05 April 2023

AEMO Victorian Planning (AVP) and Transgrid
Via email: VNIWestRITT@aemo.com.au and VNIW@transgrid.com.au

RE: VNI West Consultation Report – Options Assessment (February 2023)
Non-confidential submission

Dear Sir/Madan

Energy Grid Alliance (EGA) welcomes the opportunity to make this non-confidential submission in response to the VNI West Regulatory Investment Test for Transmission VNI West Consultation Report – Options Assessment (February 2023) (the VNI West Report).

In this submission, EGA has not responded to the assessment of options undertaken due to a range of considerable concerns regarding to the credibility and legitimacy of the RIT-T. EGA's submission identifies several areas of concern that warrant further investigation and discussion. Specifically:

1 **Social Licence and effective Community Consultation.** Despite claims that social licence has been considered, EGA note all options assume that developers have the social licence to build wind and solar generation at the scale assumed. As a high-profile whole of system plan about what, when and where generation and transmission infrastructure may be required, the ISP holds the attention of a wide range of stakeholders. Therefore, EGA suggest it is not prudent for AVP to make these broad assumptions, especially when considering the WRL has no social licence and VNI West appears to be not too far behind.

2 **Application of the Multi-Criteria Analysis.** EGA sees marginal value in the current MCA methodology in determining the least-impact corridor given the inputs are based on desktop assumptions and judgement, not realistic social or economic values of the communities and potential landholders VNI West and the WRL are likely to impact. Despite the application of the MCA, significant community opposition has emerged, bringing into question the value of the MCA.

3 **NEVA Order and consideration of the WRL.** Following review of the Ministerial Order, it is encouraging to recognise the Victorian Government has empowered the Australian Energy Market Operator (AEMO) with the ability to thoroughly investigate and recommend an alternate VNI West and WRL solution that is the highest ranked option, including in relation to estimated net economic benefits, environment, cultural, land-use and social objectives. Applying an MCA to the WRL would likely result in very different outcomes. It is not unreasonable for communities to expect this be undertaken given the NEVA Order creates this very opportunity. The WRL no longer requires a point A to B to C route, meaning the route from A (Sydenham) to B (Bulgana) can be completely reassessed.

4 **Appropriate Class of Market Benefits.** The VNI West Report indicates, under Step-change, avoided/deferred generation and storage costs comprise approximately **71%** and **75%** of the estimated gross benefits of Option 3A and Option 5, respectively. EGA would like to understand what mechanisms AVP, Transgrid, AEMO, the AER or AEMC will be implementing to ensure the benefits claimed from future avoidance and/or deferral of investments are being realised and are not eroded by future investments that should have otherwise been avoided or deferred? EGA is concerned that without effective regulation, RIT-T proponents can simply 'assume' enough deferral or avoidance benefits to produce an overall net benefit. This class of benefits, without effective regulation appears to be directly at odds with the National Energy Objective (NEO). EGA is concerned that utilisation of this class of benefits could potentially lead to gold-plating that the RIT-T was put in place to avoid.

5 **Annual routine operating and maintenance costs.** EGA questions why the annual routine operating, and maintenance has been significantly understated for both VNI West and the WRL with an allowance 1% pa of the capital cost. EGA is extremely concerned the calculation of operational and maintenance costs is based on an 'assumption' rather than a realistic calculation based on the AER's Benchmarking (of over 3%) that takes realistic inputs from TNSP's.

6 **Development of the Gippsland REZ has been excluded.** EGA is concerned that development of the Gippsland REZ has been unjustifiably blocked due to the unreasonable adoption of hosting limits, transfer capacity and penalties. There does not appear to be any qualifying evidence to justify the unreasonable penalisation of renewable production in the Gippsland REZ. AVP has undermined this corridor by placing flawed 'hard' land use limits, REZ build limits, transmission limits and hosting penalties that effectively stonewalls the Gippsland REZ. This, along with other errors, drive the location of new renewable entry along the 500 kV corridor in western Victoria that AVP is seeking to develop.

7 **Security, Resilience and Climate Change.** VNI West, the Victorian component of the ISP's optimal development path, will have around 1,500 single transmission towers between Sydenham near Melbourne and Gugga in NSW. Each tower represents a single-point-of failure for the largest electricity supply to Victoria according to AEMO's projections. EGA is greatly concerned that a loss of VNI West and the WRL would result in most of the generation in Western Victoria and imports from NSW being significantly reduced, which would severely impact system security. A loss of the Sydenham terminal station (another supercritical single point of failure) would result in generation in Western Victoria and imports from NSW being reduced to critical levels where Victoria could experience state-wide blackouts. EGA believes there are more cost effective, geographically diverse, and resilient approaches for Victoria's that should be urgently progressed.

8 **Benefits of Victoria's offshore wind and Snowy 2.0:** It is puzzling to comprehend why the Victorian Government may believe VNI West will provide greater utilisation of Snowy 2.0 as well as allow for Victoria's offshore wind to be exported to NSW. Despite Victorian Government objectives, offshore wind has not been included in the core scenarios for the VNI West cost-benefit analysis. How can 9-10GW of offshore wind in Victoria's east, provide any benefits to VNI West without consideration of congestion and additional transmission augmentation in Gippsland? Despite claims that VNI West will unlock the full potential of Snowy 2.0, according to AVP, VNI West makes no perceptible difference to the dispatch of Snowy 2.0.

9 **Contradictions and misalignment with Victorian objectives:** Following analysis of the vast array of VNI West and WRL Reports, many contradictions have emerged where outcomes of the RIT-T contradict what the Victorian Government would expect VNI West and the WRL to deliver. Considering the urgent need to 'get on with things' with coal closing near the end of the decade, it is important these contradictions and misalignments are realised, and positive action taken to ensure the interests of Victoria always come first.

10 **AEMC Transmission Planning and Investment Review.** EGA understands that the next AEMC Transmission Planning and Investment Review report is due for publication early May 2023. Through this review, the AEMC is proposing to streamline the regulatory cost-benefit test by removing the net benefit calculations from the RIT-T and rendering the ISP framework the only mechanism for assessing project benefits. EGA does not endorse this proposal as there is a real danger this will remove the need for full transparency along with any mechanisms to protect consumers. EGA believes this approach would not be in consumers interests, would be contrary to the NEO, and should not be progressed.

11 **Further to these matters, EGA endorses the VNI West Report submission by Professor Simon Bartlett AM and Professor Bruce Mountain that concludes that the development of VNI-WRL will be a monumental mistake. Specifically:**

- VNI-WRL will drastically increase the exposure of Victoria's power system to weather and terrorism risk.
- Recovering the capital outlay in VNI-WRL will increase transmission charges in Victoria by at least 70%. The ongoing operation and maintenance charge will increase transmission charges by a further 25%.
- The development of VNI-WRL will delay the transition to renewable electricity in Victoria.
- VNI-WRL lays the foundations for massive additional 500 kV transmission developments in west, central and northern Victoria.
- VNI-WRL makes no perceptible difference to the dispatch of Snowy 2.0. Instead, according to AVP, the bulk (75%) of the benefit of VNI-WRL lies in the substitution of pumped hydro generation in Victoria by batteries in NSW.
- Better alternatives exist in rapidly developing spare transmission capacity in Gippsland.

