



312 Smith Street  
Collingwood, Victoria 3055  
(03) 9419 8700  
<https://www.foe.org.au/>

**Friends of the Earth Australia Submission to the Senate  
Environment and Communications Legislation Committee**

**Re: Offshore Electricity Infrastructure (Regulatory Levies) Bill 2021  
and Offshore Electricity Infrastructure Bill 2021**

**Submitted: 15.09.2021**

**Author: Pat Simons**

**About Us:** Friends of the Earth Australia is a national environmental organisation consisting of seven local member groups and thirteen affiliate members, with over 65,000 supporters throughout the country. We are a member of Friends of the Earth International, the world's largest network of grassroots environmental organisations, uniting 77 national member groups and some 5,000 local organising groups on every continent. We are committed to the creation of an environmentally sustainable and socially equitable future, and campaign for a world where environmental protection, social justice and economic welfare for all people, go hand in hand.

**Summary:**

Friends of the Earth welcomes the introduction of the Offshore Electricity Infrastructure (Regulatory Levies) Bill 2021 and Offshore Electricity Infrastructure Bill 2021 into federal Parliament, and thanks the Senate Environment and Communications Committee for the opportunity to make public comment.

This is an important and long-awaited piece of legislation, and is the first step to initiating an offshore wind sector for Australia. Offshore wind is increasingly recognised as a critical technology for delivering deep decarbonisation of the energy system, and a jobs-rich industry that can play an important role in a just transition for workers in the coal, oil and gas industries.

Yet, there are currently no offshore wind projects operating in Australia, or any federal policy or regulations in place to legally permit and regulate the sector. This bill helps address that gap.

Friends of the Earth has been closely following the early development of Australia's offshore wind sector since 2017, when the landmark Star of the South offshore wind proposal was first publicly announced for the Bass Strait off Victoria's Gippsland coast. If the project is approved it is expected to deliver as much as 20% of Victoria's electricity needs, and offset

any generation lost when the Loy Yang coal fired power station closes by 2028. It is expected to create thousands of jobs during the construction phase, and hundreds ongoing.

There are now at least ten offshore wind projects including Star of the South proposed around the country. Taken together these proposals represent the opportunity to deliver deep emissions cuts to the electricity sector, billions of dollars in investment, and thousands of regional jobs. Without a legal framework in place there is currently no way for these proposals to proceed.

While there is a clear, urgent need to progress the legislation to end regulatory barriers to offshore renewable energy projects in Commonwealth Waters, the regulations take a light touch approach to the establishment of an offshore wind industry in Australia. The bill establishes a process for declaring 'Offshore Electricity Areas' in Commonwealth Waters, a licensing regime enabling exploration, construction and operation of offshore renewable energy and transmission projects, and a regulatory levy to cover the future costs of decommissioning projects.

These are essential steps but a more comprehensive suite of policies will be required to maximise the benefits of kickstarting an offshore renewable energy sector for the climate, community and environment.

The bill will cover a number of offshore renewable energy technologies proposed in Commonwealth Waters (such as wind, wave and tidal energy): our submission focuses on offshore wind as this is now a commercially viable sector and gaining pace globally.

Offshore wind is a capital intensive industry with complex supply chains that will require coordination of energy system planning, ports development, marine spatial planning, and protection of marine ecosystems across state and federal jurisdictions. It also presents opportunities to strengthen domestic manufacturing, establish a renewable hydrogen export industry, and deliver significant economic and community benefits beyond simply the construction period.

Leaving development of offshore wind to the private sector could see Australia miss out on some of these critical opportunities. In order to maximise the benefits of offshore wind for the public good, governments have an essential role in offshore wind industry planning.

Our submission makes a series of recommendations to improve the bill, and outlines key priorities for wider policy development and supporting legislation.

