

# Community and Employment Benefit Program

for Renewable Energy Zones in NSW

July 2024



# Acknowledgement of Country

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Energy Corporation of New South Wales acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land and we show our respect for Elders past and present through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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Published by Energy Corporation of New South Wales, NSW  
Department of Climate Change, Energy, the Environment  
and Water

[energyco.nsw.gov.au](https://energyco.nsw.gov.au)

Community and Employment Benefit Program

First published: July 2024

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Penny Sharpe

# Minister's Foreword

Every day, NSW households, businesses and communities are helping to transform our electricity system, reduce emissions and put downward pressure on energy bills.

Modernising our electricity system is not only essential for clean, reliable and affordable energy across NSW, it is an opportunity to bring once-in-a-lifetime investment into the regions.

The NSW Government recognises the critical role regional communities have in the renewable energy transition, in hosting the enabling infrastructure. We have committed to share the benefits of this significant investment and contribute to the enduring prosperity of regional communities in NSW.

The Community and Employment Benefit Program is a key part of the NSW Government's focus to invest in community projects and infrastructure and to support skills, training and employment opportunities as part of the transition, including for First Nations people.

We need to find innovative solutions to solve challenges facing regional communities, but, we can't do it alone. The Program is a platform through which we can do that together. We need locals to have a say on how the energy transition can deliver benefits in their region.

The Energy Corporation of New South Wales has been engaging with communities since mid-2022 to inform the objectives of the Program, and regional communities will continue to be integral in identifying priorities and changing local needs.

We will leave communities better off than before, through the investment in long-term legacy outcomes.



Wellington

# Introduction



# Sharing the benefits of the energy transition

The way we generate electricity is changing across NSW, as the State transitions to renewable energy sources and net zero emissions by 2050.

The NSW Electricity Infrastructure Roadmap (the Roadmap) is the NSW Government's plan to transition the NSW electricity market to renewable energy sources, including achieving 12 gigawatts (GW) of renewable energy generation and 2 GW of long duration storage by 2030. The Roadmap is enabled by the *Electricity Infrastructure Investment Act 2020* (EII Act) and the *Electricity Infrastructure Investment Regulation 2021* (EII Regulation).

To support this transition, the Community and Employment Benefit Program (the Program) will

invest millions of dollars into regional communities in renewable energy zones (REZ) so that the benefit of this transition is shared by more people.

The Program aims to leave communities that host the required infrastructure in a better position than they were before the energy transition began. It is about making a serious contribution to the prosperity of regional communities and leaving a long-term legacy.

There will be a range of projects, programs or services delivered, including those that provide immediate outcomes as well as those that contribute to the long-term economic, social or environmental benefit of the community over time.

This may be coordinated with other programs or investment such as from local, State or Federal levels of government and/or the renewable energy industry.

Upfront consultation with local communities, First Nations organisations, councils and other stakeholders will be undertaken in each REZ, to ensure that local priorities are reflected in the design of the program.



# Early benefits for regional communities

The Roadmap and EII Act identify the central role of regional communities in the NSW energy transition, including the development of new transmission lines, energy hubs, wind, solar, storage and related infrastructure projects.

It also identified the benefits for regional communities, including; attracting billions of dollars in private investment, opportunities for employment and training, lower energy costs for all NSW consumers, opportunities for improved competitiveness of regional energy intensive industries and high value agriculture through lower cost energy, infrastructure and community benefit and strategic benefit payments.

EnergyCo has developed the Community and Employment Benefit Program (the Program) to share the benefits with the regional communities that will host REZs. For the Central-West Orana REZ and other REZs that have a declared access scheme, the Program will be funded by access fees payable by solar, wind and other energy generators participating in an access scheme, which will include a component to be used for community and employment purposes.

Until access fees are received, the Program will be forward funded through development activities undertaken by EnergyCo and advanced by the Transmission Acceleration Facility. This will ensure the delivery of early benefits for regional communities.



