



**AGL Energy Limited**

T 02 9921 2999

F 02 9921 2552

[agl.com.au](http://agl.com.au)

ABN: 74 115 061 375

Level 24, 200 George St

Sydney NSW 2000

Locked Bag 3013

Australia Square NSW 1215

Anthea Sargeant  
Executive Director  
Compliance, Industry and Key Sites  
Department of Planning, Industry and Environment  
GPO Box 39  
Sydney NSW 2001

29 October 2019

Dear Ms Sargeant,

**Re: State Environmental Planning Policy Activation Precincts**

**1. Introduction**

AGL Energy (AGL) welcomes the opportunity to provide a submission to the NSW Department of Planning, Industry and Environment (DPIE) on the Explanation of Intended Effects (EIE) for the Activation Precincts State Environmental Planning Policy (AP SEPP) which was made available for public comment in September 2019.

AGL operate Australia's largest electricity generation portfolio and we are its largest ASX-listed investor in renewables.

With many of our generation assets located in regional NSW, this submission reflects AGL's experience of working in regional NSW economies and communities and planning towards the long-term use of energy generation sites following the transition to a low carbon future.

AGL supports the NSW Government's commitment to use innovative approaches to strategic and project planning to attract investment and to promote economic development and job creation in regional NSW.

**2. Background**

The energy sector is in a decades-long transition away from traditional thermal generation to new ways of producing electricity, which will be cleaner, more affordable and more reliable. As more and more people take up distributed energy solutions like home batteries, the national energy system will need to account for the effect on supply and demand to maximise the savings to consumers. We have a proud heritage as Australia's largest private proponent of renewable energy assets and aim to be the largest proponent of firming capacity we need to support the uptake of renewable energy. This is aligned to the NSW Government's commitment to net-zero emissions by 2050 and the Australian Government's commitment to the Paris Climate Agreement.

About three quarters of Australia's current thermal generation fleet is beyond its original engineering design life, so there is a concurrent need to modernise Australia's electricity generation sector.

AGL anticipates that the role of traditional thermal generation will increasingly be met by flexible distributed energy services and a range of low-emissions generation. The National Electricity Market (NEM) need a balance between baseload, dispatchable (fast-start, on-demand) and intermittent generation (wind and solar), and firming capacity reserves (batteries and pumped hydro).

At AGL, we have committed to playing a leading role in this transition.



AGL's Greenhouse Gas Policy (Policy), released in 2015, set a target to operate a carbon-zero generation portfolio by 2050 and released end-of-life retirement dates for all operating coal plants. The release of the Policy provided seven years notice for the Liddell power station (Liddell) retirement to avoid the volatility created by the sudden exit of other coal-fired power stations from the NEM and to provide time for employees and the local community to prepare for the transition.

AGL is playing a leading role in this transition, not only charting a path to a new energy future, but responsibly and respectfully managing this transition and its impact on employees, local community and customers. AGL is working with our people, communities and stakeholders to ensure power station sites continue to contribute to regional economies and communities, whether through ongoing power generation or new alternative land uses and industries.

The first unit at Liddell is scheduled for closure in April 2022 with the remaining three units scheduled for closure in 2023. Bayswater power station (Bayswater), which shares infrastructure with the Liddell site, is scheduled for closure in 2035. Liddell and Bayswater are collectively known as AGL Macquarie (AGLM).

The current planning framework for the AGLM sites reflects the narrow range of land uses related to its historic and current role as a power generation facility. The sites extend over two local government areas with consents obtained through Part 4 and Part 5 of the *Environmental Planning & Assessment Act 1979* (the Act). While Liddell operates under existing use rights, a number of separate development consents have also been granted for Bayswater and Liddell over their operational life.

Development applications for the operations and maintenance of the power station sites are continuing within the power station planning framework, while preparatory work is carried out to enable the necessary consents for the retirement and demolition of Liddell to be obtained.

Following retirement and demolition, rehabilitation of the site will support the transition to agreed future land uses. The transition planning process can be supported by a new and more flexible planning framework, responding to the needs of the ongoing operation and maintenance of power station infrastructure alongside future land uses and industries.

AGL supports the Government's initiative to introduce the AP SEPP which has the potential to create a new and flexible strategic planning framework model to support the AGLM site transition.

