

# Advisory Council on Social Licence

## Terms of Reference



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<b>Prepared by</b>	Government and Stakeholder Division
<b>Approved by</b>	Nevenka Codevelle, EGM Government & Stakeholder, and Merryn York, EGM System Planning & Design
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# 1 Application

These Terms of Reference (ToR) govern the AEMO Advisory Council on Social Licence (Council) purpose, appointment, composition and operation.

# 2 Background

Under the National Electricity Rules (Rules), AEMO is required to develop an Integrated System Plan (ISP) at least every two years. The ISP's prescribed purpose is to “*establish a whole-of-system plan for the efficient development of the [NEM] power system that achieves power system needs for a planning horizon of at least 20 years for the long-term interests of the consumers of electricity*”.<sup>1</sup>

AEMO released its last ISP on 30 June 2022. Under the most likely ‘Step Change’ scenario, renewable generation capacity in the National Electricity Market (NEM) is forecast to triple by 2030, before doubling again in each of the following two decades, as part of the energy transition to net zero by 2050. The ISP also identified a number of ‘Actionable Projects’, comprising transmission projects required as a matter of urgency to efficiently deliver firmed renewable energy to consumers.

Execution of such a massive infrastructure development program will require investment, coordination and consideration of a range of issues/risks and opportunities by all players in the economy, including all levels of government, industry, consumers, First Nations, land holders and communities.

AEMO considers it crucial to better understand broader community sentiment, execution issues/risks and possible opportunities and pathways forward, with a view to factoring them into the development of the ISP. In particular, an inability to secure community acceptance or ‘social licence’ for new infrastructure can create significant project delays, increased cost, as well as threaten the delivery of infrastructure vital for Australia’s transition to net zero emissions by 2050.

AEMO is establishing the Council to assist it with gaining this understanding for the ISP development. The Council’s establishment gives effect to recommendations of the ISP Consumer Panel Report on the Draft 2022 ISP, which called for AEMO to place a greater emphasis on social licence risks associated with the ISP’s implementation and for AEMO to “take a leadership role amongst the many stakeholders that will need to be involved”.<sup>2</sup> In addition, greater insights on social licence matters would benefit AEMO in the execution of its role more generally, beyond its ISP work. This includes in its role contributing to energy policy and actions to support the energy transition. Accordingly, AEMO may call on the Council for strategic high-level advice in relation to its broader role, and not confine the Council’s role to consideration of the ISP.

Finally, the Council may be asked to provide advice and insights to inform AEMO in its role as Victorian Planner<sup>3</sup>.

The term ‘social licence’ is commonly used to refer to community acceptance in the context of infrastructure developments. For these Terms of Reference, the term is taken to be broader and encapsulates social, cultural and environmental considerations relevant for development of the ISP and the energy transition more generally.

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<sup>1</sup> NER 5.22.2

<sup>2</sup> See the 2022 ISP Consumer Panel’s report on the Draft ISP, p 12 (recommendation G4), available at: <https://aemo.com.au/-/media/files/major-publications/isp/2022/isp-consumer-panel-report-on-draft-2022-isp.pdf?la=en>.

<sup>3</sup> Note that arrangements in Victoria are currently under consideration through the Victorian Transmission Investment Framework review - see <https://engage.vic.gov.au/victorian-transmission-investment-framework>

### 3 Role of the Advisory Council on Social Licence

The role of the Council has three core parts:

- *ISP development* – To provide input on community sentiment, social licence, and the issues/risks and opportunities/pathways forward on the ISP. The Council may be required to collaborate with the ISP Consumer Panel (which is established by AEMO under the (NER) as required. (See below for more on the interface between the Council and the ISP Consumer Panel);
- *Community sentiment and social licence strategic advisor* – To provide social licence insight and advice to assist AEMO more generally in carrying out its other non-ISP functions. This includes in its role contributing to policy and actions to support the energy transition, and as Victorian Planner; and
- *Stakeholder network conduit* – To engage relevant diverse community networks to provide AEMO with greater insight, understanding and potential action regarding social licence and the energy transition. This includes identifying and sharing relevant completed/proposed work and insights with the Council and AEMO, as well as disseminating non-confidential information from the Council and AEMO to community networks as appropriate.