## **Recommendations:**

### **Put climate action at the centre of building offshore wind**

The chief reason to initiate and develop offshore wind is to deliver emissions reduction in Australia's energy system to act on the climate crisis. However, the bill as it stands contains no references to action on climate change, or Australia's commitments under the Paris Climate Agreement. Currently, the Object of the Act is 'to provide an effective regulatory framework' for offshore renewable energy and transmission.

This is a) limited and b) unclear what is meant by “effective”.

The guiding principle for developing offshore wind is to reduce greenhouse gas emissions so it would be sensible to make action on climate change and emissions reduction an Object of the Act.

### **Set ambitious targets to drive the rollout of offshore wind**

The International Energy Agency (IEA) now recognises offshore wind as a form of ‘variable baseload’ and sees the technology as one of the ‘big three’ future sources of energy generation alongside onshore wind and solar PV. The IEA predicts that the combination of policy targets and falling technology costs will see global offshore wind capacity increase fifteen-fold to 2040, becoming a \$1 trillion industry over the next two decades<sup>1</sup>. The US and the UK are both making the industry a key pillar of national climate policy and have set targets to deploy 30 and 40 Gigawatts (GW) of offshore wind by 2030 respectively. The US Department of Energy’s National Renewable Energy Laboratory found that its target of building 30 GW of offshore wind projects could deliver an estimated \$100 billion in capital investment by 2030.

A recent report by the CSIRO’s Blue Economy CRC found that Australia has “very high quality and abundant offshore wind resources in a range of locations”, comparable to the North Sea where offshore wind is an established industry providing electricity generation to several countries<sup>2</sup>.

What is lacking is a policy environment to establish the sector and drive the deployment of offshore wind.

The establishment of state and national renewable energy targets has driven the deployment of onshore wind and solar projects throughout Australia. According to independent consultants Ndevr, in the March quarter this year, wind, solar and hydro exceeded 30% of electricity demand in the National Electricity Market (NEM)<sup>3</sup>.

Australia can and should do the same for offshore wind by setting ambitious climate and energy targets to provide an additional source of renewable energy generation, decarbonise the electricity sector and create thousands of jobs.

---

<sup>1</sup> International Energy Agency, Offshore Wind Outlook 2019, <<https://www.iea.org/reports/offshore-wind-outlook-2019>>

<sup>2</sup> CSIRO Blue Economy CRC, Offshore Wind Energy in Australia, July 2021, <<https://blueeconomycrc.com.au/projects/offshore-wind-potential-australia/>>

<sup>3</sup> Peter Hannam, Renewables drive Australian emissions lower as wind records blown away, The Age, July 26 2021, <[www.smh.com.au/environment/climate-change/renewables-drive-australian-emissions-lower-as-wind-records-blown-away-20210725-p58cpk.html](http://www.smh.com.au/environment/climate-change/renewables-drive-australian-emissions-lower-as-wind-records-blown-away-20210725-p58cpk.html)>

## **The need for an offshore wind industry plan**

Australia's onshore renewable energy sector has been built and supported over many years through a combination of state and federal renewable energy targets, as well as wider financial support through the Clean Energy Finance Corporation (CEFC) and Australian Renewable Energy Agencies (ARENA). In Victoria, the combination of a legislated state renewable energy targets with local procurement requirements has helped secure domestic manufacturing, creating more jobs in industries that reduce greenhouse gas emissions.

Offshore wind is a global growth industry. Jurisdictions that move early to seize the opportunity in the sector will be able to gain the most social and economic benefits of developing offshore wind. Australia has this opportunity but risks being left behind if it doesn't proactively plan development of the sector into the future. For example, offshore wind projects are typically larger than onshore projects, and use larger components. Technology is also shifting rapidly: for example the UK recently announced a public auction for floating offshore wind projects.

There may be a need to upgrade domestic wind manufacturing to seize these opportunities.