### **3. Activation Precincts SEPP**

The proposed AP SEPP aims to use upfront or strategic planning to simplifying the planning approval process for projects in Strategic Activation Precincts (SAP) and Local Activation Precincts (LAP).

Simplified planning approval processes will attract investment for the implementation of projects, supporting economic development and job creation in regional NSW.

A new planning framework will be created for each SAP and given legal effect through the AP SEPP. The key features of the AP SEPP which distinguish it from other planning frameworks are:

- the role of upfront strategic planning in setting the overall direction of the Precinct, allowing the assessment of individual projects to focus on consistency with strategic planning;
- the availability of streamlined assessment processes for projects that can demonstrate consistency with strategic planning; and
- the move to principles-based Principal Development Standards rather than numeric standards typically used in planning frameworks such as Local Environment Plans.

AGL welcomes this approach as it emphasises the important relationship between strategic and project planning processes. Strategic planning can avoid environmental impacts by directing development to the most appropriate locations, informed by scientific evidence. As a result, project planning and assessment is



not burdened by the need to justify decisions that have already been made at a strategic planning level, minimising duplication with strategic planning.

To use of principles-based development standards complements this approach by providing flexibility in assessing how individual projects meet the intent of strategic planning.

The new planning framework will be implemented through several mechanisms and documents including:

- a master plan that sets out a vision, objectives and development constraints for the Precinct, supported by a structure plan and technical studies;
- a Land Use Table which identifies land use zones, permissible uses and approval pathways;
- a new Regional Enterprise Zone (REZ);
- Principal Development Standards;
- a Delivery Plan outlining infrastructure planning and general standards for development; and
- Design Guidelines.

It is understood that the work to prepare the planning framework documents would be undertaken by Government with developers – private and public – bringing forward individual projects which will be assessed within the new framework.

The EIE identifies an important role for the Regional Growth NSW Development Corporation who will have responsibility for issuing Proposal Certificates to verify that projects are consistent with strategic planning. This will allow projects to access streamlined approval processes such as exempt and complying development.

AGL supports the Proposal Certificate as a mechanism that can provide the necessary level of assurance that projects are consistent with strategic planning and suitable to be assessed in a streamlined approval process. We also note that projects that are not consistent with strategic planning will be assessed through the normal Part 4 process in the Act.

We note the intention of the AP SEPP to prevail over all other SEPPs and LEPs, with the exception of SEPP 55 (Remediation of Land). The State and Regional Development SEPP (SRD SEPP) 2011 provides for two assessment pathways for State significant projects – State significant development (SSD) and State significant infrastructure (SSI). SSI can also benefit from an additional designation – Critical SSI (CSSI) – where the Minister for Planning and Public Spaces deems that the SSI project is essential for the State for economic, environmental or social reasons.

The CSSI designation gives these projects the benefits of a coordinated and streamlined planning assessment process bring greater certainty to proponents and the community to ensure timely delivery of these essential projects.

CSSI projects are also increasingly being seen as a catalyst for precinct renewal and activation and provide a mechanism to integrate, from a planning perspective, the delivery of essential infrastructure with the development of the neighbouring land and precincts. This has been standard practice on urban rail projects for several years and was a key consideration in the designation of the Parkes SAP and Wagga SAP which benefit from locations on the route of the new Inland Rail CSSI project.

AGL sees the AGLM site transition as essential for the State for economic, environmental and social reasons. We would welcome further discussion on how the State significant planning mechanisms such as CSSI can be integrated with the AP SEPP to maximise the opportunities for precinct activation that result from investment in essential infrastructure. The Wagga SAP also benefits from the Project Energy Connect CSSI – an electricity interconnector between South Australia and NSW – which will allow the further development of renewable energy in Wagga, a key focus of the SAP.



The work undertaken to date by AGL on the AGLM transition has benefited from the partnership approach between AGL and community, business, university and Government stakeholders. The continuation of this partnership model into the strategic planning phase of a SAP would add significant value to the strategic planning work by involving those who have the greatest interest in seeing it succeed.

AGL would welcome the opportunity to discuss the role of private sector developers / landowners in contributing to the strategic planning framework and the overall economic development and job creation goals of the AP SEPP.