Muswellbrook

# A process for upfront community consultation

To ensure local voices inform the Program as it is rolled out in REZs with a declared access scheme, EnergyCo will undertake a process of upfront community consultation.

This consultation process will ensure the people that live and work in local communities can have their say on how the Program will be delivered in their area.

EnergyCo will consult on key matters, such as:



What are the **key local priorities** in the area?



What **value of community or employment benefits** might be delivered (such as projects that can deliver outcomes soon, or those that have a longer lead in time, like new infrastructure)



Who may be best placed to deliver **community or employment benefits**?



How funding may be **prioritised**?



How communities may be **supported** to apply for funding and deliver benefits?



A farmer unloads his cows at the Central Tablelands Livestock Exchange, Blayney, NSW.

Feedback may be sought on other matters. The feedback will be used to inform the key parameters that will guide the administration, management, and payment of money for community or employment purposes under the Program.

Importantly, each consultation process will be tailored to the regional community so that it is delivered in a way that is convenient for local people to participate and offers different ways to provide feedback.

EnergyCo will also seek community and stakeholder feedback over time during Program review and evaluation.



# About the Program



People walk along the Yuelarbah Walking Track at Merewether Beach. Newcastle, NSW



## Background

Under the Roadmap, REZs will play a key role in NSW's energy transition. REZs group new renewable energy infrastructure (such as solar and wind farms), storage and high-voltage transmission network infrastructure in areas where energy can be efficiently generated, stored and transmitted. In the future, REZs will create the bulk of new renewable energy generation capacity in NSW.

In accordance with sections 19(1) and 23(1) of the EII Act, the Minister for Energy declared the following five REZs in NSW, which will aim to maintain a reliable and affordable supply of electricity as coal-fired power stations retire over the next decade:

- Central-West Orana REZ
- New England REZ
- Hunter-Central Coast REZ
- Illawarra REZ
- South West REZ.

**“In the future, REZs will create the bulk of new renewable energy generation capacity in NSW.”**

Where the Minister for Energy has declared that an access scheme applies in a REZ, or part of a REZ, section 26 of the EII Act requires access right holders to pay a prescribed component of access fees to be used for a community purpose or employment purpose.

As the Infrastructure Planner for REZs in NSW, one of EnergyCo's functions under the EII Act and EII Regulation is to administer, manage and make payments from the components of access fees to be used for community and employment purposes<sup>1</sup>. EnergyCo will facilitate the distribution of access fees into regional communities that host REZs with an access scheme.

At the time of publishing this document, the Central-West Orana REZ and South West REZ are the only REZs with a declared access scheme. EnergyCo will initially focus on performing its function under the EII Act and EII Regulation to administer, manage and pay the community and employment component of the annual access fees payable by participants in the Central-West Orana REZ and will look to roll out the Program in future REZs with declared access schemes. EnergyCo will also investigate alternative ways of supporting community and employment benefits outside of the REZs.

<sup>1</sup> EII Regulation, cl 42D.

# Legislative context

The EII Act sets out a statutory framework to promote community and employment benefits alongside energy infrastructure investment and development across NSW.

**The Program is a key part of EnergyCo's work in:**



**Exercising its functions** under the EII Act



**Fostering community support** for the energy transition and to support skills, training and employment opportunities, including for First Nations people in accordance with the objects of the EII Act.

Where the Minister for Energy has declared that an access scheme applies in a REZ, or part of a REZ, the Program will achieve this by facilitating the distribution of funding towards community and employment purposes over time, within the geographic boundaries of each relevant REZ with a declared access scheme, in accordance with the requirements of the EII Act and EII Regulation, as set out below.

## EII Act objects

The EII Act has the following objects relating to delivering community and employment outcomes, among others:

- to foster local community support for investment in new generation, storage, network and related infrastructure
- to support economic development and manufacturing
- to create employment, including employment for Aboriginal and Torres Strait Islander people
- to increase employment and income opportunities for Aboriginal and Torres Strait Islander people in NSW
- to invest in education and training
- to promote local industry, manufacturing and jobs<sup>2</sup>.

