



Name: Clean Energy Investor Group

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1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

In the context of the clean energy sector, Australia's commitment to long-term climate and renewable energy goals, along with initiatives such as the establishment of Renewable Energy Zones (REZs), government-funded schemes, and planned transmission upgrades, have provided clearer investment signals and supported forward planning for clean energy projects.

However, persistent policy and regulatory uncertainty — particularly in relation to planning and environmental assessment processes, and transmission access — has delayed project timelines, increased complexity, and increased the risk profile for investors.

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

In the clean energy sector, it is important to highlight that around 70% of capital invested in Australian projects comes from foreign investors.

Foreign investment decisions are guided by advice from the Foreign Investment Review Board (FIRB), which examines foreign investment proposals and advises on the national interest implications. FIRB rules for a foreign person acquiring a solar or wind farm in Australia vary based on the classification of the underlying land and the nature of the investor.

Foreign investors have encountered growing challenges in obtaining FIRB approval to acquire or invest in Australian wind and solar projects, particularly where the underlying land is classified as agricultural or commercial. The approval requirements depend heavily on the classification of land and the nature of the investor. For instance, land designated as agricultural or vacant commercial often triggers FIRB thresholds as low as \$15 million or even zero — in contrast to developed commercial land, which benefits from significantly higher thresholds. Additionally, if the investor is a foreign government entity, the threshold is zero regardless of land type.

These rules create inefficiencies and obstacles for renewable energy investment, especially for projects under development or expansion. Land classification inconsistencies mean that parts of a project may be treated differently depending on the stage of development, increasing compliance complexity.

Development conditions imposed by FIRB are often misaligned with how large-scale renewables are staged and financed. Finally, even where land thresholds would not otherwise apply, projects may still fall under FIRB scrutiny if they are considered national security businesses. These restrictive rules are deterring much-needed foreign

investment and delaying Australia's clean energy transition and do not lend themselves to efficient investment.

FIRB processes can significantly delay projects, often adding several months to timelines, particularly when the review is triggered late in the development process. In addition, the discretionary nature of FIRB's case-by-case assessments introduces considerable uncertainty for investors, making it difficult to plan with confidence.

Some foreign investors are effectively ruled out due to geopolitical concerns, which reduces the pool of available capital and complicates the sale or refinancing of projects.

Further complexity and disincentives may also arise from proposed or potential changes to how capital gains tax is applied to foreign investors in renewable energy assets, which could reduce the pool of capital available for clean energy projects.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

Building on our response to Question 2, several reforms could reduce the tax compliance burden on foreign investors in clean energy:

To better facilitate renewable energy investment, particularly from foreign capital sources, reforms to FIRB rules are needed. The agricultural land threshold should be increased to reflect current market values and reduce unintended regulatory capture. There should be greater clarity that land under option — especially where the lease is shorter than 40 years — should not trigger FIRB requirements. Land classification should be flexible: once land is developed for renewable energy, it should be recognised as infrastructure rather than agriculture, with the option to revert classification following remediation.

Greenfield renewable energy projects should either be exempt from FIRB or treated similarly to other essential infrastructure (such as telecommunications or water), or benefit from a dedicated, streamlined assessment track aligned with national clean energy priorities.

Additionally, FIRB could leverage the Future Made in Australia (FMIA) agenda to create an informal pathway for prioritising foreign investment proposals that align with national clean energy goals.

Finally, introducing clear and reliable timelines for the FIRB approval process, and clarifying the capital gains tax treatment for foreign investors in renewable energy assets, would help reduce uncertainty and cost.

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

Bilateral agreements between State and Commonwealth assessment processes ensure consistency and efficiency in regulatory approaches at the state and federal level by minimising duplication.

Statutory timeframes and streamlined assessment processes for planning and environmental assessments help reduce costly delays and uncertainty, which in turn supports investment confidence and project delivery.

For example, in Victoria, renewable energy developments eligible for the development facilitation pathway are assessed and approved within a 3-month statutory timeframe and are exempt from third-party appeal rights. This provides much-needed certainty for developers and is a strong example of how regulatory mechanisms can be used to fast-track approvals. It would be beneficial to see similar mechanisms adopted in other states.

Clear regulatory guidelines applied consistently also help streamline compliance, avoid costly rework and delays and build trust between proponents, regulators, and communities, supporting a more resilient and dynamic business environment.

2. How has your regulatory burden changed over time?

The regulatory burden on clean energy developers and investors in Australia has increased over time, with increasing complexity, uncertainty, and cost.