We would also welcome the opportunity to review further details of the Principal Development Standards, Regional Enterprise Zone and Proposal Certificate elements of the AP SEPP when available.

#### **4. Special Activation Precinct – AGLM site**

The Liddell Innovation Project is an AGL initiative to manage the transition of the AGLM sites to identify new land uses, encourage economic diversification and new employment opportunities in the Hunter Region of NSW. It builds on the work of the Hunter Energy Transition Alliance (HETA) – a collaboration between the NSW Energy and Resources Knowledge Hub and AGL – to explore opportunities for job creation and economic diversification in the Hunter Region and transition to new energy markets.

The AGLM sites have significant value with access to highly skilled people, water, transport and energy infrastructure. They are attractive and viable sites for potential development, whether for energy, industry, manufacturing, agriculture or other bespoke development.

The transition of the AGLM sites requires a simplified planning framework that can accommodate ongoing planning requirements for operation and maintenance, closure, and rehabilitation and future land uses.

AGL believes that the AGLM sites can contribute to the objectives of SAPs and would benefit from the strategic approach to planning envisaged by the AP SEPP.

The EIE notes that SAPs are strategic locations of State or regional significance that enable economic development and jobs creation through improved coordination of land use and infrastructure planning, land acquisition and investment in enabling infrastructure.

These locations will be identified by Government having regard to:

- alignment with economic enablers in A 20-Year Economic Vision for Regional NSW;
- presence of market failures;
- catalyst opportunities or key infrastructure projects;
- growth opportunities for industry specialisation and emerging industries;
- projected population and jobs growth, and the benefits to the community; and
- alignment with Federal, State and local government plans and policies

#### **20-Year Economic Vision for Regional NSW**

The NSW Government's 20-Year Economic Vision sets out a pathway for ensuring that Regional NSW will '*continue to be a vibrant and growing part of our economy, and that people are supported in their decision to live in the regions*'.

The 20-Year Economic Vision references the Regional Economic Growth Enablers Report (2017) which identified key economic enablers that can be most effectively used to encourage growth:

- infrastructure;
- skills;
- advocacy and promotion; and



- providing a growth-conducive business environment

Many of these economic enablers are already in place for the AGLM sites:

- they are well served by transport and utility infrastructure with significant water resources and power generation infrastructure;
- the Hunter Region benefits from a skilled workforce including the Mining Equipment Technology Services (METS) sector which has a long history of innovation and an ability to move into new sectors; and
- considerable work has already been undertaken by AGL, regional industry, businesses and HETA to promote the role of the AGLM sites as an economic enabler with a diversity of land uses.

The missing 'enabler' is a new planning framework that would support the transition, unlocking private and public investment to drive regional economic growth and creating a growth-conducive business environment.

The 20-Year Economic Vision identifies a focus in the Hunter on developing new industries and diversifying the economy to help support the region's current population and the 18 per cent growth projected over the 20 years to 2036.

Key actions relating to the Hunter include:

- supporting regional development that will contribute to industry opportunities and jobs growth;
- identifying land uses compatible with retiring mines, power station sites and rehabilitation areas, while protecting productive agricultural land in the region; and
- protecting our environment and managing our land & water.

AGL's growth projects as well as the Liddell Innovation Project aligns closely with these actions as it seeks to use power station sites to contribute to economic and jobs growth through diverse land use and industries, while protecting important agricultural and environmental resources.

#### Potential to streamline practices

AGL has invested considerable effort to date in planning for the transition of the AGLM sites, working in partnership with government and other key stakeholders, recognising its potential to make a significant ongoing contribution to the regional economy and communities of the Hunter.

A new and more flexible planning framework will support the transition of the sites and unlock new opportunities for private and public investment in the region to support economic growth and diversification.

#### Catalyst opportunities or key infrastructure projects

The transition of the AGLM sites from operational power station to closure, rehabilitation and future land use represents a catalyst opportunity to diversify the Hunter economy while continuing to use the sites as a source of secure power generation.

This is reflected in the work of the HETA which has attracted the interest of local business, communities, Government and universities in using the transition opportunity to develop new land uses and industries to sustain the Hunter economy.

