

# Lake Lyell Pumped Hydro Energy Storage Project

## Shared Benefit Program

Community engagement and  
co-design outcomes report

**DRAFT FOR COMMUNITY REVIEW  
BY FRIDAY 21 March 2025**



**EnergyAustralia**  
LIGHT THE WAY

# How to review

## Why am I receiving this draft report?

You are receiving this draft report for review as a valued participant of the 2024 workshops that supported the co-design Lake Lyell Pumped Hydro Energy Storage Project– Shared Benefit Program.

We would like your feedback to ensure the final report accurately reflects the participation activities and initiatives we developed together.

The draft report summarises the participation activities, what was heard, key themes and captures the potential projects and funding initiatives for the Shared Benefit program.

## How can I provide feedback by Friday 21 March 2025?

- Read the draft outcomes report
- Mark up any changes to the report; and/or
- Provide your comments via email [community@energyaustralia.com.au](mailto:community@energyaustralia.com.au)
- Drop in to Project HQ with your feedback
- Share your comments directly by giving us a call on **1800 574 947**

## How will you use the feedback?

We will use your feedback to guide updates to the final outcomes report.

We will then publish it on the website [www.lakelyellpumpedhydro.com.au](http://www.lakelyellpumpedhydro.com.au).

We will also present the final outcomes report to the EnergyAustralia Lithgow Community Consultative Committee at an upcoming meeting.

We will share the final outcomes report with the community and continue to seek input to refine and effectively target the Shared Benefit Program.

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*Picture 1: Lithgow generating electricity to illuminate, warm, cool and power millions of homes across the state and the country for more than 70 years*

EnergyAustralia acknowledges that we live, work and play on the traditional Country of the Wiradjuri People.

We recognise their continued connection to land, waterways and community, and we pay our respects to Elders past and present.

## 1 Our \$20M commitment

For more than 70 years, Lithgow has generated electricity to illuminate, warm, cool and power millions of homes across the state and the country.

We are proud of the contribution our assets and our workforce make to the economic prosperity of Lithgow and the nation. We value and invest in Lithgow as the host community for our energy assets.

Our current operations and workforce inject more than \$40 million a year into the local economy along with our grant program benefiting schools, events and community organisations.

**We want to ensure Lithgow continues to light the way.**

Since 2015, our purpose has been to 'lead and accelerate the clean energy transformation for all.' To fulfil these ambitions, our portfolio, services and business activities are evolving, growing and changing and we will look distinctly different in the future.

This ambition is both a challenge and an opportunity for the Lithgow community.

Lithgow has been a host community for energy generation for NSW and today Lithgow is on the frontline of the energy transition. As an enduring host community, we want to ensure meaningful rewards are in place for Lithgow as we transition to new ways of generating energy.

This is why we are investing in a formal Shared Benefit Program that will operate over the long-life of the Lake Lyell Pumped Hydro Energy Storage Project and which will help Lithgow find sustained and substantial funding for critical community needs or worthy initiatives.

**We have a deep understanding of the needs and ambitions of the Lithgow community that has matured over our 15 years of operations and interactions.**

We are part of the Lithgow community and share the desire to address critical community needs and support community led initiatives that can make a meaningful difference to the lives of Lithgow locals.

We are grateful to the Lithgow community for asking us how we can help, and we will continue to honour our enduring relationship with the community through this Shared Benefit Program - developed with the community, for the community, and implemented by the community.

Many Shared Benefit Programs are already making an impact in communities across Australia by providing regular funding to community projects, local infrastructure upgrades, cultural heritage and addressing social challenges such as housing and health.

We have taken time to consider how our strategic local partnerships, community grants and shared benefit programs

will interact to deliver benefits to Lithgow. It is our intention to continue our existing Community Grants program, while working on strategic local partnerships that support an effective energy transition.

The Lake Lyell Pumped Hydro Energy Storage Shared Benefit Program is the first of multiple Shared Benefits Programs we will develop with the community.

**Through this Shared Benefit Program, we enhance how benefits are shared with the community with an investment of around \$20 million over the life of the Lake Lyell Pumped Hydro Energy Storage Project.**

This investment into the Shared Benefit Program is dependent on approval by the NSW Government and a decision by EnergyAustralia to proceed with construction of the Lake Lyell Pumped Hydro Energy Storage Project.

