9 June 2026

Jennifer Kay
Division Head, Environment Law Reform Taskforce
Department of Climate Change, Energy, the Environment and Water
John Gorton Building, King Edward Terrace
Parkes ACT 2600

Dear Jennifer,

The Smart Energy Council (SEC) welcomes the opportunity to provide a policy submission regarding the Department of Climate Change, Energy, the Environment and Water's (DCCEEW) public consultation on the exposure draft of the National Environmental Standard for Environmental Offsets. This standard provides an important opportunity to modernise Australia's environmental market frameworks, ensuring that offsets are robust, transparent and capable of supporting our national transition to net zero emissions.

The SEC is Australia's peak independent body for the renewable energy, energy storage, and smart transport industries, representing over 700 residential, commercial, and large-scale clean energy member companies across the nation. Our diverse membership spans project developers, technology manufacturers, green financiers and technical advisers, all structurally committed to delivering low-cost, reliable and decarbonised energy systems.

The SEC generally supports the proposed National Environmental Standard for Environmental Offsets as a critical framework for establishing high-integrity, uniform baselines across the country. However, to effectively incentivise rapid clean energy deployment while managing the climate crisis, the standard must match ecological ambition with operational predictability and commercial reality. If offsetting requirements become overly restrictive or administratively opaque, they risk creating unintended investment bottlenecks that delay critical decarbonisation infrastructure.

The standard's formalisation of the mitigation hierarchy and the structured integration of *net gain* outcomes offer a major advantage by giving clean energy proponents clear operational guardrails during the early phases of project design. We endorse the inclusion of restoration contributions as an alternative pathway, which allows developers to make financial payments in lieu of direct land-based offsets. This mechanism provides a crucial, flexible alternative for wind, solar and transmission developments where matching physical land is commercially unavailable or locked under conflicting tenures. However, to prevent this fund-based approach from causing protracted project delays, the standard must provide explicit, upfront rules regarding how these contribution values are calculated and when they can be triggered. Without clear, predictable economic signals, proponents face severe capital risk, as shifting evaluation metrics during assessment can stall final investment decisions. The standard should also incorporate clear, objective guidelines for assessing long-term ecological feasibility to ensure developers are not subjected to high evidentiary burden, which could deter green capital and inflate project risk premiums.

In addition, the rigid application of the *like-for-like* matching principle presents a major challenge for infrastructure deployment within designated Renewable Energy Zones. While localised habitat protection is essential for critically endangered ecosystems, narrow geographical constraints can completely halt clean energy projects when appropriate local land cannot be secured. The SEC recommends that the standard has structural flexibility by explicitly decoupling single-project obligations from broad strategic frameworks, allowing for bioregional offset pooling. Enabling developers to invest in large-scale, connected and strategically coordinated regional restoration projects rather than fragmented local patches will maximise environmental resilience while unlocking rapid capital deployment.

To ensure these market mechanisms function seamlessly, the department should commit to practical, data-driven piloting of the standard using active renewable project scenarios. Grounding the framework in real-world data before full implementation will provide the legal stability and approval certainty needed to de-risk Australia's clean energy pipeline while guaranteeing genuine environmental sustainability.

The SEC remains available to provide further evidence, technical input or stakeholder connections to support the Department. Should you wish to discuss this submission further, please do not hesitate to contact:

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