With these considerations in mind EGA is greatly concerned about the credibility and legitimacy of the RIT-T's. The outcome of the analysis appears to be biased towards developing the ISP's optimal development rather than seeking the best outcomes for Victoria, its investors, and its people.

EGA thanks AVP staff for efforts made to engage and respond to questions relating to both VNI West and the WRL in the course of preparing this submission. It is important to note however that many questions remain unanswered and as such, may have been raised again in this submission.

EGA previously contend that the economics, modelling and merits of the WRL and VNI West did not stack up. It is discouraging to note the situation appears to have become more dire.

EGA would also like to acknowledge the valuable contribution of its network of peers for their robust and insightful contribution to this submission.

It is crucial that RIT-T proponents and network planners take a multidisciplinary approach to transmission planning that ensures credible options are both economically and technically feasible, socially responsible, and utilise existing transmission assets and easements as a priority over greenfield developments.

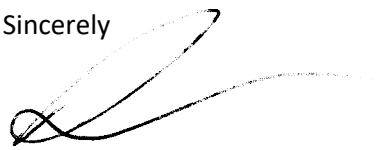
From a Victorian perspective, the Gippsland region has a huge competitive advantage in access to a strong existing network, spare transmission capacity, an energy related workforce, and significant onshore and offshore development interest that is driving uptake of large-scale renewable energy. The exhaustion of this opportunity should be given immediate priority.

EGA sees opportunities for AEMO Victorian Planning to consider whether it would better serve Victoria if VicGrid, a body within DEECA, not only coordinated the overarching planning and development of Victorian renewable energy zones but was also conferred the Victorian Transmission Planning function to ensure a more coordinated, timely and resilient approach.

The deferral or avoidance of Gippsland investment, both on and offshore, because of VNI West Option 5 and the WRL, does not align with the Victorian Governments objectives and does not align with local government objectives in the Latrobe Valley. Progressing VNI West and the WRL should be of notable concern to all Victorian's.

I welcome further discussion should you have any questions regarding this submission.

Sincerely



Darren Edwards
Director

1 Social Licence and effective Community Consultation.

Despite claims that social licence has been considered, EGA note all options assume that developers have the social licence to build wind and solar generation at the scale assumed. As a high-profile whole of system plan about what, when and where generation and transmission infrastructure may be required, the ISP holds the attention of a wide range of stakeholders. Therefore, EGA suggest it is not prudent for AVP to make these broad assumptions, especially when considering the WRL has no social licence and VNI West appears to be not too far behind.

EGA expresses genuine concern regarding the VNI West consultation process as timely and transparent engagement sets the foundation for acquisition of social licence. The following observations are shared in the hope of improving the consultation process and better facilitate acquisition and maintenance of social licence. It is relevant to note, on behalf of communities, EGA requested an extension to the consultation period however, no response was received.

The VNI West Report was published on 23 February 2023 and commenced a six-week engagement with communities, Traditional Owners and stakeholders around a new proposed preferred option.

EGA has been contacted throughout the consultation period by many concerned members of the public in western Victoria (and further afield) who will be directly impacted by or have an interest in large-scale transmission projects. Following are key observations:

- Many community members have only learnt of the VNI West Report via word of mouth and are extremely anxious about what is being proposed.
- Communities in both the Northern Grampians Shire and Loddon Shire have expressed concern over the lack of awareness of the project, lack of transparency, unanswered questions, and short consultation period.
- Initial feedback on the consultation process is that the primary VNI West Report is a 126-page academic and technical document. This report references several supplementary documents that are also lengthy, complex, and difficult to interpret.
- The expectation that any member of the community, let alone an industry professional can analyse and interpret these documents in six-week is of concern.
- The Consultation Report Summary, which is more digestible for the public, is light on detail and does not indicate how matters around social, economic, environmental or cultural impacts have been considered. Community members believe as they are affected by a decision, they have a right to be involved in the decision-making process.
- Communities have been calling for face-to-face meetings with AVP Transgrid since the VNI West Progress Update was published 2 December 2022. The announcement indicated AVP and Transgrid are embarking on an investigation of alternative VNI West options. Face-to-face community engagement did not taken place until March 2023, leaving community members anxious over the Festive Season and early into 2022. On-ground engagement did not commence until Sunday 5 March 2023.

- EGA has spoken with industry professions who have been attempting to understand these Reports for the past week. Even they confess the Reports are difficult to understand with a lot of the critical detail buried across multiple documents, fine print, or simply omitted.

EGA appreciate that Regulatory Investment Test for Transmission (RIT-T) reports will always be technical in nature however, the knowledge that energy experts, with decades of experience in transmission planning, find these reports difficult to digest signals the consultation process may not have adopted a best practice approach to consumer and non-network engagement.

The RIT-T Application Guidelines (2020) state, under item 4.1 Consumer and non-network engagement (pages 59-60):

"Taking a best practice approach to consumer and non-network engagement should help RIT–T proponents to:

- *apply the RIT–T in a way that is **credible**, which **reduces the scope for misunderstandings** and **disputes**, and increases the AER's ability to fast-track further regulatory assessments on expenditure related to that project.*
- *Focus on **providing transparent, user-friendly data to stakeholders**."*

Historically, transmission network planning has occurred behind closed doors via desktop modelling with outcomes of this modelling shared with industry participants and local government. Communities are often the last to learn of proposed developments, often years after decisions have been made. This "*decide, announce, defend*" regime does little to actively consider matters beyond the power system and this approach is the cause of social licence issues that are rapidly emerging today.

We cannot afford to approach the transition to renewable energy the same way we rolled out large-scale transmission lines four decades ago. The historical approach of '***decide, announce, defend***' must be abandoned and replaced with an approach of "***involve and collaborate***".

It is relevant to note that the proposed key stakeholder engagement approach, purpose, and goals indicates the IAP2 Core Values for Public Participation have been applied.

According to the IAP2 Core Values:

"Public participation is based on the belief that those who are affected by a decision have a right to be involved in the decision-making process".

One of the IAP2 Core Values for Public Participation is to:

"***seek input from participants in designing how they participate***".

EGA would like to understand why communities were not consulted on the engagement plan when it was allegedly based on the IAP2 Core Values. EGA is concerned that the IAP2 Core Values are not being applied and that the proposed approach to engagement demonstrates no lessons have been

learnt in terms of early and meaningful engagement, importance of social licence, and public policy, from the WRL experience.

EGA is concerned that the engagement objectives do not adequately represent the RIT-T Application Guidelines or IAP2 Core Values of public participation. The approach to engagement appears to be on of, "***we will keep you informed and manage your expectations on what influence you can have in the decision-making process***".

EGA recommend AVP and Transgrid consider the IAP2 approach and at the very least, elevate community engagement to "***involve/collaborate***" on the IAP2 spectrum.

EGA urges AVP and Transgrid rethink the VNI West WRL consultation process and promote sustainable decisions by recognising and communicating the needs and interests of all participants, including decision makers.

EGA recommend AVP and Transgrid actively seek out and facilitate the involvement of those potentially affected by or interested in a decision and first seek input from them in designing how they participate.

