



15 September 2025

Investing in cheaper, cleaner energy and the net zero transformation

Interim report

Submitted to

Australian Government Productivity Commission

Via online form: https://engage.pc.gov.au/surveys/secure_form/survey/make-your-submission?form_page=1#survey-form-69

For more information, contact:

Dr Megan Kessler

Policy and Research Manager

megan@re-alliance.org.au

www.re-alliance.org.au

About RE-Alliance

The Renewable Energy Alliance (RE-Alliance) is working to secure a responsible and rapid shift to renewable energy that actively contributes to the strength of our regions. We do this by working with and listening to the communities most impacted by renewable energy and grid projects, and facilitating collaboration across industry, government and civil society to deliver meaningful outcomes and lasting benefits for regions.

RE-Alliance has been working for over 10 years across Australia to build collaborations, lean into and learn from community and regional leaders. We work to ensure better policy from governments and better practice from industry that meet the needs, expectations and ambition of the regions. We are recognised as a leading voice on community engagement, benefit sharing and social licence in Australia. We play a unique role, as allies of and advocates for renewable energy host communities and assisting renewable energy developers seeking to deliver best practice community engagement, community funds and to build social licence.

Summary

RE-Alliance welcomes the opportunity to comment on *Investing in cheaper, cleaner energy and the net zero transformation - Interim report*. Our submission responds to the key recommendations of interest to our organisation. We provide a summary of those responses here.

We support:

- Positive reform of our national environmental laws, including strong national environmental standards, regional planning, and the provision of accessible, high-quality information.
- Recommendations to build community support for clean energy projects, including the development of national environmental standards for community engagement and First Nations engagement, the roll out of the Renewable Energy Developer Rating Scheme, and improved benefit sharing.
- Greater investment to allow renewable energy projects to move quickly and appropriately through federal assessment processes.

We further recommend that the Productivity Commission:

- Recommends that the Federal Government sets a clear and timely goal to phase out fossil fuels.
- Engages with the opportunities provided by residential and business uptake to minimise the overall cost of the shift to renewable energy.
- Makes a recommendation that the Federal Government support the implementation of Local Energy Hubs.

- Undertakes targeted consultation with First Nations stakeholders to ensure that the final recommendations in relation to First Nations engagement reflect First Nations desires and are culturally appropriate.
- Better recognise the role of the Federal Government in ensuring appropriate benefit sharing requirements are implemented through all Federal Government funded initiatives.

We are concerned about and suggest caution on:

- The use of the term 'technology agnostic' in the commentary of draft recommendation 1.1 as it risks negatively impacting investor and community confidence in the shift to renewable energy.
- The Productivity Commission's proposal for increased focus on bilateral approval agreements and risk based assessments.
- The merits of a national offset payment fund.
- The appropriate roles for any 'strike-team' or Coordinator-General and the risk that, if not done well, these roles could undermine a focus on the implementation of strong national environmental standards. We recommend the Productivity Commission give further consideration to how these roles would interact with the proposed Environment Protection Australia.
- Amending the EPBC Act to require the Environment Minister to consider the needs of the energy transition when deciding whether to approve an energy project that will have a significant impact on Matters of National Environmental Significance in the way currently proposed by the Productivity Commission. Instead we recommend the addition of a climate or emissions trigger in national environmental laws.

Introduction

Thank you for the opportunity to comment on *Investing in cheaper, cleaner energy and the net zero transformation - Interim report* (Interim Report). These comments build on our response to the Productivity Commission's Consultation Questions in May 2025 (Questionnaire Response). In this submission we limit our comments on the Interim Report recommendations of particular relevance to RE-Alliance.

Reducing the cost of meeting emissions targets

Draft recommendation 1.1: Reducing emissions in the electricity sector after 2030

We are **concerned** that implementation of draft recommendation 1.1 as currently described could lead to increased uncertainty for communities and reduce their ability to engage in the shift to renewable energy. One of the community's key concerns about the current transition is the lack of empowering community engagement and planning clarity. Governments at all levels are working to address the issue of certainty by setting renewable energy and carbon reduction targets and establishing planning frameworks such as Renewable Energy Zones (REZs). In this context, the Productivity Commission's recommendation that the Government

should phase out any jurisdictional- and technology-specific emissions reduction incentives over time and become technology agnostic risks negatively impacting investor and community confidence in the shift to renewable energy. While we support the development of regulatory settings that create nationally consistent incentives for the lowest-cost clean energy, multiple studies have shown that the lowest-cost clean energy is renewable energy. In our view, regulatory settings should be focussed on delivering this transition as rapidly as possible in a socially and environmentally sustainable manner.

Efforts to reduce emissions would be further supported by the Federal Government setting a clear and timely goal to phase out fossil fuels and we **recommend** the Productivity Commission include a recommendation to this effect in its final report.