As highlighted in by research by Friends of the Earth Scotland, the Global Witness and Greener Jobs Alliance in 2019, there is significant overlap in the skills of workers in the offshore oil and gas sector and the skills needed to develop and operate offshore wind energy<sup>4</sup>. Offshore wind represents an additional career opportunity for workers in the current coal, oil and gas industries -- but government support will be needed to deliver the jobs and training packages needed to enable workers to make these career transitions.

Due to the high capacity factor of offshore wind projects<sup>5</sup>, and the capability of generating bulk electricity, the industry is increasingly associated with the development of a renewable hydrogen sector globally. This represents an opportunity to decarbonise manufacturing and other heavy industries, as well as an alternative export industry for Australia. An industry plan for offshore wind would investigate these opportunities more clearly.

Offshore wind is at the intersection of domestic manufacturing, jobs and training, and new renewable energy export industries: a clear offshore wind industry plan would enable Australia to seize these opportunities.

## **Ensure Work, Health & Safety Provisions are consistent, robust and provide adequate rights for workers**

It's essential there are clear provisions to protect the rights and conditions of workers in the offshore wind sector. To minimise complexity and maximise protections for workers, it's essential that Work, health and safety (WHS) provisions are consistent and robust.

---

<sup>4</sup> Friends of the Earth Scotland, Global Witness and Greener Jobs Alliance, Sea Change: Climate Emergency, Jobs and Managing the Phase-out of UK Oil and Gas Extraction, 2019  
<<https://foe.scot/wp-content/uploads/2019/05/SeaChange-final-r2-web.pdf>>

<sup>5</sup> CSIRO Blue Economy CRC, 2021

While the bill carries over some sections of the Commonwealth Work Health and Safety Act (WHS Act) it excludes important provisions from the WHS Act that enable consultation between the regulator, employers and unions, and the joint participation of unions and employers in developing safety codes of practice.

The bill should prioritise protections for workers and ensure these provisions are consistent across industries.

### **Prioritising community benefits and local procurement**

The bill includes a series of 'Merit Criteria' for awarding Licenses for offshore renewable energy and transmission projects. These are very limited in scope, and do not include any requirements that could maximise the benefits of projects in terms of local job creation and wider community benefits.

At a state level, the Victorian Renewable Energy Auction scheme provides an instructive alternative. In order to be awarded contracts under this scheme, developers submitting bids must demonstrate assessment criteria that includes community benefits, use of local procurement and contribution to local economic development. This has led to strengthening of local supply chains, for example the conversion of the former Ford factory in Geelong to a wind turbine assembly hub, and greater use of domestic suppliers of wind turbine towers Keppel Prince in Portland. These measures help maximise the benefits of renewable energy for local job creation. Criteria for community benefits has also helped establish best practice community engagement in the sector. This can and should be replicated for the development of offshore renewable energy projects in Commonwealth Waters.

### **Improving declaration of offshore electricity areas**

In the current bill, the federal Energy Minister is responsible for declaring 'Offshore Electricity Areas' and awarding licenses for the exploration, construction, and operation of offshore renewable energy and transmission projects within these areas.

Problematically, it is unclear what triggers the declaration of Offshore Electricity Areas prior to projects being able to make submission for licenses. This is a limited process that shuts out key governments, bodies and stakeholders from the declaration phase. The future of Australia's offshore wind industry is too important to be determined solely by ministerial discretion.

Given the key role of offshore renewable energy is to generate electricity, it makes sense for bodies responsible for running Australia's energy system to have a stake in declaring areas designated for the generation of offshore renewable energy.

This could be improved by adding a clause enabling an offshore wind proponent, energy planning agencies, and state governments to request that the Federal Energy Minister initiate the declaration phase.

## **Ensuring offshore renewable energy is developed based on free, prior and informed consent by First Nations People.**

It is essential that development of offshore wind in Australia involves First Nations People. Currently, the developers of offshore energy projects are prohibited from interfering with Native Title rights and interests. According to analysis by Dr. Madeline Taylor and Professor Tina Soliman Hunter, the bill allows for interference with Native Title and other listed interests if it's "necessary" for the "reasonable exercise" of project rights and obligations, raising the question of what is considered "necessary" and "reasonable"<sup>6</sup>.