The HETA was established as a partnership between AGL and the NSW Energy and Resources Knowledge Hub to take advantage of innovation growth in the energy sector and deliver on-the-ground activity to foster diversification in the Hunter.

#### Growth opportunities for industry specialisation and emerging industries

HETA's Blueprint Report (2016) identifies priority actions for the Hunter including:



- Research to identify how AGLMs water allocation for power generation could be used to support future land uses and industries;
- Innovative land-use for the AGLM buffer land;
- New energy innovation (including industry engaged research activity); and
- Agribusiness innovation and diversification.

The report also identified the potential to use the Liddell power station site for the development of new energy technologies such as large-scale utility battery storage and agribusiness, while noting the existing skills and knowledge in the region primarily through the METS sector and universities and the ability to use these skills to support the growth of existing industries and the emergence of new industries with a focus on energy technology and agribusiness.

Some of this work has been developed further in conjunction with NSW Government agencies, industry and academic groups.

#### Projected population and jobs growth and benefits to the community

A defining feature of the Hunter Region is its rapid population growth. Since 2006 the annualised population growth rate has been 1.5% compared to the NSW average of 1.4%. The Hunter has the largest share of both regional population and regional employment in NSW and is located in the State's fastest growing corridor – from the northern edge of Sydney to Newcastle. The projected population along this corridor is estimated to be 1.1 million by 2036.

The Hunter Regional Plan forecasts 61,500 new jobs will be created in the region by 2036.

The transition of the AGLM sites, supported by a new planning framework, can play an important role in driving economic growth and diversification in the region while sustaining population growth and increasing community resilience by providing local job opportunities.

#### Alignment with Government Plans and Policies

The Hunter Regional Plan 2036 was released by the Department of Planning and Environment in October 2016. The Strategy is the NSW Government's endorsed strategy to guide the detailed economic, social and environmental planning in the Hunter Region to the year 2036.

Its vision is for the Hunter to be: *"The leading regional economy in Australia with a vibrant new metropolitan city at its heart"*.

The Strategy identifies the Hunter as the largest regional economy in Australia, driving around 28 per cent of regional NSW's total economic output and is the largest regional contributor to the State's gross domestic product. It notes that the Upper Hunter will undergo a transition in the context of a changing industry environment, particularly in mining and power generation, and emerging trends in agribusiness. Further work is being led via the Upper Hunter Diversification Scenarios Project.

Key Directions in the Strategy relevant to AGLM land and its future transition and redevelopment include transforming the productivity of the Upper Hunter (Direction 5), protect and enhance agricultural productivity (Direction 10) and diversify and grow the energy sector (Direction 12).

The transition of the AGLM sites supports the overall vision and specific directions of the Strategy by planning for future land uses with a focus on the energy sector and agribusiness, maintaining the productivity of the Hunter Region and contributing to regional economic growth and job creation.



## 5. Summary

The transition of the AGLM sites supports the objectives of the AP SEPP to drive economic growth and job opportunities in regional NSW, using a simplified planning framework to attract investment.

The AGLM site transition supports the objectives of key Government policies including the 20-Year Economic Vision for Regional NSW and the Hunter Regional Plan 2036. The transition provides a catalyst opportunity for new industry specialisations in energy technology and agribusiness, providing a source of employment and regional economic growth to support the forecast population growth in the region.

Significant work has already been carried out by AGL, working in partnership with Government and other stakeholders, towards these objectives. A new and flexible planning framework would provide significant support to the AGLM transition, providing certainty to local business and communities and enabling additional private and public investment.

## 6. Conclusion

AGL welcomes the opportunity to input to the AP SEPP.

AGL is leading the transition planning for the AGLM sites in the Hunter Valley which has significant potential to successfully contribute to the objectives of the Activation Precincts, given its large landholdings and infrastructure, current planning complexities and future land use changes.

A clear and flexible planning framework would provide support to the AGLM sites in transitioning regional communities and economies as the energy generation mix changes over the coming decades. This would allow a compatible and complementary land use on these critical sites to ensure they are given an opportunity to remain economic and employment powerhouses for the future.

The Special Activation Precincts represents one planning mechanism model to enable this transition.

Feel free to contact me at [REDACTED] should you wish to discuss further.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Amer Hussein'.

**Amer Hussein**

Senior Manager – Liddell Transition