieving social licence drives meaningful outcomes for the communities they operate in. Proponents should prepare a Project Bid once they can demonstrate their ability to commit and deliver on social licence commitments.

The table on the next page outlines the policy intention for social licence Merit Criteria and provides examples of activities that could demonstrate merit and support quality Project Bid responses.

Community members seeking information of the development of [Renewable Energy Zones](#) can find more information online here. Enquiries related to specific generation, storage or firming projects inside or outside Renewable Energy Zones should be directed to those projects.

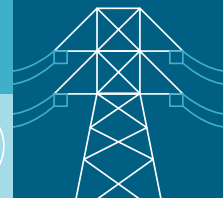
1. Sets out how to cost-effectively maximise using local goods and services, local workers, and fostering opportunities for apprentices and trainees in the construction and operation of Roadmap infrastructure.

2. The NSW Government has published additional First Nations resources and supporting information at [First Nations Guidelines – further information](#). Developed with input from First Nations people and communities, the guidelines generally apply across NSW, giving information about best practice engagement and negotiation with local Aboriginal communities.



## MC6 – Community engagement, shared benefits and land use considerations

| Element                                 | Policy intention  | Examples of good practices   |
|---|---|--|
| Community engagement and consultation   | To build trust within communities that are impacted by the Projects and ensure that Proponents have a good understanding of the community and have invested in establishing effective, long-term relationships. | <ul style="list-style-type: none"><li>Established and consulted with a Community Committee (or connected with an existing committee) which includes First Nations representation.</li><li>Established a First Nations Working Group, consistent with the First Nations Guidelines.</li><li>Partnered with an Aboriginal Action Panel and Land Council to ensure opportunities were afforded to Aboriginal peoples, businesses and communities throughout the project lifecycle.</li><li>Developed a robust organisational baseline to community engagement, with clear internal governance, resourcing and reporting processes.</li></ul>  |
| Shared benefits for the local community | To encourage the establishment of programs and/or initiatives that have long-lasting and positive impacts on the community.   | <ul style="list-style-type: none"><li>Developed a community co-ownership scheme where an entirely community-owned vehicle owns and operates a renewable energy asset. This can be utilised by projects in construction or already in operation.</li><li>Invited local community to coinvest in a solar farm and profits earned from energy sales are shared to the community members.</li><li>Created virtual storage tariffs that allow local community members to opt-in to virtual hedging products for storage projects and receive cost-saving benefits.</li></ul>  |
| Land use considerations                 | To encourage land use considerations that exceed statutory planning requirements.   | <ul style="list-style-type: none"><li>Making adjustments to project design or delivery after considering specific local community values and concerns, for example, reduced footprint, reduced road impacts, or improved wildlife monitoring.</li><li>Allowed for the dual use of land through agri-solar initiatives. For example, use of land under solar panels by local landowners for sheep grazing.</li><li>Collaborated with local First Nations group to support co-designed indigenous land-care initiatives, for example co-locating solar farms and pollinators for Indigenous beekeeping and/or harvesting purposes.</li><li>Participation in EnergyCo's strategic biodiversity offsets program which aims to achieve coordinated, landscape scale biodiversity outcomes.</li><li>Optimised infrastructure to benefit neighbouring community, for example, establishing a water pipeline from neighbouring landowners to the renewable project for co-use by neighbouring landowners for sweetening bore water for irrigation.</li><li>Paying for upgrades to degraded land/waterways located near to the project, such as repairing riverbanks, during construction of Project.</li></ul> |



## MC7 – Regional economic development

| Element                              | Policy intention   | Examples of good practices   |
|--------------------------------------|--|--|
| Local supply chain development       | To maximise local content over time and to incentivise Projects to proactively source local content or incorporate local content where possible. | <ul style="list-style-type: none"><li>Committed to publishing opportunities with local engineering, procurement and construction contractors on an online portal, such as the NSW Industry Capability Network.</li><li>Developed an organisational level environmentally sustainable procurement frameworks aligning with government initiatives like the NSW Circular Economy Policy Statement and United Nations Sustainable Development Goals.</li><li>Partnered with a research institution and industry bodies to identify opportunities to re-use and recycle lithium-ion battery cells.</li><li>Funding research and development programs to support local supply chain. This can be utilised by projects in construction or already in operation.</li></ul>  |
| Employment and workforce development | To encourage investment in education, training and capacity building to support the development of the renewable energy workforce.               | <ul style="list-style-type: none"><li>Appointed a Regional Economic Development Lead to engage with local businesses. This can be utilised by projects in construction or already in operation.</li><li>Provided a job description for a full-time Renewable Workforce Participation Manager who is employed to implement workforce skilling and pre-employment programs and initiatives, including for underrepresented and disadvantaged groups.</li><li>Partnered with First Nations employment services during pre-construction to support hiring and ongoing management of First Nations workforce.</li><li>Provide funding for locally based vocational education and training course and is actively working with Training Services NSW, EnergyCo, NSW Skills Board, and Regional NSW Council to deliver new training to meet industry need.</li><li>Developed a learning hub for projects' local primary and high schools to support early stages education on renewable energy concepts, during the operations of the Project.</li><li>Provide funding for scholarships for school leavers, internships, mentoring programs and return to work programs for women and older folk.</li></ul> |