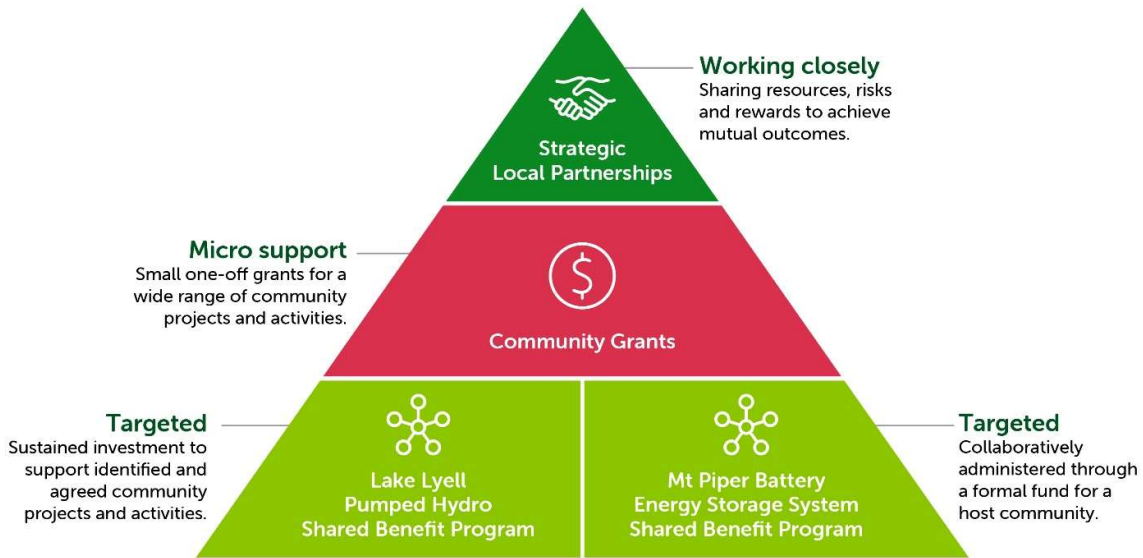


Figure 2: Operating context for the Lake Lyell Pumped Hydro Energy Shared Benefit Program

When we say Lithgow can continue to light the way – we mean it.

Change is challenging. Lithgow as a community has been through change before. We can do it again.

EnergyAustralia seeks to guide the Lithgow community through the energy transition and support Lithgow to become a vibrant host community with great training for young people, employment, economic benefits and impactful community support.

**We extend an invitation to the Lithgow community to get involved, to understand the energy transition and join us in shaping and delivering the Shared Benefit Program.**

## 2 Introduction

EnergyAustralia thanks everyone who has shared their feedback and joined the co-design workshops to develop the Shared Benefit Program for the Lake Lyell Pumped Hydro Energy Storage Project. Your engagement has been crucial in shaping our approach and will ensure we can create and deliver shared benefits for the community.

By understanding and addressing community needs and priorities together, we can ensure that the benefit sharing initiatives make a real difference to Lithgow as the host community for this Critical State Significant Infrastructure.

We can see that transitioning to renewable energy provides a range of direct and indirect benefits for host communities including:

- construction jobs and ongoing operational jobs
- lease payments to landholders and farmers to help diversify their income streams and protect against the financial impacts of drought and natural hazards
- payments to neighbours on land adjoining renewable energy infrastructure
- boosts to services and hospitality industries that service the new workforce
- upgrades to local infrastructure
- new business for local companies and contractors

While communities, like Lithgow, that host these developments benefit from employment and investment, the wider benefits of renewable energy projects are often strategic in nature. Broader benefits (such as decarbonisation) are shared across NSW, not just within the communities where the development is undertaken.

Local revenue mechanisms are not usually suitable to address this issue as they have limited application to renewable energy projects.

**This means that we need to make a specific effort to share the proceeds from the transition with our host communities by co-designing a Shared Benefit Program.**

EnergyAustralia is a purpose-led business, which is *to lead and accelerate the clean energy transformation for all*. The 'all' in our purpose is important. It isn't just about our 2,300 strong workforce, or our 1.2 million customers, it is about those in the communities where we operate, and the communities where we want to continue to operate.

Lithgow and the surrounding region are a key example of this. EnergyAustralia has operated the Mt Piper Power Station for more than ten years and we remain committed to operating and investing here with two multi-billion projects in the Mt Piper Battery Energy Storage System and the Lake Lyell Pumped Hydro Energy Storage System.

EnergyAustralia recognises that our success to date rests on a strong collaborative relationship with the Lithgow community and key stakeholders. For the delivery of our new energy projects to be successful, we need to continue working collaboratively with local communities and stakeholders.



Picture 2: Discussions in one of our Community Benefit Sharing workshops - July 2024

## 3 Background

EnergyAustralia is investigating the feasibility of a utility-scale pumped hydro energy storage project on land it owns near Lithgow in New South Wales. The project would be capable of producing up to 440 megawatts of reliable energy.

Energy storage will play a vital part in the clean energy transformation. It supports and makes the most of renewable energy sources by capturing excess energy when renewable supply is plentiful and storing it for use when needed.