The bill should resolve this issue and ensure it does not interfere with Native Title legislation.

Development of offshore renewable energy projects should be developed based on free, prior and informed consent by First Nations People.

## **Strengthening protection of marine species and ecosystems**

Offshore wind projects can play a critical role in reducing greenhouse gas emissions to help rein in the climate crisis. However, any large energy infrastructure project has the potential to impact on sensitive ecosystems -- this can be mitigated through comprehensive spatial planning and stronger environmental protections.

The bill requires that offshore renewable energy projects will be required to have approval under the EPBC Act, as well as deliver an environment management plan. As a minimum this is welcome.

However, an independent review of Australia's environment protection legislation found that the EPBC Act is outdated and flawed, and native animals and habitats in decline<sup>7</sup>. Strengthening national environment laws is the best way to improve protection of marine species and habitat that could potentially be impacted by offshore renewable energy proposals or any other large energy infrastructure project.

The bill itself could also improve environmental protections by requiring a Strategic Environmental Assessment as part of the declaration phase for Offshore Electricity Areas. This would ideally include funding for Environmental Sensitivity Studies that would seek to improve public knowledge of marine species and ecosystems. Comparable studies have been undertaken by other jurisdictions leading in offshore wind such as New York State as part of its 'Offshore Wind Master Plan'<sup>8</sup>.

---

<sup>6</sup> Dr. Madeline Taylor, Prof. Tina Soliman Hunter, 'Australia's first offshore wind farm bill was a long time coming, but here are 4 reasons it's not up to scratch yet', The Conversation, September 3, 2021.

<sup>7</sup> 'Independent Review of the EPBC Act: Final Report', Department of Agriculture, Water and the Environment, October 2020, <<https://epbcactreview.environment.gov.au/resources/final-report>>

<sup>8</sup> New York funds \$2 million for offshore environmental R&D, Renewables.BIZ, 8 August 2019, <<https://renews.biz/54713/new-york-funds-2m-for-offshore-environmental-rd>>

## **Hold environmental data in the public interest**

As part of the exploration phase, as well as during construction and operation of offshore renewable energy projects, it is likely that offshore renewable energy developers will undertake their own studies into the marine environment. This is valuable knowledge that can aid the protection of marine animals and species, and information that should be held in the public interest with the goal of improving conservation outcomes and marine spatial planning.

## **Decommissioning**

Offshore renewable energy projects are long-term assets that will generate electricity for many years to come. The typical lifespan of a wind farm is at least twenty five years or more, with many projects now increasing their expected useful lifespan to thirty years. At the end of a project's lifespan, decommissioning may involve either full or partial dismantling of an offshore wind project, reuse or recycling of components, or full or partial repowering to extend the useful lifetime of projects.

Given the size and complexity of offshore wind projects, a decommissioning regime is required to ensure that the costs of dismantling or repowering projects in the future is covered by project developers rather than the public. This should be clear, fair and apply consistently to offshore oil and gas projects as well as offshore renewable energy.

## **Conclusion:**

Australia has a huge opportunity to establish a jobs-rich offshore wind industry to deliver deep emissions cuts in the energy system, create thousands of good jobs and provide wider social and economic benefits to the community. This legislation has been a long-time coming, will resolve the regulatory barrier to new offshore wind proposals, and is the first step to establishing the sector in Australia. Friends of the Earth encourages the timely passage of the bill, and thank the Senate Environment and Communications Committee for the opportunity to make recommendations to improve the bill and highlight key priorities for wider offshore wind policy.

## **For further comment, contact:**

Pat Simons Yes2Renewables Coordinator,  
Friends of the Earth,  
patrick.simons@foe.org.au