Public participation includes the promise that the public's contribution will influence the decision, and this has not occurred. It is EGA's view that the public should have been involved in designing how they participate. This should, at the very least, include:

- Public participation in development of a Multi-Criteria Analysis (MCA) framework that focuses on social and environmental impacts, in addition to technical and cost-benefit considerations, recognising the importance of these factors in building and maintaining social licence. Community intelligence is crucial in developing the MCA Framework. (*Noting AVP used Geographic Information Systems (GIS) data and judgement to develop a detailed MCA methodology*)

- Public participation during options assessment and route selection processes opposed to AVP and Transgrid deciding on a preferred option, then announcing and defending it. Public perception is that the decision has been made, despite what the VNI West Report infers.

- The promise that the public's will be involved in the decision-making process and that their contribution will influence the decision.

EGA believes that engagement, when done well, improves social, environmental, and economic outcomes and increases trust in the democratic process.

For an example of what good community participation looks like, please refer to Gippsland Waters consultation on wind farm at Dutson Downs. Gippsland Water is asking local residents and customers to help it decide whether land it manages at Dutson Downs should be made available to

build or host a wind farm. This is all occurring before any decisions have been made under an "***involve and collaborate***" approach.

EGA advocates for all communities to be authentically involved in decisions that affect them through transparent and meaningful engagement in alignment with the IAP2 Quality Assurance Standard and Code of Ethics for Community and Stakeholder Engagement.

On a final note, EGA has been involved in a number of workshops and/or deep dive sessions in relation to VNI West. One of these deep dive sessions was hosted online on 17 March 2023. It is important to note that the written Questions and Answers from this session were circulated to stakeholders by AVP at 15:19 on 4 April 2023, 25.5 hours prior to submissions closing. As such, adequate time has not been provided to review this new material and include any relevant responses.

2 Application of the Multi-Criteria Analysis (MCA).

EGA sees marginal value in the current MCA methodology in determining the least-impact corridor given the inputs are based on desktop assumptions and judgement, not realistic social or economic values of the communities and potential landholders VNI West and the WRL are likely to impact.

Despite the application of the MCA, significant community opposition has emerged, bringing into question the value of the MCA.

The VNI West Report indicates:

> *"AVP, in conjunction with external consultants AECOM, has developed a detailed MCA methodology to further assess the options and help determine which option is most likely to facilitate timely delivery, consistent with the functions conferred by the NEVA Order".*

The MCA methodology was designed to focus on **social** and **environmental** impacts, in addition to **technical** and **cost-benefit** considerations, recognising the importance of these factors in **building social licence** which in turn should assist to facilitate and **expedite** development, delivery, construction and energisation.

Based on the MCA and weighted scoring, Option 5 is found to be the highest ranked option due to the specific strengths of the option, including in relation to estimated net economic benefits, environment, cultural, land-use and social objectives. It is found to rank first, or equal first, across all six objectives considered. Option 5 does have some engineering complexity to be worked through, but these technical challenges are considered manageable.

It is important to note that Option 5 has less indicative impact on REZ transmission limits that Option 1 (as proposed in the VNI West PADR) and Option 3A (the second preferred option in the VNI West Report.

It is also relevant to note that the cost of Option 5 is greater than Option 1. *(See Table 1 below).*

Table 1 – Comparison of top performing options

Option	Indicative impact on REZ transmission limit	Capital cost $m (2020-21)
Option 1 (to north of Ballarat as proposed in the VNI West PADR)	+3,650 MW	3,254
Option 3A (to Waubra/Lexton with spur uprate to 500 kV)	+6,490 MW	3,685
Option 5 (to Bulgana)	+3,410 MW	3,282

Despite the application of the MCA, significant community opposition has emerged, bringing into question the value of the MCA.

Given the purpose of developing and applying the MCA was to identify the preferred corridor that resulted in the least social and environmental constraints, EGA is concerned that communities and landholders were not engaged during the development of the MCA framework.

Developing an MCA using desktop data sets will certainly enable the identification of some constraints such as bushfire zones, cultural sites, topography and natural assets but desktop studies cannot determine current and future land use, social values, economics, or the impact (tangible or intangible) of the infrastructure on landowners and communities.

For this, there needs to be a multidisciplinary approach that first conducts social values research to:

- Capture community perspectives on values and impacts.
- Understand the relative importance of impacts.
- Inform the multi criteria analysis.

Conducting social research will provide a more holistic assessment of alternative transmission investments. This research does not necessarily require on-ground discussions. Social values data can be rapidly collected through the use of desktop mapping where community members and landholders can freely indicate “what is important to them”.

Involving and collaborating with communities to acquire local intelligence during the inception phase of a project will better inform the MCA, resulting in more robust corridor selections.

3 NEVA Order and consideration of the WRL.

The VNI West and WRL Ministerial Order (NEVA Order), issued 20 February 2023, has conferred AEMO the function to assess alternate options to the preferred options described in the **VNI West PADR** and the **WRL PACR** to facilitate and expedite the development, delivery, construction, and energisation of the specified augmentations.

EGA is concerned that the current proposed shared alignment of both VNI West and the WRL (Bulgana to Sydenham) creates a supercrtitical single point of failure and limits geographic diversity. A loss of this line would result in the majority of generation in Western Victoria and imports from NSW to be drastically reduced which would severely impact system security.

Further to this, the geographical area of the current proposed alignment is peri-urban and traverses areas that are environmentally sensitive, have established land uses, includes a growing amount of high value landholdings, and existing energy infrastructure. This results in a high degree of constraints and limits development of new large-scale generation and transmission in the region.

Communities impacted by the WRL have, over three years, expressed grave concern that this region is being asked to carry the unreasonable and unnecessary burden of a proposed 'overhead' transmission development that has not, nor can it (via the EES process), adequately consider:

- Economic disbenefits to those directly or indirectly impacted.
- Environment (by avoiding and minimising impacts)
- Cultural heritage (by avoiding and minimising impacts)
- Social (by avoiding and minimising impacts)
- Land use (by avoiding and minimising impacts)
- Engineering (by minimising engineering complexities based on consideration of the topography or an area within a significant bushfire overlay)

While community members in this region (Bulgana to Sydenham) acknowledge the WRL is further progressed than VNI West, they seek greater recognition of these unavoidable impacts and an outcome that treats this materially populated region with the same level of consideration that is being afforded to regions potentially impacted by VNI West.

When considering matters beyond the poles and wires by applying a robust MCA methodology (that the public has contributed to), it is clear the WRL as currently proposed would not pass the test.

Many in the community, have conveyed to EGA that a groundswell of public opposition is now the only choice left to defend their homes, livelihoods, environment and their rights. This will further dilute trust in the process and further delay both the WRL and VNI West.

Through ongoing engagement with residents in this region, it has become increasingly clear that the current proposed WRL solution has no social licence as it has not considered social or environmental policy during the planning process. The WRL proponent was awarded a project it had no flexibility to redefine or improve throughout the development process.

EGA fear the WRL will continue to be met significant public resistance in this region resulting in material project delays that we can no longer afford to have.

It is important to adequately consider social and environmental impacts when building social licence as this will assist to facilitate and expedite development, delivery, construction, and energisation.

When there is an urgency around transmission development, with coal closing near the end of this decade, transparent and meaningful engagement, based on the belief that those who are affected by a decision have an absolute right to be involved in the decision-making process, cannot afford to be so easily dismissed.

It's important there's a paradigm shift in thinking and institutional cultural change that recognises **all Australians** (not just the energy market) are part of the transition to renewables and as such, all need to be active participants in the planning and decision-making process.