Various initiatives under the EII Act facilitate the achievement of these objects, including the declaration of access schemes, the Renewable Energy Sector Board's Plan and the First Nations Guidelines

<sup>2</sup> EII Act, s 3(1)(d)-(h) and s 3(2).



Mudgee

## Community purposes

The EII Regulation establishes that a component of an access fee is considered to be used for a community purpose if it provides one of the following benefits to the relevant local community:

- public or community services or infrastructure
- health services or infrastructure
- accommodation or housing
- local or regional energy programs or infrastructure
- environmental programs or infrastructure
- parks and recreation infrastructure
- education programs or research
- arts or cultural programs
- tourism programs or infrastructure
- services, programs or infrastructure for First Nations people
- other services, programs or infrastructure that benefit the relevant local community<sup>3</sup>.

In this context, the 'relevant local community' means the local community in the geographic area of the REZ subject to the access scheme<sup>4</sup>.

## Employment purpose

The EII Regulation sets out that a component of an access fee is considered to be used for an employment purpose if it provides one of the following benefits to a relevant employee:

- employment programs and associated services and facilities
- skills and training programs and associated services and facilities
- a program, service or facility that supports the relevant employees to gain employment skills or experience relevant to employment<sup>5</sup>.

In this context, a 'relevant employee' is an employee who is:

- in the geographic area of the REZ subject to the access scheme
- affected by changes in electricity generation in NSW<sup>6</sup>.

<sup>3</sup> EII Regulation, cl 56(1).

<sup>4</sup> EII Regulation, cl 56(3).

<sup>5</sup> EII Regulation, cl 57(1).

<sup>6</sup> EII Regulation, cl 57(3).



Wellington



New England Highway through Uralla

## Program objectives

The Program aims to deliver community and employment benefits across communities that host new energy infrastructure delivered under the EII Act to support the realisation of the Roadmap and NSW's transition to renewable energy.

The Program objectives are to:



**1. Improve liveability** in regional communities impacted by new energy infrastructure by supporting better public services and infrastructure such as roads, housing and accommodation and access to health services



**2. Improve and create local employment opportunities** through training and skills programs or infrastructure that increases the capacity of the local community to benefit from local employment and income generating opportunities



**3. Improve outcomes for First Nations people** by increasing capacity of First Nations organisations and providing additional services and infrastructure to support First Nations people to maximise the economic opportunities from the energy transition



**4. Support regional economic development** through tourism programs, infrastructure and legacy projects that provide enduring benefits for host communities



**5. Improve community connection** by making it easier for people to access quality recreation infrastructure and other community facilities, as well as arts and cultural programs that bring people together



**6. Boost resilience and innovation** through community energy programs and environmental improvement programs.

The Program objectives align with the Roadmap, the objects of the EII Act and the description of 'community purposes' and 'employment purposes' under the EII Act and EII Regulation.

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# Delivering benefits



To deliver the Program objectives, EnergyCo will administer funding for community and employment purposes generally through:



**Grants** to non-profit community organisations, councils, incorporated First Nations organisations, Local Aboriginal Land Councils and other stakeholders;



**Partnerships** with other NSW Government agencies, statutory bodies or the renewable energy industry to deliver strategic projects that align with the Program objectives and community priorities; and



EnergyCo **procuring or commissioning** programs, services and/or infrastructure on behalf of the community.

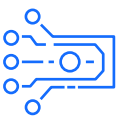
### This approach to funding and project delivery:



Enables regional communities and other stakeholders to apply for and access **funding and benefit from the projects** supported through the Program, particularly those most impacted by new energy infrastructure;



Will **support a mix of projects** that can be delivered sooner, as well as those that may take longer to deliver, but will provide the region with an enduring legacy once complete;



Is **flexible and will allow funding** to be allocated in a way that adapts to changing priorities over time, reflecting the emerging needs of local stakeholders; and



Best **meets the relevant policy**, legal and program objectives.

