



Name: Hydro Tasmania

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1. Reduce the cost of meeting carbon targets

1. What could be done to improve the cost-effectiveness and alignment of policies to reduce emissions across the industrial, electricity and transport sectors?

Hydro Tasmania supports focusing government programs on initiatives that can deliver the most efficient and least-cost approach to reducing emissions across sectors. Historically, an economy-wide carbon pricing mechanism has been seen as an effective way of coordinating this. However, within the electricity sector the transition to renewable energy is well underway and the challenges facing users and investors require highly targeted solutions.

According to AEMO's most recent Quarterly Energy Dynamics Report, in Q1 2025 renewables provided 43% of the NEM's supply needs. Policies such as the Renewable Energy Target and state-based schemes, have supported the significant build out of renewables. Hydro Tasmania's current focus is on developing long-duration energy storage, such as our proposed pumped hydro project at Lake Cethana, to help firm ever increasing levels of variable renewable energy. Our understanding is that long-term investment in firming capacity is a focus of the Wholesale Market Settings Review led by the Expert Panel. We look forward to the Panel's recommendations on how to support this needed investment while meeting Australia's emissions targets. We encourage the Productivity Commission to consider how the current review can complement the recommendations of the Wholesale Market Settings Review.

2. Are there gaps in the emissions-reduction policies in the industrial, electricity and transport sectors which should be addressed?

No response.

3. Are there any duplicative emissions-reduction policies in the industrial, electricity and transport sectors which could be streamlined?

There are multiple "shadow" emissions price signals across these three sectors including:

- the Value of Emissions Reduction (VER) which must be factored into decisions by government entities including the AEMC, AER, Reliability Panel, and AEMO, when considering or applying the National Energy Objectives
- the Safeguard Mechanism
- the Vehicle Efficiency Standard

While this represents a certain amount of duplication, it should be noted that these were introduced (or expanded) recently with considerable stakeholder consultation.

Businesses are now in the process of meeting their obligations under these schemes. Significant changes to these schemes so soon may reduce regulatory certainty for Australian businesses who are trying to make long-term investment decisions around lower emissions plant and equipment. Timely reviews should be undertaken to ensure

that these policies are successfully reducing emissions. We note the Safeguard Mechanism is due to be reviewed in the 2026-27 financial year.

2. Speed up approvals for new energy infrastructure

1. Are planning and approvals processes for large energy infrastructure taking too long? If so, what causes the most delay?

The 2019 Independent Review of the Environment Protection Biodiversity and Conservation Act 1999 found that the environmental assessment and approval processes is too lengthy and complex. We acknowledge that the Australian Government has provided additional funding to accelerate and improve approval processes, including \$134.2 million in the 2024-25 Federal Budget. However, continuing slow approvals processes risk a timely renewable energy transition.

In Hydro Tasmania's experience the causes of delays include:

- Lack of certainty of outcomes, for example, significant uncertainties regarding potential impacts on environmental matters due to guidance documentation that is either not current or has not been developed to address specific matters contemplated by the relevant legislation.
- Duplication of assessment and approval processes between the State and Commonwealth. The differing standards across jurisdictions include differences in the acceptability of impacts, mitigations, and offset standards, and can result in significant delays to project delivery.
- A lack of local knowledge about state planning frameworks and environmental contexts within the federal Department of Climate Change, Energy, the Environment and Water (DCCEEW).
- High staff turnover in DCCEEW. This leads to businesses often having to "begin again" approval processes with new staff.

2. How can planning and approvals processes be sped up without unduly compromising regulatory standards?

Providing clearer guidance for business on what is expected of them in the planning process. Hydro Tasmania has had a recent positive experience with using the draft Community Engagement National Environmental Standard, which is proposed to apply under the EPBC Act, as it provided improved clarity of assessment requirements.

3. Should clean energy projects be treated differently to other projects for the purpose of environmental and other approvals? If so, how?

The National Renewable Energy Priority List was established to provide coordinated support for regulatory planning and environmental approval processes for the identified projects. However, what support will be provided to these projects is not clear, with DCCEEW's website simply stating support will be "developed on a case-by-case basis according to the needs of individual identified projects." While we acknowledge that each project's requirements will be unique, further transparency is needed.

We also emphasise the importance of any priority lists being appropriately resourced to actually result in speedier approvals.

4. What can be done to build local community support for new energy infrastructure projects?

The Community Engagement Review conducted by the Australian Energy Infrastructure Commissioner should guide the Productivity Commission's thinking on how to build community support for energy infrastructure projects. Hydro Tasmania made a submission to the Review (see here - <https://consult.dcceew.gov.au/aeic-review-of-community-engagement-practices/submissions-organisation>).

We are of the view that governments could improve community engagement processes through greater coordination between projects (even if not energy-related) and within regions (such as Renewable Energy Zones). A Tasmanian example of such coordination is the West Coast Strategic Regional Partnership where industry partners from renewable energy, mining, tourism and aquaculture work with state, local and federal government (Regional Development Australia, Tasmania) to achieve outcomes for the west coast of Tasmania.

Community benefit sharing should not be the sole or main focus of community engagement on new energy infrastructure and will be seen as box ticking or 'throwing money at the problem', potentially causing more problems than it solves. However, proactive, early and transparent engagement with local communities is critical to achieving a greater understanding of community needs, concerns and identity. Through this engagement, support for the new energy infrastructure will more easily be built as proponents are seen to understand and value local community input. Furthermore, proactive and early engagement provides an opportunity to build community awareness of how the new energy infrastructure can be beneficial for the community, leading to greater community support.

5. Please outline any evidence showing the productivity benefits of faster approvals for energy projects.

No response.

3. Encourage adaptation by addressing barriers to private investment

1. What are the barriers and enablers impacting decisions by owner-occupiers, landlords and developers about how housing is built and updated over time so that it is resilient to the effects of climate change?

The participant did not respond to this question.

2. What information do people need to make decisions about where to live, how to build and how to upgrade their homes to appropriately factor in climate change?

The participant did not respond to this question.

3. What are the most cost-effective retrofitting options for improving the resilience of Australia's existing housing stock? What are their costs and benefits?

The participant did not respond to this question.

4. What role might minimum standards play in ensuring the resilience of Australia's housing stock?

The participant did not respond to this question.

5. The impacts of climate change are being factored into the regulation of where and how houses are built in different ways around Australia. What does leading practice look like? Where is there room for improvement? Are there lessons we can learn from other countries?

The participant did not respond to this question.