AEMO's Ability to reconsider the WRL: Following review of the Ministerial Order, it is encouraging to recognise the Victorian Government has empowered the Australian Energy Market Operator (AEMO) with the ability to thoroughly investigate and recommend an alternate VNI West and WRL solution that is the highest ranked option, including in relation to estimated net economic benefits, environment, cultural, land-use and social objectives.

According to the Ministerial Order:

6.1 AEMO is conferred the following functions in respect of the specified augmentations, …including options in relation to:

*(a) **assessing alternate options to the preferred options** described in the VNI West PADR and the **WRL PACR** to facilitate and expedite the development, delivery, construction and energisation of the specified augmentations*

(i) alternate routes, nodes, terminal stations, and transmission network design,

(iii) changes to the WRL;

(e) negotiating and entering into variations to any WRL Project Documents that are necessary or desirable

The Ministerial Order further states:

*6.5 AEMO **must not vary a WRL Project Document** to implement an option other than the preferred option under the WRL PACR **without the prior approval of the Minister** or a further Ministerial Order.*

*6.7 VNI West and any **variations to the WRL** in order to implement **an option other than the preferred option under the WRL PACR are not contestable augmentations** and the definition of contestable augmentation and clause 8.11.3 of the Rules are modified accordingly.*

*6.10 For the avoidance of doubt, the making of this Order, anything done pursuant to this Order, and any circumstance consequential on, related to or arising from this Order, shall **not constitute a material change in circumstances** in respect of the VNI West RIT-T or **WRL RIT-T** for the purposes of clauses 5.16.4 and 5.16A.4 of the Rules.*

From this, EGA understand that AEMO has the authorisation to revisit the WRL and make recommendations to the Victorian Government on alternatives that will improve the projects social and environmental outcomes. The Victorian Government can issue an order to implement those recommendations. Recognising the unavoidable impacts on thousands of residents along the proposed route of the WRL, understanding the EES cannot solve these issues, and considering the MCA was applied to lessen the impacts of overhead transmission in regions associated with VNI West, it seems an unreasonable proposition that a more robust MCA methodology (that the public has contributed to) cannot now be applied to the WRL.

Applying an MCA to the WRL would likely result in very different outcomes. It is not unreasonable for communities to expect this be undertaken given the NEVA Order creates this very opportunity. The WRL no longer requires a point A to B to C route, meaning the route from A (Sydenham) to B (Bulgana) can be completely reassessed.

On behalf of communities in western Victoria, EGA seeks consideration of these matters and a commitment by AEMO and the Victorian Government to investigate, recommend, and progress a more socially and environmentally sensitive engineering solution for the WRL prior to the proponent (Ausnet Services) submitting its Draft EES documents.

4 Appropriate Class of Market Benefits.

EGA made a submission to the VNI West PADR Consultation Process on 2 September 2022.

Key points of this submission included:

- The PADR has not assumed a realistic counter-factual without the Western Renewables Link.
- The PADR has counted benefits but not appropriately counted costs.
- The PADR has not adequately defined the options.
- The PADR has not counted the cost of the North Ballarat terminal station (NBTS), 500 kV dual circuit lines from NBTS to Sydenham (SYD) or upgrading of SYD. These components are required for this project, yet costs have not been counted (at least not after 2035) in Western Victorian Regulatory Investment Test for Transmission (Western Victorian RIT–T) Project Assessment Conclusions Report (PACR) in July 2019
- Instruments and mechanisms are required for monitoring and regulating avoided or deferred investment benefits
- Credibility, legitimacy, and trust (social licence) has been recognised but not accounted for in the ISP-first framework

- The PADR does not effectively consider state-level roadmaps, transitioning workforces, society and Victoria's economic future.

EGA is still awaiting a written response to matters raised but has noted a response to one question raised on page 71 of the VNI West PADR Submissions Report (February 2023).

EGA Question: *"If up to **94% of gross benefits** are derived from **avoiding** or **deferring** generator, storage or transmission investments, EGA would like to understand what mechanisms AEMO or the AER will be putting in place to monitor, report and regulate the future avoidance and/or deferral of such investments."*

Background

In the VNI West PADR, in all three scenarios, the vast majority of **benefits** are from **avoided** or **deferred** generation and storage capital costs and avoided fuel costs (which, together, make up between **83%** and **94%** of Option 1's (KerangLink's) gross benefits across the three scenarios). Avoided transmission costs associated with the connection of REZs make up the remainder of the estimated benefits. Yet, there is no indication of what is being deferred or avoided and where. These benefits have allegedly just been made up.

In the more recent VNI West Report, under Step-change, **avoided/deferred** generation and storage costs comprise approximately **71%** and **75%** of the estimated gross benefits of Option 3A and Option 5, respectively.

In its PADR submission, EGA raised concern this appears to be an implausible benefit to claim without specific data around which specific investments are being avoided or deferred and without effective regulation. It is relevant to note in response to EGA's PADR submission, AEMO indicated *"this would be an extremely complicated exercise and AVP and Transgrid were not convinced that undertaking such an exercise would be helpful."*

The Australian public should be extremely concerned that RIT-T proponents can claim a class of benefits that it cannot prove currently exists, may never exist, and where no regulation is being provided by any authority to ensure these benefits will materialise and remain intact for the life of the asset.

For example: A RIT-T proponent could say that offshore wind is an expensive investment (let's say $10b) and 'interconnector A' avoids the need to build offshore wind. Therefore, the proponent can now claim this $10b in avoided offshore wind cost as a benefit towards Interconnector A (which only costs $8b), allowing it to provide a $2b net benefit and pass the cost benefit test.

However, these 'to be avoided' offshore wind developments still proceed, through decisions made by Government that offshore wind has great value. The claimed benefits of 'interconnector A' have now been completely eroded and the investment in the interconnector is now producing a net-=cost to electricity consumers. Consumers are now forced to pay for the unnecessary 'over investment' on interconnector A, because the benefits of avoiding future investment was never regulated.

This class of benefits, without effective regulation appears to be directly at odds with the National Energy Objective (NEO).

EGA is concerned that utilisation of this class of benefits could potentially lead to gold-plating that the RIT-T was put in place to avoid. Keeping costs and benefits in check is in the interest of the NEO. If effective mechanisms for RIT-T proponents to register, monitor and regulate this class of benefits are not put in place, EGA believe this matter should be referred to the AEMC as a rule change request to remove this seemingly absurd class of benefits.

EGA is concerned that without effective regulation, RIT-T proponents can simply 'assume' enough deferral or avoidance benefits to produce an overall net benefit.

To be clear, what AVP is asking us to believe that almost all of the justification for the development of VNI West and the WRL (and then spending at least the same again in the 15 years that follow, in the process actually tripling Victoria's transmission charges) is to be able to import electricity generated by batteries in New South Wales in order to displace pumped hydro generation that would otherwise be developed in Victoria. This is an absurd assumption that no reasonable person would believe is credible.

The submission by Simon Bartlett and Bruce Mountain explores these matters in greater detail.

EGA would like to understand what mechanisms AVP, Transgrid, AEMO, the AER or AEMC will be implementing to ensure the benefits claimed from future avoidance and/or deferral of investments are being realised and are not eroded by future investments that should have otherwise been avoided or deferred?

The reasoning that this would be "*extremely complicated exercise*" or that "*the future is uncertain*" in not a reasonable justification for such compliance when considering the National Energy Objective.

