

Australian Energy Market Operator (AEMO)
Via email: VNIWestRITT@aemo.com.au

15 March 2023

Dear AEMO

Re: Moorabool Shire Council submission – VNI West consultation report

Moorabool Shire Council (Council) is pleased to provide this submission to the VNI West Consultation Report – Options Assessment public consultation process.

Council notes that Moorabool Shire is not directly impacted by the Victoria New South Wales Interconnector West (VNI West) project; however, it is argued that the VNI West and Western Renewables Link (WRL) projects are so intertwined that any changes to one project has either construction or feasibility impacts on the other. Therefore, changes to either project will have an impact on Moorabool Shire.

Council recognises the Australian Energy Market Operator (AEMO) role as the Victorian Transmission System Planner and welcomes the review and additional analysis on alternative option for VNI West to better respond to feedback received from stakeholders and local communities.

The nature of the Regulatory Investment Test for Transmission (RIT-T) and RIT-T guidelines for electricity projects is not predisposed to community, environment and land use considerations. AEMO were obliged to follow these guidelines, unless an order is made under the *National Electricity (Victoria) Act 2005* (NEVA).

On 20 February 2023, an order was made in accordance with section 16ZB(1) of the *National Electricity (Victoria) Act 2005* (NEVA Order) in relation to both the VNI West and the WRL under section 16Y of the Act.

Council understands that the NEVA Order allows AEMO the opportunity to review alternate options for both VNI West and WRL, which may alleviate time pressures during development and delivery of these projects.

The VNI West purports to connect the New South Wales market with the Victorian market, while also opening hosting capacity in Victorian Renewable Energy Zones (REZs). WRL is claimed to be needed to connect VNI West to Victoria's broader electricity grid, while also supporting further connection to the REZ development in the west of the state.

This submission highlights the intertwined nature of the VNI West and WRL projects and the need to do a wholistic review of the projects combined. It covers two main points:

1. Cost-benefit analysis and multi-criteria analysis, and;
2. Timely development and the NEVA Order.

Cost Benefit Analysis and Multi-criteria Analysis

Council is in full support of AEMO carrying out an updated cost benefit analysis and multi-criteria analysis of the VNI West project. It is very encouraging to read that greater consideration has been given to environmental and social values, as well as alternate engineering options that better reflect local community needs, which will together increase the likelihood of fewer project delays.

However, it is interesting to note that any changes to WRL as a result of VNI West, such as uprate to 500kV or relocation of the terminal station, are included in the VNI West economic assessment. This confirms the notion that the projects are interdependent and should be considered holistically as the one integrated project.

Furthermore, this interdependency would completely skew the cost benefit calculations carried out during the WestVic RIT-T for the WRL. This amplifies the need for a cost benefit analysis for WRL that considers all social, environmental and technological implications of WRL's alternate options, as well as both projects considered as one.

There are several more areas that raise concerns with regards to true and transparent social considerations. The multi-criteria assessment summary states that the social impacts are based on residential zoned land and significant landscape overlay. This method disregards the impacts on the rural communities who are expected to shoulder the majority of the burden of renewable development for the benefit of all Victorians.

In addition – acknowledging that sensitivity testing for different weighting was carried out – it is also concerning that the net economic benefits hold a 70% weighting, yet cultural heritage and environment hold only a 5% weighting each, and social slightly higher at 10%. This clearly sets a precedent that while a consideration, social, environment and cultural heritage values are given significantly less weight in overall decision making.

The State Government's Victorian Transmission Infrastructure Framework (VTIF) appropriately articulates how engagement for transmission infrastructure planning under the current framework is failing to serve community interests. The VTIF acknowledged that not assessing social and environmental impacts of proposed projects until the EES stage is unacceptable.

With the same conclusion, Council put forward motions to the Australian Local Government Association (ALGA) and Municipal Association of Victoria (MAV) that were both adopted, calling for the State and Federal governments to develop policies for:

- Conducting and integrating engagement findings when planning for and delivering renewable energy high-voltage transmission projects.
- Ensuring all future high-voltage transmission projects will be required to investigate the lowest social, environmental and economic impact technologies and design options available from the outset.

The Order that allows AEMO to integrate engagement findings into the planning for VNI West demonstrates that the State Government is hearing this feedback from numerous stakeholders. In order to regain any social licence in the region, AEMO must again use the powers provided under the NEVA Order to integrate engagement findings into the WRL and ask whether there are low-impact alternatives available to resolve the project issues in the timeline required.

The WRL is causing much community unrest in the northern section of the Shire especially and has damaged the social licence not only of this project, but also for any future transmission projects across the State. This project has the potential to engulf a significant amount of private property through the compulsory acquisition of an easement that will restrict some land uses, the most heavily impacted being agriculture. Without a complete reassessment of the project through a multi-criteria assessment, AEMO and the State Government cannot expect to regain any social licence in the region.