More specifically, AEMO may ask the Council to:

- provide strategic insights on social licence risks in relation to the Integrated System Plan (ISP);
- develop a strategic high-level social licence issues/risk register in relation to the execution of the ISP;
- work collaboratively with the ISP Consumer Panel (and potentially other AEMO or AEMO affiliated stakeholder groups) as required;
- provide strategic advice and potentially co-design community engagement strategies/approaches with AEMO as Victorian Planner to manage social licence risks and develop solutions/opportunities for benefit sharing<sup>4</sup>;
- provide social licence strategic advice to AEMO for more effective execution of its role generally, including in contributing to policy development; and
- actively engage with relevant diverse community networks to share insights, relevant work and to build understanding between community networks, the Council and AEMO.

As an advisory body, the Council's views and work will contribute to inform those of AEMO. AEMO will consider and provide feedback on the Council's input, insights, advice and recommendations, including where AEMO's views and decisions ultimately differ from those of the Council.

### 4 Interface with the ISP Consumer Panel

The NER requires AEMO to establish and support an ISP Consumer Panel. Having regard to the long-term interests of consumers, the ISP Consumer Panel is required to provide an assessment of the evidence and reasons supporting AEMO's conclusions in the Inputs, Assumptions and Scenarios Report as well as the Draft

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<sup>4</sup> See footnote 3 above

ISP. Given the technical nature of these reports, the ISP Consumer Panel includes individuals with the appropriate expertise to be able to effectively engage and assess such material.

In contrast, the role of the Council is broader in scope, encapsulating communities and not just consumers, noting people in these cohorts may well have very different issues, preferences, insights and ideas in relation to the energy transition. Also, the Council will advise on community sentiment as it relates to the development of the NEM as forecast in the ISP process, rather than engaging in the preparation of a specific edition of the ISP.

While there may be areas of overlap between the work of the ISP Consumer Panel and the Council (e.g. in considering consumer preferences), each body has a distinct purpose. Where areas of overlap arise, AEMO expects that the work of each body may inform the work of the other, with potential benefits resulting from the Council and the ISP Consumer Panel collaborating and leveraging each other's work where mutually beneficial, including potentially finding common ground and understanding on issues.

## 5 Council Composition

### 5.1 Appointment

Members are appointed by AEMO, initially following a call for Expressions of Interest.

AEMO expects to publish a future call for Expression of Interest for persons to apply to become a Member as vacancies arise, or are due to arise. Subsequent Expressions of Interest will include information about the requisite qualifications and experience required to become a Member, the nomination and selection process.

AEMO reserves the right to direct appoint Members to the Council without calling for Expressions of Interest if considered appropriate.

### 5.2 Number of Members

The Council will have up to 15 Members.

### 5.3 Council composition

To effectively fulfil its role, the Council needs to represent a diverse range of interested community stakeholders and geographies, with Members able to effectively contribute on social licence and energy transition issues consistent with the Council's role.

The intention is that the Council will include representatives from the following groups, and such other groups as would benefit the work of the Council and AEMO from time to time:

- First Nations;
- energy consumers – residential (including low-income and vulnerable households), small business, commercial and industrial;
- rural and regional communities;
- agricultural groups and landholders; and
- environmental groups - biodiversity.

## 5.4 Term

Initially for the first constituted Council, Members will be appointed for a term of two years.

Subsequently, AEMO may specify different terms of up to four years for different Members, and any subsequent Expression of Interest may provide for staggered terms to balance the need for continuity and refresh.

## 5.5 Termination

A Member who behaves improperly, inconsistently with AEMO's Code of Conduct or the Member Interest Protocol, or does not contribute sufficiently to the work of the Council may be terminated during their term by AEMO, including in accordance with the Member Interest Protocol.

## 5.6 Replacement of Members

If a Member resigns, is terminated, or is otherwise unable to carry out their role as a Member during their term, AEMO may:

- appoint a replacement directly, including from amongst unsuccessful applicants from a previous Expression of Interest process;
- call for an Expression of Interest for a replacement; or
- not replace the Member.

# 6 Member commitments

## 6.1 Co-design work approach

Members will be expected to work constructively, openly and collaboratively with AEMO and one another to achieve the objectives set out in the Council's role. Key aspects of the work program including the approach to the role, ways of working, success measures and prioritisation of the work program will be determined as part of a co-design process with AEMO and Members. This is particularly important given the Council is being established for the first time.

## 6.2 Time commitment

In order to meaningfully contribute to the Council's work, Members will need to:

- attend formal meetings and workshops;
- prepare for meetings;
- contribute to the development and review of any material produced through the Council between meetings; and
- engage in out of session discussions (formal and informal) as required.