5 Annual routine operating and maintenance costs.

According to the WRL PACR:

- *the ongoing operating costs of credible Option B3 was **3.8%** of capital costs.*
- *the ongoing operating costs of preferred Option C2 was **3.5%** of capital costs.*

It is important to note that these figures accurately reflect the AER's 2022 Annual Benchmarking Report – Electricity Transmission Network Service Providers.

However, in AEMO's WRL November 2022 Analysis:

- *The operating costs of Option C2 and Option B3 were calculated as **1%** of the underlying capital cost (that is, the TCD cost prior to adding interest during construction or deducting sunk costs) per annum, as per the latest IASR.*

The VNI West PADR and VNI West Consultation Report also uses the latest IASR to determine that:

- *Annual routine operating and maintenance costs are assumed to be **1%** of capital costs for transmission assets, including early works, substation works, lines works and modular power flow controllers (but excludes land related costs and biodiversity offset costs).*

EGA is concerned that the annual routine operating, and maintenance appear to be significantly understated for both VNI West and the WRL, due to the allowance **1% pa** of the capital cost.

To better understand when and why this 1% figure was introduced, EGA reviewed the 2020 ISP, 2022 ISP, 2021 Transmission Cost Report, 2022 Victorian Annual Planning Report, and 2021 IASR. The only reference found was under section 2.4 of the 2021 Transmission Cost Report which states:

*"To estimate the operational expenditure for transmission projects, **1%** of the total capital cost per annum is assumed as operation and maintenance cost for each transmission project. If more detailed information is provided from a TNSP, and AEMO is satisfied with the evidence provided, this may take precedence over the **1% assumption.**"*

EGA questions why the annual routine operating, and maintenance has been significantly understated for both VNI West and the WRL with an allowance 1% pa of the capital cost. EGA is extremely concerned the calculation of operational and maintenance costs is based on an 'assumption' rather than a realistic calculation based on the AER's Benchmarking (of over 3%) that takes realistic inputs from TNSP's.

Despite requests for further clarification, EGA has not been provided any references or calculations explaining how this 1% assumption emerged. This concerning assumption alone effectively removes close to $100 million from the combined VNI West and WRL projects.

EGA seeks clarification from AEMO, AVP and the AER as to how the figure of 1% has emerged and is being used instead of a more accurate benchmark that exceeds 3% per annum according to the AER.

6 Development of the Gippsland REZ has been excluded.

EGA is concerned that development of the Gippsland REZ has been unjustifiably blocked due to the unreasonable adoption of hosting limits, transfer capacity and penalties. There does not appear to be any qualifying evidence to justify the unreasonable penalisation of renewable production in the Gippsland REZ. AVP has undermined this corridor by placing flawed REZ zone build limits, transmission limits and hosting penalties that effectively stonewalls the Gippsland REZ. This, along with other errors, drive the location of new renewable entry along the 500 kV corridor in western Victoria that AVP is seeking to develop.

When analysing the build limits in Gippsland EGA found references to Gippsland build limits in Appendix 3 (REZs) of the 2022 ISP.

Page 88 of Appendix 3 states:

*"Due to the strong network at the border of this REZ (with multiple 500 kV and 220 kV lines from Latrobe Valley to Melbourne designed to transport energy from major Victorian brown coal power stations), significant generation can be accommodated. Approximately **2,000 MW** of VRE can be accommodated prior to network augmentations."*

Further to this, Page 18 of the Appendix states that:

"approximately 3,000 MW new utility-scale VRE is forecast as required in Victoria by 2029-30. This new VRE is located in the South West Victoria and Gippsland REZs only, utilising the existing spare network capacity."

EGA has asked AVP why the Gippsland build limit is set as a hard limit of 2,000 MW when this transmission network was built for an 8,000 MW limit and can be cheaply extended to 10,000+ MW?

AVP's response to this was that the build limits relate directly to land use constrains in Gippsland. *See figure 1 below.*

Figure 1 - Example of multiple constraints

Example	Wind resource limit (MW)	Land area (km^2)	Resource limit based on land usage (MW)	REZ transmission limit (MW)	REZ transmission expansion cost ($/MW)	Hard limit for wind resource
Resource limit only	2,000 MW	Unlimited	Unlimited	Unlimited	N/A	• Base cost up to 2,000 MW wind • At additional cost after 2,000 MW wind • Unlimited total wind build
Resource limit and land area limit, large REZ	2,000 MW	20,000 km^2	~4,160 MW = 20,000 km^2 * 5% / 0.24 km^2/MW	Unlimited	N/A	• Base cost up to 2,000 MW wind • At additional cost after 2,000 MW wind • Up to total 4,160 MW wind
Resource limit and land area limit, small REZ	2,000 MW	5,000 km^2	~1,000 MW = 5,000 km^2 * 5% / 0.24km^2/MW	Unlimited	N/A	• Base cost up to 2,000 MW wind • No further build since initial resource limit is greater than land use limit
Resource limit and land area limit, large REZ, with transmission limit	2,000 MW	20,000 km^2	~4,160 MW = 20,000 km^2 * 5% / 0.24 km^2/MW	4,000 MW	0.5 $M/MW	• Base cost up to 2,000 MW wind • At additional cost after 2,000 MW wind • At additional transmission cost after 4,000 MW dispatch required • Up to total 4,160 MW wind

Unfortunately, there does not appear to be any qualifying data, evidence of MCA's, or strategic land use planning reviews available for Gippsland in any reports or spreadsheets to be able to determine

the accuracy of the 2,000 MW constraints. On further investigation it appears the 2018 ISP had a 2,000 MW hard build limit for the Gippsland REZ, as such EGA has explored further publications.

On 31 March 2023, AEMO published its Consultation paper – Update to the ISP Methodology. Section 2.2 discusses the Impact of fossil-fuelled generation on REZ transmission limits, noting:

"In the current approach, if there is significant fossil-fuelled generation within or near a REZ boundary, the typical output from that generator is assumed to be online at the time when the limit is expected to be reached and the transmission limit is set accordingly. As such, should that generation retire, the transmission limit will be set too conservatively and will not permit additional VRE to be planted within the capacity outlook model up to the true transmission limit. ***This would effectively result in a reduction in the modelled transmission capacity****, although the actual transmission capability would not be affected by the retirement. For previous ISPs, manual offsets have been added to REZ transmission limits to correct this situation once fossil-fuelled generation retirements are known."*

EGA's has interpreted this to mean that existing coal fired, and gas fired generation is given free firm access to the REZ transmission up to its full installed capacity, whether it is running or not. This appears to be contrary to the way the power system is operated - where every generator has access to the shared network capacity - and renewables, with usually zero bid prices, would always be dispatched ahead of coal/gas fired generation.

EGA is concerned this historical approach represents exactly how it has been modelled in VNI West Option 5, compounded by severely understating the transmission capacity of the Gippsland REZ. Surely when every generator has access to the shared network capacity, the Gippsland REZ transmission limit would not be constrained, only to increase with coal closures.