## Grants

Grant rounds administered through the Program will be designed in consultation with regional communities, First Nations and councils to ensure funding can be available to projects that deliver the best outcomes for local communities. The grant stream will enable local stakeholders to seek funding for initiatives that are of the highest priority to them. Grants also provide the key mechanism for EnergyCo to provide funding directly to local communities. Guidelines for each grant round will define the specific parameters for each grant, such as eligible projects, eligible applicants, grant values, and assessment criteria, in accordance with the NSW Government Grant Administration Guide.

## Partnerships

EnergyCo will work with NSW Government agencies, statutory bodies and the renewable energy industry to identify partnership opportunities that will support the delivery of projects that address a priority area identified through community consultation, support program objectives and align with the scope of community purpose and employment purpose definitions. Any partnership arrangements will aim to coordinate the delivery of benefits in a REZ and to maximise the opportunities for co-funding such as with the renewable energy industry. Steering Committees will also support the identification of potential partnership opportunities and ensure cross-agency coordination and alignment.

## Commissioned projects

If a priority project identified through consultation is not funded through the grant stream or via partnerships, EnergyCo may elect to commission a supplier to deliver a project or initiative where it falls within the scope of community purpose and employment purpose.

EnergyCo will run a procurement process in accordance with the NSW Government Procurement Policy Framework. These types of projects will vary in nature and depend on the outputs from stakeholder consultation and applications received through grant rounds. They may involve initiatives like investing in telecommunications connectivity improvements or social housing projects.



New England Highway near Glen Innes



Muswellbrook community information session

## How will EnergyCo consult with communities?

EnergyCo will consult with local communities and stakeholders to identify eligible initiatives to be funded through the Program. This may include a series of workshops, community information sessions, online survey or other consultation methods.

Generally, EnergyCo will communicate and advertise a consultation program for local communities, First Nations, councils and other stakeholders to have their say on how the Program may be delivered in the REZs.

It will also involve consultation with groups EnergyCo regularly engages with such as:

- councils
- community reference groups
- First Nations working groups
- REZ Steering Committee/s

Local communities can play a role in the Program by:

- participating in the identification of projects to be considered for funding through consultation and engagement processes, such as by identifying local priorities or needs
- bringing forward proposals in grant rounds
- participating in committees or groups established to advise on the Program
- assisting in, or delivering projects, programs or services funded under the Program to deliver community or employment benefits
- providing feedback on the Program outcomes and evaluation.

EnergyCo will work with local communities to identify how individuals or groups may wish to be involved and how this may be accommodated in the administration and delivery of the Program over time.

Groups EnergyCo regularly engages with will help inform funding priorities by:

- identifying project focus areas
- suggesting funding mixes and mechanisms
- advising on prioritisation of projects
- providing input into research and investigation.

Coordination and alignment across government will occur through consultation across agencies, in established or new forums. EnergyCo may also consult and coordinate with other Roadmap entities, including:

- First Nations Working Groups
- Electricity Infrastructure Jobs Advocate
- Employment Purpose Advisory Committee
- Renewable Energy Sector Board
- Consumer Trustee.

To build upon outcomes from consultation, EnergyCo will also commission technical studies into priority areas identified by local stakeholders. These studies will help to establish baseline data and identify initiatives to address key challenges and opportunities relating to the respective priority area.



# How will community initiatives be prioritised and selected?

Initiatives will be prioritised and selected for funding based on:

- the eligibility of programs, services or infrastructure identified in the consultation stage to deliver a community purpose or employment purpose
- alignment with the Program objectives and principles, and published assessment criteria and consideration of community and stakeholder feedback on prioritisation
- the available funding, suitable delivery partners and timeframe for delivery
- feedback from the consultation stage in relation to coordination and alignment with other government programs.

