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RE-Alliance and Community Power Agency submission: Industry-led Electricity Contract Co-Design Consultation



Submitted to

Industry-led Electricity Contract Co-Design Working Group
Through online form

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About RE-Alliance

RE-Alliance works to secure a responsible and rapid shift to renewable energy that strengthens regional Australia. We work with communities affected by renewable energy and grid projects, and collaborate with industry, government and civil society to improve community engagement and benefit sharing.

About Community Power Agency

Community Power Agency works with communities, government and industry to deliver beneficial outcomes through fair and fast renewable energy transition. For more than a decade, it has developed expertise in community engagement, benefit sharing, co-investment and co-ownership, workforce development and biodiversity outcomes, informed by direct experience in communities hosting renewable energy development.

Our Feedback on the Electricity Contract Co-Design Consultation

RE-Alliance and Community Power Agency welcome the opportunity to contribute to the Electricity Contract Co-Design consultation. We recognise the importance of the proposed Electricity Services Entry Mechanism (ESEM) in supporting investment in the electricity infrastructure needed for Australia's energy transition. Its success will depend on securing investment and delivering projects that build trust, respect First Nations rights, and provide lasting benefits for host communities and regions.

We acknowledge that this consultation focuses on the design of financial contract structures, and that broader ESEM policy and implementation matters sit outside the Working Group's remit. Nevertheless, contract design must preserve a clear pathway for binding social conditions associated with ESEM participation as well as technical and financial provisions.

Projects receiving ESEM support should meet nationally consistent, mandatory non-financial gateway criteria. These should address meaningful community engagement and regional benefit sharing; First Nations self-determination, participation and benefit sharing, including processes consistent with Free, Prior and Informed Consent; fair labour conditions and workforce development; and environmental integrity. Jurisdictions should be able to strengthen these requirements while maintaining a common minimum national standard.

The inclusion of social merit criteria within the Capacity Investment Scheme (CIS) demonstrates the powerful, market-shaping effect of integrating social expectations into financial mechanisms. The CIS has proven that robust non-financial criteria do not deter investment; rather, they elevate industry practice, de-risk projects, and help to secure the social licence critical to the transition's speed and scale. ESEM must build on this momentum and create provisions in the contract design to facilitate this .

Meeting baseline eligibility criteria establishes a standard that must be maintained throughout the project lifecycle. Relevant commitments should be incorporated into an enforceable project development agreement or adjacent contractual framework, with clear obligations, monitoring, reporting and proportionate consequences for non-compliance. These arrangements should support delivery through project development and operation, while providing proponents with certainty about their obligations before bidding.

We therefore ask the Working Group to:

- Ensure the proposed financial contract structures allow for the inclusion or enforcement of non-financial obligations in ESEM related agreements (such as community engagement, benefit sharing, First Nations provisions and workforce development).
- Identify any contract design features that could impede those arrangements and recommend how they should be addressed.
- Explicitly recognise this requirement in its final report and refer to the detailed design of social conditions to the NEM Review Implementation Taskforce.
- Ensure the contract drafting team works in active partnership with a resourced stakeholder group including First Nations, community organisations, unions, government and industry to develop the non-financial criteria and contractual obligations.

Embedding these requirements alongside the financial contracts will help ESEM support a timely energy transition that delivers lasting community and regional benefits. We would welcome further engagement as the contract structures and supporting agreements are developed.

We are happy to meet with the Electricity Contract Co-Design Working Group to discuss how ESEM could effectively ensure minimum social performance standards further.