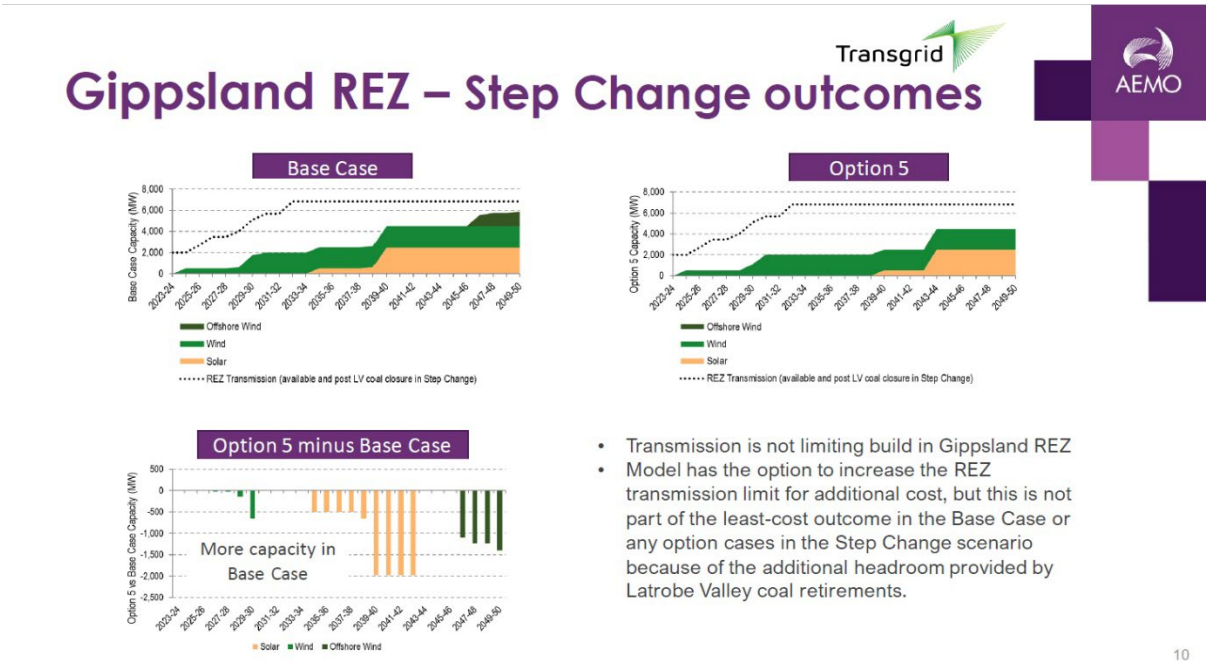
Additional investigations have not uncovered a stability limitation to explain the low hosting capacities for Gippsland REZ in the ISP and VNI West Option 5, particularly given that Victoria's coal-fired stations are forecast to progressively retire over the next ten years. Therefore, incorrect modelling and land-use penalties appear to be the reasons Gippsland developments are constrained.

According to the VNI West Report, the initial builds in Gippsland are not until 2039 after coal retires from the system, and the hard limit on REZ capacity remains until around 2043 under the offshore wind sensitivity. *See Figures 2 and 3 below.*

EGA is concerned that excluding Gippsland is the wrong choice for Victoria and the 2,000 MW build limit, based on land use constraints, has no meaningful foundation. There are great opportunities in Gippsland, with its strong transmission network.

The delayed timing of Gippsland investment, as a result of VNI West Option 5, does not align with the Victorian Governments objectives and does not align with local government objectives in the Latrobe Valley.

Figure 2 - Gippsland REZ - Step Change outcomes



Core Step Change Scenario (excluding offshore wind):

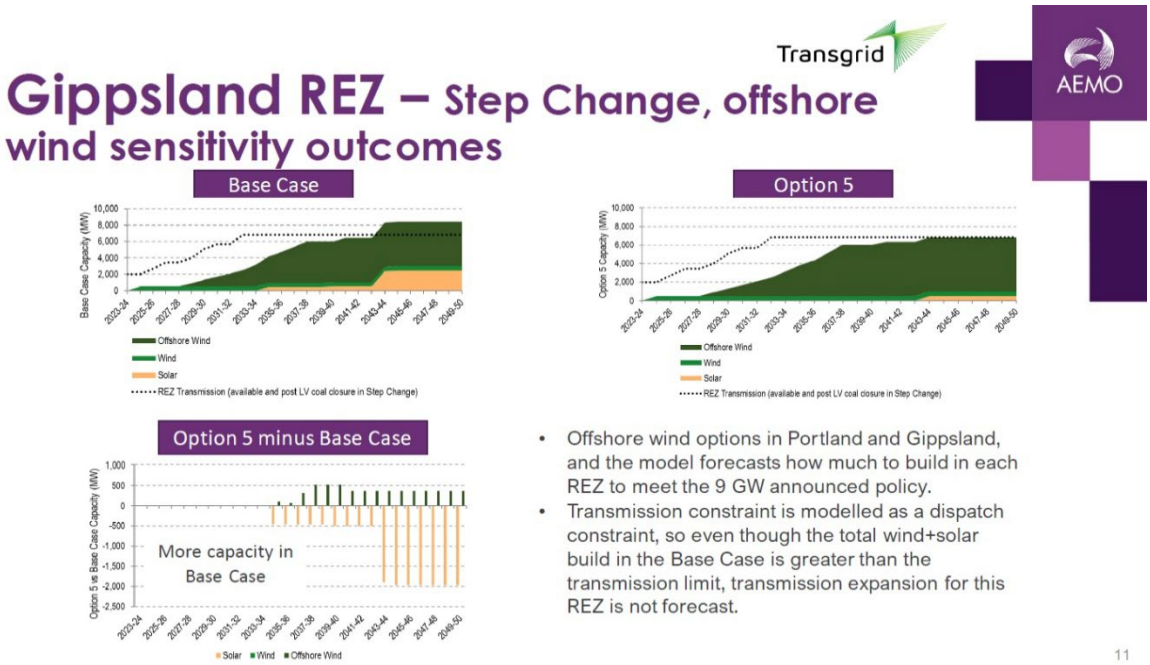
The Base Case:

- Offshore wind is not developed off the Gippsland coast until around 2043-45.
- Onshore wind is not developed in Gippsland, beyond the 2,000 MW hard build limit, until around 2039-40.
- Solar developments experiences similar constraints.

With VNI West Option 5:

- Offshore wind is not developed off the Gippsland coast. This is despite the Victorian Governments clear commitment to offshore wind.
- Onshore wind is not developed in Gippsland, beyond the 2,000 MW hard build limit, until 2043-44, and in the base case until around 2039-40.
- Solar developments experiences similar constraints.

Figure 3 – Gippsland REZ - Step Change, offshore wind sensitivity outcomes



Step Change Scenario with the offshore wind sensitivity applied:

The Base Case:

- Offshore wind is gradually introduced in Gippsland from around 2029-30, reaching 6 GW around 2037-38.
- Onshore wind is not developed in Gippsland, beyond the 2,000 MW hard build limit, until around 2043-44.
- Solar developments experiences similar constraints.

With VNI West Option 5:

- Offshore wind is gradually introduced in Gippsland from around 2029-30, reaching 6 GW around 2037-38.
- Onshore wind is essentially not developed in Gippsland at all throughout the modelling period with a slight increase around 2043-44.
- Solar developments experiences similar constraints.