## Projects under construction or in operation

Where a Project is under construction, constructed and/or in operation, Project Bids will be assessed on the same basis as Projects that are still under development.<sup>3</sup> In these circumstances, Projects that demonstrate historical efforts towards building their social licence (e.g., community engagement, shared benefits, land use considerations and regional economic development initiatives) and/or extensive efforts during operation and maintenance will be assessed favourably. These Projects may seek to strengthen their Project Bids by utilising the optional tables in the Returnable Schedules to outline other commitments which achieve the policy intent of the social licence merit criteria.

3. This is necessary because all Projects committed (including those being built) after November 2019 are able to bid for LTESA now and at any time in the future. The local content merit scoring would be applied to these Projects to ensure a consistent and equitable assessment across all Projects.

# What Proponents need to know about Returnable Schedules in their Project Bids

## Flexibility in MC6 and MC7 Returnable Schedules

AEMO Services recognises that to maximise local community benefits and economic development, flexibility towards local constraints and Project characteristics is necessary. AEMO Services has considered how flexibility can be enabled throughout the tender to support Proponents in delivering social licence outcomes.

Optional tables have been included in the Returnable Schedules to provide a degree of flexibility to Proponents to offer additional social licence commitments beyond the framework provided. The optional tables enable Proponents to further strengthen their Project Bids by making supplementary commitments to support initiatives and/or programs which align with the policy intent of the merit criteria.

The optional tables may be utilised for Proponents that have unique and innovative local shared benefit initiatives that do not fit neatly within the parameters provided in the standard tables and/or may require different milestones or measures. Any commitments provided in this table should include clear milestones and be capable of becoming contractually binding upon award.



## Merit Criteria 7 – Regional economic development

## Expression of values in the MC7 Returnable Schedule (IAPP)

Proponents must provide firm values, in the form of percentages, in the MC 7 Returnable Schedule that can be contractually binding upon award.

Project Bids that provide incomplete and/or inaccurate values will be assessed unfavourably. This includes values provided as a range. Where there is uncertainty, Proponents should provide the bottom of the range as a firm value and an explanation to describe the strategy to improve the value.

The MC 7 Returnable Schedule requires the commitments to be expressed as a percentage of relevant project metrics. These project metrics have been set up in a proforma template for Proponents to populate. For example:

- local content commitments are expressed as a percentage of the relevant total project cost (which is aligned to the values calculated in the MC 7 Returnable Schedule, based on standard project inputs provided by Proponents).
- workforce commitments are expressed as a percentage of the Total Workforce.
- Further guidance on how to populate the Returnable Schedules is available [here](#).

## Social Licence Commitment requirements

AEMO Services expects that as the market evolves and the workforce and supply chains mature, commitments to social licence baseline requirements will also improve. Social licence commitments will be assessed on a relative basis in each Tender Round.

Where a Proponent is unable to meet a baseline requirement<sup>4</sup> their Project Bid may be scored lower relative to Project Bids that are able to commit to these requirements. Proponents may seek to strengthen their Project Bid by:

- Providing detailed justification for not meeting a baseline requirement, including a demonstration of effort to understand the local market and providing evidence of broader organisational strategies and/or historical experience to deliver against similar requirements.
- Demonstrating historical efforts towards regional economic development initiatives and extensive efforts during operation and maintenance will be assessed favourably.
- Leveraging the optional tables in the Returnable Schedules to make supplementary commitments which align with the policy intent of the social licence merit criteria.

4. Baseline targets and stretch targets are outlined in the Tender Guidelines and informed by the [NSW Renewable Energy Sector Board Plan](#).



## Note: Improvements from Tender Round 1

### Merit Criteria streamlined

Following implementation of Tender Round 1 and feedback AEMO Services has identified opportunities to streamline information delivery for proponents.

The Merit Criteria for 'land use considerations' and 'community engagement and shared benefits' have been streamlined to simplify the bidding process – these elements will now be assessed under a single Merit Criteria 6 – Community engagement, shared benefits and land use. This will support a comprehensive consideration of community consultation during site selection and the identification of innovative land use opportunities which exceed statutory planning requirements.



#### **Merit Criteria 6** **– Community engagement, shared benefits and land use**

### Structure of information

The information requested from Proponents remains the same, and the structure of the requested information has been updated to separate qualitative responses and quantitative contractual social licence commitments.

- Project Bid responses – will be assessed on the quality of the response, approach to designing initiatives having regard to the requirements specific to the Project and community expectations, level of contributions and the Proponent's ability to demonstrate a strong track record in delivering on social licence commitments. Proponents are expected to provide details in relation to strategies and approaches used to justify the commitments made in their Project Bid.
- MC6 and MC7 Returnable Schedules – will provide quantitative, contractual social licence commitments.
- Proponents may submit other additional documentation with their Project Bid to strengthen their response.

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