Timely development and the NEVA Order

To date, large scale renewable energy development has materially lacked the social licence it needs to be accepted by host communities therefore delaying the projects. This is particularly true for the communities of Western Victoria impacted by WRL, who have not had the benefit of consultation messages being heard and integrated into project planning such as the VNI West has under the NEVA Order.

The NEVA Order states that AEMO is required to obtain approval of the Minister, or a further Ministerial Order, before varying the contract with AusNet to implement any other than the preferred option under the WRL PACR.

For the first time since the WRL project begun, it is now understood that the project can be altered. If AEMO and the State Government want to regain community support for the WRL and experience timely development, a unanimous decision to review the project in the same manner as VNI West is required.

There are multiple examples within the consultation paper of areas that may result in alternative decisions for the WRL. Firstly, it states that the offshore wind policy lowers the requirement to unlock onshore energy in Western Victoria, resulting in lower benefits to the consumer, therefore it is prudent to understand the same impacts to the WRL RIT-T.

Secondly, the inclusion of non-network options (such as Option 2 for VNI West) in the WRL assessment may carry much greater benefits now than previously considered, due to reduced benefits, lack of social licence, land access issues and the large proportion of compulsory land acquisition required.

Furthermore, if the delivery of WRL is assumed to be delayed to 2027, as stated in the consultation paper, it may increase the non-network options up to much greater benefits again. This is especially true when acknowledging the reality of further delays caused by community opposition and land acquisition issues.

The consultation paper also identified that modifications to the existing network are identified as potential low-cost investments that can happen in a much timelier manner. Support for

exploring low-cost, low-impact technologies from other Local Government Agencies is also evident in Council's motion on this issue being adopted by both MAV and ALGA.

To this point, the Australian Energy Infrastructure Commissioner (AEIC) has made a number of recommendations in his 2021 Annual Report to address the differences in design and governance of renewable energy projects across Australian states and territories. They acknowledge and seek to mitigate potential adverse impacts of renewable energy infrastructure, including high voltage transmission lines, on human health, visual amenity and peaceful enjoyment of private property. The recommendations provide a framework for a consistent approach and expectations for governments, industry, and the community, towards achieving more equitable community outcomes and driving technological improvements across the energy market.

In the Moorabool Shire Council High Voltage Transmission Line Setback Policy, council adopted recommendations 5.2.9.5 and 5.2.15 of the Australian Energy Infrastructure Commissioner's 2021 Annual Report, which nominates the minimum setback distances between residences and proposed overhead transmission lines.

The recommendation states that the setback distance should be measured from the edge of the overhead transmission line easement to the residence. The following setbacks are relevant to VNI West and WRL:

- A transmission line that is 220kV or greater and less than 500kV should have a setback distance of 200 metres.
- A transmission line that is 500kV or greater should have a setback distance of 300 metres.
- Transmission lines should also be set back from public roads, with the suggested setback distance measured as the tower height plus 20 metres.

Unfortunately, due to housing densities along the alignment, the projects are unable to meet the federal recommendations. Couple this with the extensive community opposition, the increased costs and need for compulsory land acquisition, Council challenges whether the current WRL and VNI West projects are actually the best solution, if the true aim is to improve the efficiency of the grid in Western Victoria in a timely manner and at the least cost to consumers.

Conclusion

The communities of Western Victoria have endured considerable unrest resulting from the inadequacies of the WRL and VNI West project to date. The community of Moorabool Shire, as well as all those impacted by the WRL and other transmission projects, deserve the same consideration as those impacted by the VNI West. The State Government has demonstrated great leadership with the NEVA Order to allow AEMO to make the changes needed to accommodate feedback and learnings.

AEMO now has the power to correct the mistakes made. Several questions need to be addressed:

1. What is the true problem trying to be solved with VNI West and WRL?
2. Will the current proposals solve the problem without costing the consumer significantly more and deliver a solution in a timely manner?
3. Are there cheaper alternatives that are socially, environmentally and technically more viable?

Now that the State Government and AEMO have opened the door to exploring non-network options, alternate routes, or more innovative technologies, the next step is to listen to the industry, as well as experts, stakeholders and communities, and make the changes that are so desperately needed for a successful transition to renewable energy.

It is essential that any plans to further leverage Moorabool Shire's renewable energy potential are considered alongside existing growth pressures, as well as its local specialisations and valued attributes. These include agricultural industries, environmental assets and residential amenity, which could become increasingly threatened in certain circumstances.

These issues and concerns have been raised in good faith in the submission above for consideration. We look forward to continuing to work with the State Government, AEMO and AusNet to achieve mutually beneficial outcomes with the future of renewable energy development in Moorabool.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Derek Madden', is positioned above the printed name.

Derek Madden
Chief Executive Officer