Historically, state-based development approvals (DAs) were seen as the most significant regulatory hurdle to getting a project underway. While still complex, they are now often no longer the final barrier. In recent years, the Commonwealth's Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) has become the critical final hurdle to project approvals. Even once a project has secured planning approval, it can still be held up — sometimes indefinitely — in the federal environmental approvals process. This shift has emerged over the past few years and now affects virtually all major infrastructure developments, not just clean energy.

Meanwhile, challenges in transmission access and grid connection persist, creating long delays, bottlenecks, and rising uncertainty around curtailment and congestion risk. Investors still struggle to navigate an opaque and slow-moving grid connection process, further compounding delays and risk.

The regulatory burden also exists within Renewable Energy Zones (REZs). Projects proposed within designated REZs do not currently benefit from streamlined approval processes, despite these zones being identified by governments based on detailed assessments of biodiversity, social, visual, and other impacts. The siting of renewable energy projects within a REZ should not require reassessment of these same factors during development application processes. Assessment and approval timeframes should be more efficient and reflect the significant groundwork already completed in identifying REZs. Further, while REZs offer development opportunities and include transmission development targets, the regulatory complexity of participating in a REZ, combined with transmission build-out that does not fully match the area's potential, can constrain the development of additional projects and reduce the value of the REZs.

These issues contribute to the high overall cost of developing renewable energy projects in Australia, which is among the highest globally. Developers are increasingly questioning whether the risk-adjusted returns in Australia are sufficient to justify investment. In practice, investors must put more capital at risk earlier, with less certainty

that a project will proceed or generate the returns needed to repay that investment.

Delays to coal closures are also undermining investor confidence by creating uncertainty around future market conditions, pricing, and system planning – investors need clear, consistent signals about the future generation mix. This uncertainty is compounded by the short federal election cycle, which is out of step with the long lead times required to develop renewable projects. Within a single project's development window, investors often face multiple election cycles questioning the future policy direction. In addition, public debate about alternatives like nuclear can further distract from the urgent need to replace coal, adding to investor hesitation and slowing the energy transition.

As a result, Australia is seen as a more difficult place to do business, and attracting capital — especially foreign capital — has become harder. Without meaningful reform to reduce regulatory complexity, unlock the pipeline, and improve investor confidence, Australia risks missing out on the capital needed to deliver its clean energy transition.

3. **What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?**

- The transmission access and connection framework is a major constraint. The current "open access" regime creates congestion and uncertainty. Investors face delays and unpredictable curtailment risks due to a lack of prioritisation and coordination.
- As noted in our response to the previous question, environmental and planning processes are often fragmented, complex, and duplicative across state and Commonwealth jurisdictions. Agencies frequently operate in silos without enforceable timelines, leading to delays, inconsistent requirements, and increased costs and development timeframes for clean energy projects.

4. **Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?**

Good job:

- Victoria's Development Facilitation Pathway: Victoria has introduced a development facilitation pathway for renewable energy projects that aims to approve applications within a three-month statutory timeframe, while also removing third-party appeal rights which provides greater certainty for developers.
- Industry engagement in policy development: Victoria has shown a willingness to engage with industry as it develops new guidelines affecting renewable energy. For example, the Victorian Department of Energy, Environment and Climate Action (DEECA) has formed working groups to gather feedback on the Biodiversity Handbook. While final outcomes may not fully align with industry views, they are at least shaped by stakeholder input.

Bad job:

- Lack of early engagement on the Victorian Transmission Plan and around the details around proposed Grid Impact Assessments (GIA): VicGrid released the VTP for public comment without engaging with industry beforehand. Early consultation could have resulted in a more targeted and effective first draft that better reflected industry needs and challenges. Whilst the GIA was flagged by VicGrid in earlier papers, the level of detail provided has not been sufficient to enable developers to assess its impact on their future pipeline; this document has still not been released and is a critical missing piece of policy in Victoria;

- Queensland's new planning requirements: Queensland's new planning regulations will make it substantially harder and slower to build large renewables projects. Without appropriate grandfathering provisions, even projects already in the development assessment stage will face new and unforeseen criteria, effectively forcing proponents to restart the assessment process under new regulatory requirements. The abrupt cancellation of the Moonlight Ridge wind farm proposal, despite prior approval from the State Assessment Referral Agency, has further heightened investor uncertainty in Queensland. Additionally, the changes require community benefit agreements with local councils to be in place before a development application can be submitted to the State. This requirement risks introducing significant delays, legal risks, and uncertainty into the approval process, potentially deterring investment.