### What is benefit sharing?

**Benefit sharing is a voluntary initiative by a Project owner to share a portion of advantages or 'benefits' generated with a host community, that can generate positive, rewarding and legacy value.**

EnergyAustralia is committed to ensuring benefit sharing is a part of all major projects we deliver, including the Lake Lyell Pumped Hydro Energy Storage Project (the Project).

This commitment has been demonstrated through our success in the Victorian and South Australian tender rounds of the Commonwealth Government's Capacity Investment Scheme. In announcing the successful projects, the Minister for Climate Change and Energy, the Hon Chris Bowen MP, highlighted the real and positive change that EnergyAustralia was committed to through community benefit sharing for our Wooreen Battery Energy Storage System:

*"We aren't looking for the cheapest projects. We are looking for projects that transform the electricity sector and transform local communities.*

*We're seeing that in action in these projects announced today.*

*The Wooreen project for example includes a \$500,000 Light the Way Community Future Fund, to fund initiatives developed in consultation with the local community.*

*Additional funds will be provided for engineering scholarships and placements at Federation University - which has specialised renewable energy sector training. Ten percent of workforce hours during construction will be local apprentices and cadets, partnering with TAFE Gippsland. And 25 per cent of the project contract value will meet local content requirements.*

*An additional \$500,000 has been set aside for training of First Nations peoples. There's also funding for fire service equipment and training."*

As an existing long-term member of the Lithgow community, benefit sharing will be an important avenue for us to maintain strong relationships and continue contributing to the long-term vitality and prosperity of the region. In this way, our benefit-sharing approach will align with our purpose – to lead and accelerate the clean energy transformation for all.



## Alignment with the NSW Benefit Sharing Guideline













EnergyAustralia is a signatory to the Clean Energy Council’s *Best Practice Charter for Renewable Energy Projects*, which outlines commitments and standards to be upheld in the development of renewable projects.

As a signatory, EnergyAustralia reports annually on how we are:

- engaging respectfully with the communities in which we operate,
- how we are being sensitive to environmental, agricultural and cultural values; and
- how we are making a positive contribution to the regions in which we operate.

The Charter principles guided the co-design process and are aligned to the *NSW Benefit Sharing Guideline* for large-scale renewable energy projects<sup>1</sup> which was released in November 2024 after the co-design workshops were completed.

Our Shared Benefit Program will reflect the following principles for the Charter and the NSW Benefit Sharing Guideline:

Principle	Charter	NSW Guideline
<b>Aligned</b> – Benefit-sharing should be clearly linked to the project’s business case and objectives and tailored to reflect known social needs and risks.		
<b>Collaborative</b> – Benefit -sharing is designed in partnership with councils. Opportunities to centralise administration should be prioritized to help leverage funds to further enhance community benefits.		
<b>Transparent*</b> – Information on benefit -sharing should be publicly available, including clear details on the administration and distribution of proceeds.		
<b>Community-focused*</b> - Benefit-sharing should be informed by consultation with the community or community representatives, tailored to the local context and the community’s needs and produce outcomes that align with the priorities of the public		
<b>Proportionate</b> - The distribution of community benefits should reflect the scale of the project and the level of change experienced by the community		
<b>Positive outcome</b> - Benefit-sharing should have a positive, lasting, and meaningful impact on the community and provide tangible social, environmental, and economic outcomes.		

\*This Shared Benefit Program intends to operate in alignment with these principles, however this can not be claimed until the Program is in delivery.

<sup>1</sup> New South Wales Government, 2024. *Benefit Sharing Guideline*. [online] Available at: <https://www.planning.nsw.gov.au/sites/default/files/2024-11/benefit-sharing-guideline.pdf>

## 4 Co-designing with community

There is ‘no one size fits all’ approach to benefit sharing. Best practice benefit sharing programs should be flexible and responsive to the unique needs and interests of the community and leverage local expertise and wisdom when considering suitable benefit outcomes.

Since 2021, EnergyAustralia has been consulting on various aspects of a Shared Benefit Program that it plans to deliver as part of the Lake Lyell Pumped Hydro Energy Storage Project (the Project). This has included the investigation of a deliberate package of initiatives the Project could fund over and above direct benefits such as new jobs and local supply chain investment.

As part of this work, EnergyAustralia has held a series of independently facilitated consultative workshops to better understand community priorities and needs, and to co-design a list of realistic and implementable social projects that can be funded should the Project proceed.

EnergyAustralia heard from 50 representatives from the Lithgow and Central West regions, including businesses and tourist operators, environmental and recreational community groups, Traditional Owners, schools and education providers, employment and support service providers, and the Lithgow City Council.