Through analysis of the 2020 ISP and through recent discussions with renewable developers, it is clear there is strong developer interest in investing in the Gippsland region. EGA is already aware of at least 4,500 MW of current onshore project investigations (predominantly wind), in addition to the already strong interest in the Gippsland Renewable Energy Park (GREP) and Gippsland Renewable Energy Zone (GRE-Z), a transmission development that will unlock at least 3-4GW of renewable energy.

EGA is bewildered that current and future demand for renewable generation expansion in Gippsland has been artificially **constrained until 2039** at the earliest by unjustified land use constraints, hard REZ limits, and incorrect modelling. It appears the modelling has been heavily influenced by the ISP that supports the development of VNI West and the WRL.

Analysis has shown that the existing Gippsland transmission network currently has 9,450 MW of existing capacity that can be easily and cheaply upgraded to 11,200 MW. This comprises around 1,600 MW for the existing 220kV network and 9,600 MW for the 500kV network. This represents sufficient capacity for Gippsland alone (with its good on and offshore wind and solar resources) to produce enough renewable electricity to expedite Victoria's transition from coal to renewables without the need for the WRL, VNI West or Marinus link.

It is noted that the current total capacity of 9,450 MW is 3,450 MW higher than the 6,000 MW assumed for the 2024 ISP.

The Gippsland REZ, based on the existing Latrobe Valley transmission network, should therefore be the cornerstone for Victoria's transition to renewables.

EGA cannot understand why the Gippsland region is not already being progressed when reliability and security of supply is so critically important to Victoria with coal fired plants closing towards the end of the decade?

7 Security, Resilience and Climate Change.

VNI West, the Victorian component of the ISP's optimal development path, will have around 1,500 single transmission towers between Sydenham near Melbourne and Gugga in NSW.

Each tower represents a single-point-of failure for the largest electricity supply to Victoria according to AEMO's projections. EGA is greatly concerned that a loss of VNI West and the WRL would result in most of the generation in Western Victoria and imports from NSW being significantly reduced, which would severely impact system security.

A loss of the Sydenham terminal station (another supercritical single point of failure) would result in generation in Western Victoria and imports from NSW being reduced to critical levels where Victoria could experience state-wide blackouts. EGA believes there are more cost effective, geographically diverse, and resilient approaches for Victoria's that should be urgently progressed.

Risks and uncertainties exist across Victoria concerning the security and resilience of the system, including:

- Early retirement of brown coal generation.
- High-impact, low-probability events such as an extended outage on Basslink.
- Increasing extreme weather events, bushfires and cyber security.

AEMO's 2020 ISP Appendix 8. Resilience and Climate Change discusses how resilience has been considered within the optimal development path. Noting for VNI West:

"The options considered to satisfy the identified need of additional transfer capacity between New South Wales and Victoria along with supporting the efficient development of high quality renewable resources provide additional geographic diversity, and greater resilience to prolonged generation and transmission outages, and extreme events (including wind droughts)."

EGA believes that designing a resilient and efficient Victorian transmission network requires a holistic view of how each project integrates within the broader network rather than focus on each individual project or REZ.

It is not clear how VNI West and the WRL will integrate with future Victorian projects or REZ's and maximise the benefits to Victorian and NEM consumers. This includes opportunities to lift the thermal capacity and resilience of the overall network through integrated design approaches, such as network meshing (e.g., creation of loops tying together network rather than creating critical points of failure on the network).

A loss of VNI West and the WRL would result in most of the generation in Western Victoria and imports from NSW being significantly reduced, which would severely impact system security.

A loss of the Sydenham terminal station (a supercritical single point of failure) would result in generation in Western Victoria and imports from NSW being reduced to critical levels where Victoria could experience state-wide blackouts.

EGA is concerned that AVP may not have adequately considered resilience and climate change policies or applied the principles of good engineering design (do no harm and opportunistic) in its approach to resilience in transmission planning and the optimal development path.

EGA is concerned that development of VNI West and the WRL does not provide adequate geographic diversity, improved security of supply, or increased resilience:

- by avoiding the creation of a highly critical generation flow path between Ballarat and Sydenham
- by avoiding the creation of a critical node at Sydenham that facilitates the entire generation flow from western Victoria

The need to minimise the risks of state-wide blackouts and extended electricity shortages from double circuit outages of interconnectors does not appear to have been considered.

EGA believes there are more cost effective, geographically diverse, and resilient approaches for Victoria's that should be urgently progressed. Developing the Gippsland REZ as an immediate priority will enable Victoria to transition from coal-fired generation to renewables, at much lower costs to customers, and will ensure the lights stay on in Victoria.

8 Benefits of Victoria's offshore wind and Snowy 2.0.

While analysing the claimed benefits in the VNI West Report, it is important to recognise the Victorian Government's endorsement of VNI West, suggesting it will:

- provide greater utilisation of Snowy 2.0 by unlocking the full potential of Snowy 2.0 to supply Victoria.
- allow Victoria's offshore wind to be exported to NSW, providing an additional market.

According to a 19 February 2023 announcement by the Premier of Victoria:

*"VNI West will unlock between 1,900 and 5,000 MW of new renewable projects in Victorian Renewable Energy Zones (REZs), provide an **additional market for Victoria's offshore wind** and provide **access to NSW projects like Snowy 2.0**."*

Snowy 2.0 Contradictions:
The VNI West Report reveals that the latest design and route for VNI West will not in fact increase the utilisation of Snowy 2.0 or its transmission capacity to Victoria, as was previously claimed as a major reason for building VNI West. Despite public claims that VNI West will unlock the full potential of Snowy 2.0, according to AVP, VNI West makes no perceptible difference to the dispatch of Snowy 2.0. Instead, according to AVP, the bulk (75%) of the benefit of VNI West and WRL lies in the substitution of pumped hydro generation in Victoria by batteries in NSW.

Offshore Wind Contradictions:
Despite Victorian Government objectives, offshore wind has not been included in the core scenarios for the VNI West cost-benefit analysis. According to the analysis, assuming offshore wind is legislated, the Victorian Government's offshore wind policy **reduces the expected net benefits from both VNI West and the WRL projects combined**.

The VNI West PADR (page 67) states:

*"AVP and Transgrid note that the Victorian Government's offshore wind policy, announced in March 2022, could not to be reflected in the wholesale market modelling for this PADR due to the timeframes for finalising inputs. However, based on the offshore wind sensitivity analysis included in the final 2022 ISP, **Transgrid and AVP do not consider that it will have a material impact on the estimated benefits of VNI West**."*

*"In fact, the sensitivity undertaken on the Step Change scenario finds that the expected **benefits of VNI West increase by approximately $67 million** when the offshore wind targets specified in the Victorian Government's Directions Paper, together with greater capital cost reductions for offshore wind generation based on CSIRO's draft 2021-22 GenCost Report, are assumed."*

Note: AVP and Transgrid have assumed the benefits of VNI West increase by approximately $67 million.

Further to this, Page 6 of the VNI West Report states:

"As the Offshore Wind Policy signalled in the Victorian Government's Offshore Wind Policy Directions Paper March 2023 is not yet legislated, it does not satisfy any of the criteria listed in the NER and is therefore only modelled as a sensitivity."

Page 11 of the VNI West Report states:

*"Assuming it is legislated, the Victorian Government's offshore wind policy **reduces the expected net benefits of Option 3A and Option 5**."*

Note: AVP and Transgrid have assumed the benefits of VNI West will decrease as a result of offshore wind.