Additional recommendation

We again **recommend** that the Productivity Commission engage with the opportunities provided by households and businesses to minimise the overall cost of the shift to renewable energy. The current large scale uptake of residential household batteries shows the willingness of consumers to invest in their own shift to renewable energy. If extended to community, farm, precinct and industrial scale, this investment has the potential to significantly change the way we use, store and move energy in Australia and reduce the costs of the shift to renewable energy. We again encourage the Productivity Commission to consider recommending actions such as:

- Designing programs that remove hurdles for key groups including farmers and primary producers, renters, apartment-dwellers and disadvantaged groups in our communities to increase their uptake of renewable energy.
- Enabling a wider take up of energy efficiency, electrification and solar in more diverse locations to enable more distributed generation capacity to connect to the grid.
- Supporting concepts such as 'solar gardens' to open up access to renewables for Australians currently unable to access solar due to their housing circumstances.

Speeding up approvals for new energy infrastructure

Draft recommendation 2.1: Reform national environment laws

We strongly **support** positive reform of our national environmental law. We emphasise that the focus for consideration of these recommendations should be faster assessments - rather than faster approvals per se as expressed in the Interim Report. Community engagement and environmental standards must be maintained and this will inherently necessitate project refusals under national environment laws where Matters of National Environmental Significance (MNES) are not appropriately protected. Clearer guidance and stronger standards can help proponents to design projects that are more likely to avoid significant impacts on MNES, thereby making faster approvals possible, but the system should not assume approvals will be granted in the absence of appropriate environmental assessment

and decision making. We provide the following comments on each of the sub-recommendations.

Introduce national environmental standards

We strongly **support** the introduction of national environmental standards, complemented by a clear definition and application of unacceptable impacts. As noted in our Questionnaire Response, standards must set clear expectations on how any activities that are approved under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) will contribute to improved environmental outcomes. Standards must apply at all scales, including individual actions, decisions, plans and policies; set clear boundaries for decision-makers, be legally binding and enforceable; and be consistent rules that apply to all. This must be supported by a legislative requirement to define unacceptable impacts on MNES and ensure that unacceptable impacts will result in the immediate rejection of an application. Unacceptable impacts would include concepts such as significant impacts on critical habitat for threatened species or values of World Heritage Areas.

We **remain cautious** about the use of bilateral approval agreements in the absence of enforceable national environmental standards that demonstrate sufficient clarity and strength to deliver objective decision making and consistent application. In this regard we note the importance of the Federal Government retaining the ability to enforce conditions imposed for the protection of MNES, including where those conditions are primarily captured through state approval processes.

Risk based approaches such as the one discussed in the Interim Report should also be treated **with caution**. Projects do not require assessment under the EPBC Act unless they are likely to significantly impact on a MNES. As such the entry threshold for assessments is already high. Under these circumstances it is our view that national environmental standards are a more appropriate mechanism than risk based assessment for ensuring appropriate and consistent assessment. The introduction of risk based assessment would introduce further confusion, uncertainty and variability into the assessment process.

Facilitate regional planning, particularly within renewable energy zones, with stricter statutory deadlines for assessing projects in 'go zones'

Regional plans should not be seen as a replacement for project level decision making but rather as a tool to support communities, guide proponents and support faster decision making. In practice, it is unlikely that comprehensive regional plans that contain sufficient information for individual projects to be approved without a separate assessment can be developed in the short to medium term. The proposed approach of using regional planning to facilitate faster assessments and approvals, with stricter statutory deadlines for assessing projects in 'go zones', is a more appropriate one under the current circumstances.

We **support** the development of regional plans that provide clear guidance on the outcomes and measurable objectives that must be achieved, including:

- Meeting relevant National Environmental Standards;
- Being science based;
- Being developed and implemented with strong community engagement and involvement, including respecting the rights, knowledge and connection to Country of First Nations peoples; and
- Meaningfully assessing and managing cumulative impacts.

Good planning can help direct proponents to those areas that are most likely to avoid impacts on MNES, thereby speeding up regulatory assessment processes, and help communities to understand the scale and location of development in their regions. They are a particularly useful tool for the consideration of cumulative impacts. However, we note that regional planning must be carefully managed to ensure communities are engaged in decision making and that environmental standards are maintained. In developing regional planning, it is important that:

- The Federal Government keeps its important role in protecting MNES, while working with states and territories to develop holistic plans;
- Communities can continue to engage on individual project decisions; and
- Biodiversity offsets are robust and only used as a last resort.

We **agree** there is an opportunity for regional planning under the EPBC Act to complement and integrate with planning for Renewable Energy Zones, particularly in those regions where Renewable Energy Zones are in the early stages of development. In this regard, the role of local government as a key coordinating body should be recognised and supported, including ensuring that local government is sufficiently resourced to fulfil this role.

Provide accessible, high-quality information about the environment and past assessment decisions

We **support** ensuring that decision-makers and the public have access to authoritative, high-quality information and data and that decision-making is based on best available information, including through an organisation such as the Federal Government's proposed Environment Information Australia.

Make offsetting arrangements more efficient, such as by enabling developers to meet their offset obligations by contributing to an Australian Government offsets fund

The development of clear unacceptable impacts, the implementation of strong national environmental standards, and the use of robust regional planning should reduce the need for offsets by directing development to those areas with least impact on MNES. These areas should be a stronger focus for reform than offsets, which should only ever be used as a last resort. Such an approach is also consistent with the application of the mitigation hierarchy of avoid, minimise and then offset.