Participants were asked to identify priority local needs, develop a long list of appropriate projects and then prioritise these projects to help us understand where our shared benefit investments might have the greatest impact. Other valuable feedback from the broader community helped to confirm local priorities and align our initiatives with what we've heard through other engagement channels and our long running community grant program. Benefit sharing consultation will continue as part of regular engagement activities in the lead-up to exhibition of the Project's *Environmental Impact Statement*.



Picture 3: Project Director, Mike de Vink in collaborative discussions during a Community Benefit Sharing workshops - July 2024

## Building on strong foundations

EnergyAustralia has been a proud member of the Lithgow community for more than a decade as the owner and operator of the Mt Piper Power Station. Over the last decade, EnergyAustralia has contributed more than \$1.5 million in community grants and sponsorship to the local community.

Our procurement policies preference local businesses, which are why we spend more than \$40 million annually on local goods and services to support our Mt Piper operations.

## Linked to community aspirations

EnergyAustralia acknowledges the vital efforts of local government and community organisations in identifying regional priorities and planning for a successful energy transition.

In early 2023, Lithgow City Council and the NSW Government launched the Lithgow Emerging Economies Plan (LEEP) and associated documents. This plan aims to guide Lithgow through a successful energy transition, transforming it into a modern, diverse economy with new job opportunities, while revitalising its heritage of industrial innovation.

The LEEP was developed with input from the Lithgow community and stakeholders to ensure it meets local needs and priorities. In designing the Shared Benefit Program for the Project, EnergyAustralia has endeavored to align our initiatives with the LEEP. While acknowledging some differences in approach between EnergyAustralia and Lithgow City Council, we remain committed to complementing rather than duplicating existing funded initiatives to maximise impact and support local priorities effectively.

**It is our intention to provide funding for community benefits above what could be considered 'business as usual.'**

## Sustainable and functional

EnergyAustralia has set key functions for the Shared Benefit Program which include:

- Begins when the Project is approved
- Operates for the life of the Lake Lyell Pumped Hydro Energy Storage Project
- Provides annual funds to projects and initiatives
- Administered by a community steering committee
- Measures community impact and outcomes regularly

We will continue to work with the community and stakeholders to refine functions of the Shared Benefit Program to ensure it begins as soon as the Lake Lyell Pumped Hydro Energy Storage Project is approved, and the final Investment decision is made.

# 5 Key themes

## What we heard

**“Thank you very much for hosting the Benefit Sharing workshop on Monday. It was great to hear the enthusiasm Energy Australia has for supporting the Lithgow community that it has been a part of for so long.”**

A significant program of engagement for the Project has highlighted the communities desire for a wide range of community benefits. This community input was further explored through the co-design workshops where it was clear that participants were seeking ‘big picture’ social legacy outcomes as opposed to smaller initiatives.

To align with this preference for more substantial and impactful opportunities, we shaped our co-design discussions to focus on five key themes. These focus areas include:

- improving tourism and recreation
- protecting the natural environment and recognise it as an important part of Lithgow’s prosperity
- creating skills, training and education opportunities
- seeking targeted improvements to local services & infrastructure that improve community connectivity
- partnering with Traditional Owners on First Nations and heritage programs.

Exploring these themes, participants in our shared benefit co-design process identified a potential shortlist of initiatives with good potential to provide the Lithgow community with proportionate and sustainable value over the long term.

**“Thank you for the invitation to attend this week’s workshops. We both took a great deal out of the two days and will share our thoughts with our members at our next meeting.”**

## Projects and funding identified

The following projects, identified through community consultation, will now be further investigated by EnergyAustralia to explore the best options for implementation:



Figure 2: Projects for further investigation as identified through the co-design workshops

## 6 Next Steps

These initiatives will now be presented to the EnergyAustralia Lithgow Community Consultative Committee for further consideration and discussion of how they might be best structured, implemented and evaluated.

Following this feedback EnergyAustralia will arrive at an endorsed list of initiatives that it will fund as part of the Project, should it proceed.

Ongoing steps in finalising and administering the Shared Benefit Program:

- Ongoing consultation with the community on shared benefits, as part of the Project's broader engagement program.
- EnergyAustralia will explore partnership opportunities, particularly with Lithgow City Council, to enhance program results and make the most of existing programs and resources.
- Development of financial and program implementation plans to ensure chosen initiatives can be achieved within a reasonable timeframe.
- Development of a robust governance and administration framework, including the establishment of a community steering committee to administer the Shared Benefit Program and ensure it remains fit for purpose.
- Development of a monitoring and evaluation framework, including principles for improvement and reporting back to the community on the outcomes of the Shared Benefit Program.

Funding for the Shared Benefit Program will commence on approval of the Project's planning approval by the NSW Government and a decision by EnergyAustralia to proceed with its construction.



*Picture 4: Viewpoint over Wiradjuri Country*