An outline of a typical selection process is provided in Figure 1 below. For grant rounds, an assessment panel will make recommendations about project selection and/or prioritisation. More information on eligibility and assessment criteria for grant rounds will be outlined in specific grant guidelines that will be made publicly available in accordance with the NSW Grant Administration Guide.

**Figure 1: Typical process and considerations**





## Who can apply for funding in grant rounds?

A range of organisations and stakeholders will be able to seek funding for projects that meet the eligibility criteria. This could include:

- local community groups or organisations
- councils
- First Nations organisations such as Local Aboriginal Land Councils, health services and/or other registered Aboriginal organisations such as those listed in the First Nations Guidelines
- not-for-profit organisations and private organisations
- education institutions and training organisations.

The full eligibility criteria for grant rounds delivered via the Program will be outlined in specific grant guidelines made publicly available on EnergyCo's website.

EnergyCo will also investigate opportunities to coordinate the delivery of community or employment benefits with other NSW Government agencies, statutory bodies or the renewable energy industry, where appropriate.

## How EnergyCo will support regional communities to deliver benefits

EnergyCo recognises the need to support regional communities to be able to participate in the Program and to apply for and deliver benefits. This is expected to involve support for local communities, First Nations and other stakeholders, like community groups and organisations, Local Aboriginal Land Councils and other organisations to:

- provide local and in-person support to regional communities;
- confirm applicant eligibility and assist in identifying the appropriate application pathway; and
- support regional communities to develop ideas and to apply for funding.

This will be informed by upfront community consultation and may look different in each REZ based on feedback about how best to work with regional communities.

## How will the Program be monitored?

EnergyCo will monitor the Program, including working with grantees and funding recipients to ensure benefits are delivered and the Program objectives are achieved. EnergyCo will publicly report on the projects that are funded through the Program.

Other scheduled reviews, such as annual reviews and program evaluations, may also report on outcomes from the Program. Feedback from local communities and delivery partners on the Program will form an important part of the monitoring and evaluation of the Program against the objectives.



New England Highway through Uralla

# Program administration





## Program principles

The Program principles assist and guide local communities, councils, stakeholders, assessment panels and decision-makers to administer the Program.

**Table 1: Program principles**



Local communities, councils, First Nations organisations and other stakeholders help to identify priorities and needs, consult on program guidelines and criteria and participate in evaluation and inform decision-making processes.



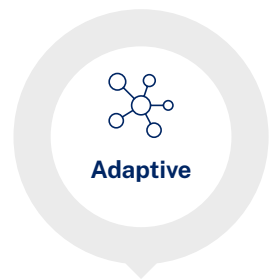
Funded projects, infrastructure or services align with NSW Government, council and/or First Nations organisation priorities in strategic plans and policies.



Communities are better off than they were before through investment in long-term legacy outcomes.



Partnerships with other NSW Government agencies, co-funding with industry or councils are coordinated to maximise value for communities.



The program adapts to changing local needs and priorities and responds to community and stakeholder feedback and program evaluation.



## Administrative functions

EnergyCo will administer the Program by:

- managing Program funds in accordance with NSW Government policy and legislation
- establishing and supporting consultation forums with communities, councils, First Nations organisations and NSW Government agencies
- establishing and supporting the REZ Community Benefit Committee
- partnering with other NSW Government agencies, statutory bodies or the renewable energy industry to deliver strategic projects that align with the Program objectives and community priorities
- preparing grant guidelines and associated program documentation
- administering and managing funding deeds, where applicable, and relationship and stakeholder management of grantees
- coordinating processes to identify, assess and fund eligible projects
- monitoring individual projects to ensure they are delivered and funds acquitted
- preparing an evaluation plan to assess the effectiveness of the Program in achieving the objectives
- continuously assessing the Program, including governmental and public reporting, supporting audits and other reviews (as required) and undertaking ongoing evaluation.