EGA also seeks to understand why the Victorian government believes VNI West will provide **an additional market for Victoria's offshore wind** when offshore wind has only been modelled as a sensitivity and not a core scenario. How is this modelling in line with Victoria ambitious targets of at least 2 GW of offshore generation capacity by 2032, 4 GW by 2035 and 9 GW by 2040.

It is not clear how the proposed 9 GW of offshore wind (projected by 2040) can provide any benefits to VNI West, and increase exports from Victoria, without consideration of significant congestion along the route along, especially in NSW. This does not appear to have been modelled in the VNI West Report.

9 Contradictions and misalignment with Victorian objectives.

Contradictions

Following analysis of the vast array of VNI West and WRL Reports, many contradictions have emerged, in addition to those discussed in section 8, where outcomes of the RIT-T appear at odds with what the Victorian Government may expect VNI West and the WRL to deliver.

Contradiction 1 – The WRL supports future generation connections.

WRL RIT-T: The WRL PACR (2019) concludes that the preferred option (C2):

"will reduce the most urgent congestion on Western Victorian generators. Additional transmission network augmentations beyond the scope of this RIT-T will likely be required to further accommodate future generation connections."

- Note: The WRL will **not** accommodate future generation connections.

However, in AEMO's 2019 Statement, it is claimed the PACR:

"outlined strategic investment to unlock future power system capabilities in the state by reducing the most urgent network congestion in the region and supporting additional generation connections in Western Victoria."

- Note: The WRL **will** accommodate future generation connections.

WRL Proponent: AusNet Services (the WRL proponent) claims on its website:

"The Western Renewables Link will reduce urgent congestion on the existing transmission network and unlock up to 900 MW of renewable energy capacity."

- Note: The WRL **will** accommodate up to 900 MW of future generation connections.

WRL Analysis: In November 2022, AEMO conducted an analysis of the WRL to assess if Option C2 remained the preferred option. This analysis concludes:

"The WRL also harnesses over 500 megawatts (MW) of additional new renewable generation in the Western Victoria REZ."

- Note: The WRL **will** accommodate up to 500 MW of future generation connections.

From publicly available information any reasonable person and Government would be led to expect the WRL will unlock somewhere between 500 MW and 900 MW future generation in the region (depending on who you believe).

However, this is not the case. As concluded in the PACR, which is the final stage of the RIT-T process,

"***Additional transmission network augmentations beyond the scope of this RIT-T will likely be required to further accommodate future generation connections."***

It should be concerning that a project that costs in excess of $800 million will only reduce the most urgent congestion on Western Victorian generators. Surely a strategically located utility-scale batter could achieve the same outcome at a fraction of the cost.

Contradiction 2 – Increased REZ transmission limit by uprating the WRL from north Ballarat to Bulgana.

The VNI West Report concludes that:

*"Uprating of the proposed WRL transmission line from north of Ballarat to Bulgana from 220 kV to 500 kV results in an increased REZ transmission limit in V3 (Western Vic) of **1,460 MW** in 2027 and an additional **200 MW** in 2031."*

However, the Victorian Renewable Energy Zones Development Plan Directions Paper (February 2021) indicates, on pages 10 and 25, that:

Increasing *"the rating of the Western Victoria Transmission Network Project (WVTNP) from 220kV to 500kV from North Ballarat to Bulgana." Enables "the connection of up to **1200MW** of renewable energy projects above the existing WVTNP."*

It is not clear how the same scope network augmentations, detailed only two years apart, can result in an additional 460 MW of increased REZ transmission limits.

Misalignment with Victorian objectives

It is clear there are many contradictions and misalignments emerging that may not best meet Victoria's needs. *Refer to section 8 - Benefits of Victoria's offshore wind and Snowy 2.0*

Victorian Governments Strategy: The deferral or avoidance of onshore and offshore investment in Gippsland, as a result of VNI West Option 5, does not align with the Victorian Governments nation-leading action to lower emissions with its renewable energy targets of 65 per cent by 2030, and 95 per cent by 2035. *Refer to section 6.*

Wellington Shire Council Readiness: The Wellington Shire Council is supporting the uptake of large-scale renewable energy across the Gippsland region, recently adopting the Wellington Renewable Energy Impact and Readiness Study which identifies more than $40 billion of planned investment.

The report provides a snapshot in time (2022) of the major renewable energy projects proposed in Wellington and surrounds. This included 20 major projects across large scale solar, onshore wind, offshore wind, battery storage, hydrogen and mixed energy proposals. Collectively, the projects could generate in excess of 11-12GW of energy, mostly through offshore wind.

Putting Victoria First: Considering the urgent need to '*get on with things*' with coal closing near the end of the decade, it is important these contradictions and misalignments are recognised, and positive action taken by key decision makers to ensure the interests of Victorians always come first.

EGA believe it appropriate that a single entity be responsible for all Victorian transmission planning and investment functions to ensure a holistic, end-to-end process of delivering state-level transmission planning and developing Victoria's REZs.

Prioritising state-level REZ and grid planning will allow Victoria to deliver on its priorities.

The possible need for increased interconnection to other regions, to increase security, reliability, and resilience, could still be addressed via framework such as the ISP once the needs of Victoria are met and risk of future supply surplus or shortfalls is understood.

With its strong focus on delivering the ISP, EGA is concerned AVP may have inadvertently neglected the needs of Victoria.

10 AEMC Transmission Planning and Investment Review.

On a final note. EGA understands that the next AEMC Transmission Planning and Investment Review report (AEMC Review) is due for publication early May 2023. Through this review, the AEMC is proposing to streamline the regulatory cost-benefit test by removing the net benefit calculations from the RIT-T and rendering the ISP framework the only mechanism for assessing project benefits.

The AEMC Review will look to explore further:

- inclusion of social licence more deeply into the ISP with the ISP being the only stage that considers net benefits, and
- that the RIT-T would only consider costs of actionable ISP projects

EGA believes the RIT-T needs to retain its focus on net benefits. The ISP cannot adequately achieve this given its two-year timetable. Further to this, it is not possible for the ISP to accurately calculate costs on proposed corridors as this requires route specific information that AEMO simply does not have.

EGA does not endorse this proposal as there is a real danger this will remove the need for full transparency along with any mechanisms to protect consumers. EGA believes this approach would not be in consumers interests, would be contrary to the NEO, and should not be progressed.

11 Endorsement of Submission by Simon Bartlett and Bruce Mountain.

As indicted above, and again here for convenience, EGA endorses the VNI West Report submission by Professor Simon Bartlett AM and Professor Bruce Mountain that concludes that the development of VNI-WRL will be a monumental mistake. Specifically:

- VNI-WRL will drastically increase the exposure of Victoria's power system to weather and terrorism risk.
- Recovering the capital outlay in VNI-WRL will increase transmission charges in Victoria by at least 70%. The ongoing operation and maintenance charge will increase transmission charges by a further 25%.
- The development of VNI-WRL will delay the transition to renewable electricity in Victoria.
- VNI-WRL lays the foundations for massive additional 500 kV transmission developments in west, central and northern Victoria.
- VNI-WRL makes no perceptible difference to the dispatch of Snowy 2.0. Instead, according to AVP, the bulk (75%) of the benefit of VNI-WRL lies in the substitution of pumped hydro generation in Victoria by batteries in NSW.
- Better alternatives exist in rapidly developing spare transmission capacity in Gippsland.