It is anticipated that Members will require a contribution of 5 to 8 hours per month, and that formal Council meetings will be held at least quarterly.

### 6.3 Payment for Members' time

Remuneration will be available for Members for pre-approved work performed, at a rate of \$250.00 per hour, excluding GST. AEMO recognises that many organisations are independently funded and some Members may choose to participate without the payment of sitting fees or for the fees to be paid to their representative organisation. The Expression of Interest will ask applicants to indicate whether they elect to be paid sitting fees.

AEMO will cover the cost of out-of-pocket expenses (including travel) incurred by Members where pre-approved by AEMO, and consistent with AEMO's expenditure policies.

## 7 AEMO commitments

AEMO recognises that Members will need to be appropriately supported in order to effectively fulfil their intended role.

AEMO will:

- work collaboratively with the Council to develop meeting agendas;
- provide written material and analysis that is necessary to support productive discussion and consideration of issues by the Council;
- provide secretariat support to the Council, including issuing meeting invitations and agendas, and producing and distributing minutes of meetings;
- consider and respond to requests for information in a timely manner;
- ensure appropriate information flow and engagement between the Council and other relevant AEMO consumer/community engagement bodies, including the ISP Consumer Panel; and
- provide support at the AEMO senior executive level through the Executive General Manager, System Design and the Executive General Manager, Government & Stakeholder.

## 8 Meetings

The Council will be Chaired by AEMO's Executive General Manager, Government & Stakeholder.

It is anticipated that formal Council meetings will be held at least quarterly. Additional meetings may be scheduled by agreement between AEMO and Members.

Meetings will be conducted via online platforms, with telephone dial-in also supported, and may be in person as required by agreement between AEMO and the Council.

### 8.1 Attendance by representatives of Members

Ongoing participation by appointed Members is essential for the effective operation of the Council.

In exceptional circumstances, and with the prior agreement of the Chair, alternative representatives of a Member's organisation may attend meetings on a Member's behalf.

## 9 Conflict of interest

### 9.1 Duties or interest as a Member

A duty or interest arises when a Member participates in an activity or acquires another interest or an interest that jeopardises, could jeopardise or could be perceived to jeopardise, his or her judgement, objectivity or independence as a Member.

Conflicts of interest or duty or business dealings or personal relationships which create an actual, potential or perceived conflict with a Member's obligations to the Council must be avoided.

Each Member must be aware of, and is responsible for, potential conflicts between (directly or indirectly):

- the role and purpose of the Council and that Member's duties as a Member; and
- the Member's personal or external business interests, or their duties to any third party.

Each Member must avoid placing themselves in a position that may lead to:

- an actual or a potential conflict of interest or duty; or
- a reasonable perception of a conflict of interest or duty.

A Member must not improperly use:

- their position as a Member; or
- information acquired through their position as a Member

for personal gain or gain of someone else or to compete with, harm the work of, or inappropriately influence the Council.

## 10 Confidentiality

Any information acquired by a Member while performing their duties that is not publicly known and has not been approved by the Council and AEMO for public release, is confidential information of AEMO and must be kept confidential.

Members are required to execute a confidentiality agreement with, and in a form acceptable to, AEMO prior to the Council's first meeting.

## 11 Approval and amendment of these Terms of Reference

These Terms of Reference:

- were prepared and approved by AEMO in August 2022;
- will be reviewed with the Council once appointed.

AEMO may revise these Terms of Reference during the term. AEMO will consult with the Council prior to making any changes during the term.



## 12 Definitions

The following words have the following meaning when used in this Terms of Reference.

<b>AEMO</b>	Australian Energy Market Operator Limited and includes its subsidiaries
<b>Advisory Council on Social Licence or Council</b>	Means the Advisory Council on Social Licence established under these Terms of Reference
<b>Integrated System Plan or ISP</b>	Has the meaning set out in the National Electricity Rules.
<b>ISP Consumer Panel or Panel</b>	Means the panel that AEMO has the function of establishing and supporting to provide the Consumer Panel Reports pursuant to Rule 5.22.7 of the National Electricity Rules.
<b>Member</b>	Means a member appointed to the Community Advisory Council

## 13 Related AEMO policies and procedures

Reference	Title	Location
	AEMO Code of Conduct	To be provided