## Policy Paper purpose

- Under clause 42D(2)(b) of the EII Regulation, the Infrastructure Planner is required to make guidelines about the administration, management and payment of money held by the Infrastructure Planner for use in relation to a community purpose or an employment purpose in a REZ with a declared access scheme, where that declaration specifies that the scheme financial vehicle (SFV) is liable to pay the Infrastructure Planner the community or employment component of the annual access fees from participants.
- This Policy Paper is intended to satisfy that requirement for the purpose of the Central-West Orana REZ and future REZs with an applicable access scheme declared.
- EnergyCo may update or provide additional guidelines for the purpose of regulation 42D(2)(b) from time to time.

## Administrative principles

EnergyCo will apply the following administrative principles to implement the Program:

- compliance with relevant legislation and policies
- effectiveness of each project
- efficiency in expenditure and use of governmental resources
- ethical operation of the program
- adherence to better practice probity
- meaningful consultation with local stakeholders
- effective coordination with NSW Government agencies.

# Further information



New England Highway at dusk through Uralla



Street art, Dubbo



Armidale

## Relationship to other initiatives and programs

### Initiatives in respect of REZs

The Program does not duplicate or replace the need for individual renewable energy generation and/or storage projects to develop and invest in their own initiatives or programs that deliver community benefits or outcomes. Such initiatives or programs could include local benefit-sharing programs, or other agreements or arrangements with impacted communities and/or stakeholders.

The Program does not negate nor duplicate:

- obligations under the Environmental Planning and Assessment Act 1979 and regulation for development to avoid, minimise, mitigate and/or offset impacts
- obligations under contracts for long-term energy service agreements and/or project development agreements.

However, the Program does complement other work by EnergyCo to foster local community support for the infrastructure required to implement the Roadmap. Read more: [www.energyco.nsw.gov.au/community/coordinating-delivery-renewable-energy-zones](http://www.energyco.nsw.gov.au/community/coordinating-delivery-renewable-energy-zones)



Brick building, Uralla

Other initiatives include:

- ongoing consultation and engagement with local communities and stakeholders
- establishing a regional presence through EnergyCo offices and locally based staff to enhance in-person engagement and connections with communities
- investigating the cumulative impacts of the delivery of the Roadmap, e.g. for transport and logistics, housing and workforce accommodation, social infrastructure, telecommunications, waste and circular economy
- facilitating a whole of government focus on the Roadmap delivery, including addressing cumulative impacts, e.g. through agreements with Transport for NSW to upgrade the State road network to facilitate movement of infrastructure and components to build the REZs
- working with local communities, councils and industry to identify priorities for community benefits
- the strategic benefit payments scheme to pay landowners to host new major transmission infrastructure. Read more [www.energyco.nsw.gov.au/community/strategic-benefit-payments-scheme](http://www.energyco.nsw.gov.au/community/strategic-benefit-payments-scheme)
- supporting the implementation of First Nations guidelines through First Nations Working Groups, close consultation and engagement with First Nations stakeholders and recruitment of First Nations staff by EnergyCo. Read more [www.energyco.nsw.gov.au/community/first-nations-consultation-guidelines](http://www.energyco.nsw.gov.au/community/first-nations-consultation-guidelines)
- supporting First Nations communities to reduce consultation fatigue, coordinate renewable energy industry consultation and support pre-employment opportunities and employment outcomes for First Nations communities and people in REZs
- investigating skills and training initiatives and programs with TAFE and Department of Education and other training providers to boost skills and training opportunities for workers affected by the energy transition and also enable employment on Roadmap projects.





People walking along the Port Kembla seawall

## Initiatives outside of REZs

EnergyCo acknowledges that the energy transition will impact regional communities outside of REZs, who are not currently eligible for funding from the community and employment component of access fees under the EII Act.

EnergyCo is committed to delivering community and employment benefits as part of the implementation of the Roadmap. Further work is underway to facilitate community and employment benefits in respect of other types of infrastructure projects contemplated under the EII Act, including priority transmission infrastructure projects.