We are **not convinced** of the merits of a national offset payment fund given our experience of these mechanisms in practice. Evidence from across the country has shown that offset

funds are failing biodiversity and undermining the price signals that offsets are intended to create.¹ Offset funds have created a situation where developers are making payments into a fund for offsets that do not exist and/or where offsets that can be found are not established until significantly after the impact has occurred. Neither of these situations meet the requirements for best practice offsets. Independent audits consistently recommend eliminating or, at least, reducing the reliance on offset funds. The NSW Government has been exploring alternative ways to ensure offsets systems are more efficient without using an offset fund, such as providing mechanisms to better connect proponents needing offsets with land owners willing to provide them. Opportunities like this, combined with a focus on best practice principles for offsets, would be a more appropriate focus for the Federal Government. In our view, including a recommendation to introduce an offset fund in the final report would risk compromising environmental standards, which appears to be inconsistent with the Productivity Commission intention for these reforms.

Build community support for clean energy projects

As we stated in our Questionnaire Response, community engagement and co-design of benefit sharing are vital to ensure that community needs and ambition for their region can be met through the shift to renewable energy. In addition to making the following comments on the Productivity Commission's recommendations, we reiterate our **recommendation** that local communities would be best served by the creation of Local Energy Hubs - a trusted source of information that is accessible in local communities. This is a key missing link for the shift to renewables which requires targeted investment, at scale. Local Energy Hubs can play a significant role for community awareness that goes beyond what can be achieved via a periodic consultation process, or what a single proponent can (fairly) do.

National standards for engagement

The development of strong national environmental standards for community engagement and First Nations engagement are vital. We **recommend** that the Productivity Commission undertake targeted consultation with First Nations stakeholders to ensure that the final recommendations in relation to First Nation engagement reflect First Nations desires and are culturally appropriate.

Other initiatives

RE-Alliance **agrees** that the Renewable Energy Developer Rating Scheme (DRS) has strong potential to provide a reference point for farmers and landholders weighing up their options about hosting large scale renewable infrastructure, but also for investors and government agencies who want to reduce risk and prioritise good social and environmental practice.²

¹ See for example: [Effectiveness of the Biodiversity Offsets Scheme - NSW Auditor General's Report](#), IPART [Biodiversity Market Monitoring Annual Report 2022-23](#), and [Independent Review of the Biodiversity Conservation Act 2016 - Final Report](#)

² For more information on our view on the DRS see: [Developer Rating Scheme is welcome progress, but more needed to bridge information gap](#)

If designed and executed well the DRS could be a powerful tool in driving best practice; better information for landholders, communities, local government, investors; and more investment from industry in community engagement and benefits.

Improve benefit sharing

While recognising that the benefit sharing arrangements are important for securing community support for renewable energy, the Interim Report states that these arrangements are “largely a state responsibility”. However, the Federal Government has an important role to play in ensuring appropriate standards for community benefit sharing in circumstances where it is contributing funding to renewable energy proponents, either through direct financial contributions, revenue underwriting or any future form of financial support. We **recommend** that appropriate benefit sharing requirements are included in all relevant schemes. We also **support** increased consideration of regional benefit sharing.

Draft recommendation 2.2: Set up a specialist ‘strike team’ for priority projects

We **support** greater investment to allow renewable energy projects to move quickly and appropriately through federal assessment processes. However we note that any such arrangements must not undermine community engagement or environmental standards. Federal environmental assessment must remain focussed on understanding the impacts of projects on MNES. While energy specialists can usefully inform conversations about mitigation and management, decision making must remain focused on delivering consistency with national environmental standards.

Draft recommendation 2.3: Establish a Coordinator-General for priority projects

We **consider** there may be advantages in establishing a Coordination-General that can help to facilitate the necessary engagement between government and proponents during the assessment process, but any Coordinator-General should not have the power to direct officials in a way that would undermine the necessary environmental assessment of projects. We note that the Federal Government has a policy of establishing a national Environmental Protection Australia that would have a broader remit than the proposed Coordinator-General, but could equally be tasked with improved coordination and decision making without the need for creating additional bureaucratic structures and processes.

Draft recommendation 2.4: Consider the energy transition in approval decisions

We **question the need** to amend the EPBC Act to require the Environment Minister to consider the needs of the energy transition when deciding whether to approve an energy project that will have a significant impact on MNES. We do not consider such a change to be consistent with the application of a strong environmental legal framework and believe that an appropriate assessment is possible under the provisions of the current EPBC Act.

The Interim Report notes that “environmental assessments are largely project agnostic - a carpark and solar farm are treated in much the same way.” This is broadly correct and entirely

appropriate because the trigger for assessment under national environmental laws is the significance of an impact on MNES - regardless of the project that is causing that impact. Renewable energy projects, including linear infrastructure, should not be treated differently for the purpose of environmental assessment and decision making. However, we do support the emissions benefits of renewable energy projects being considered under national environmental laws, and **recommend** the addition of a climate or emissions trigger in those laws. This would complement the objective in the National Energy Law which orients decision-making to prefer zero emissions outcomes.

----- END -----