

Submission



Submission to the AEMO – TransGrid VNI-West Regulatory Test for Transmission – Consultation Report Options Assessment

Wednesday, 5 April 2023

Introduction

Thank you for the opportunity to comment on the VNI West Consultation Report Options Assessment as part of AEMO Victorian Planning (AVP) and Trans Grid's assessment of options under the Victoria to New South Wales Interconnector West (VNI West) Regulatory Investment Test for Transmission (RIT-T).

The Murray River Group of Councils (MRGC) comprises six councils in northern Victoria: Mildura Rural City Council, Swan Hill Rural City Council, Gannawarra Shire, Loddon Shire, Campaspe Shire and Moira Shire.

MRGC is home to the Murray Renewable Energy Zone (REZ) and part of the Central North Victoria REZ. The six MRGC councils have been working collectively on this issue since 2017 to unlock the huge renewable energy resource in our region which will assist Victoria with the energy transition and in meeting its ambitious renewable energy targets.

MRGC supports the project objectives

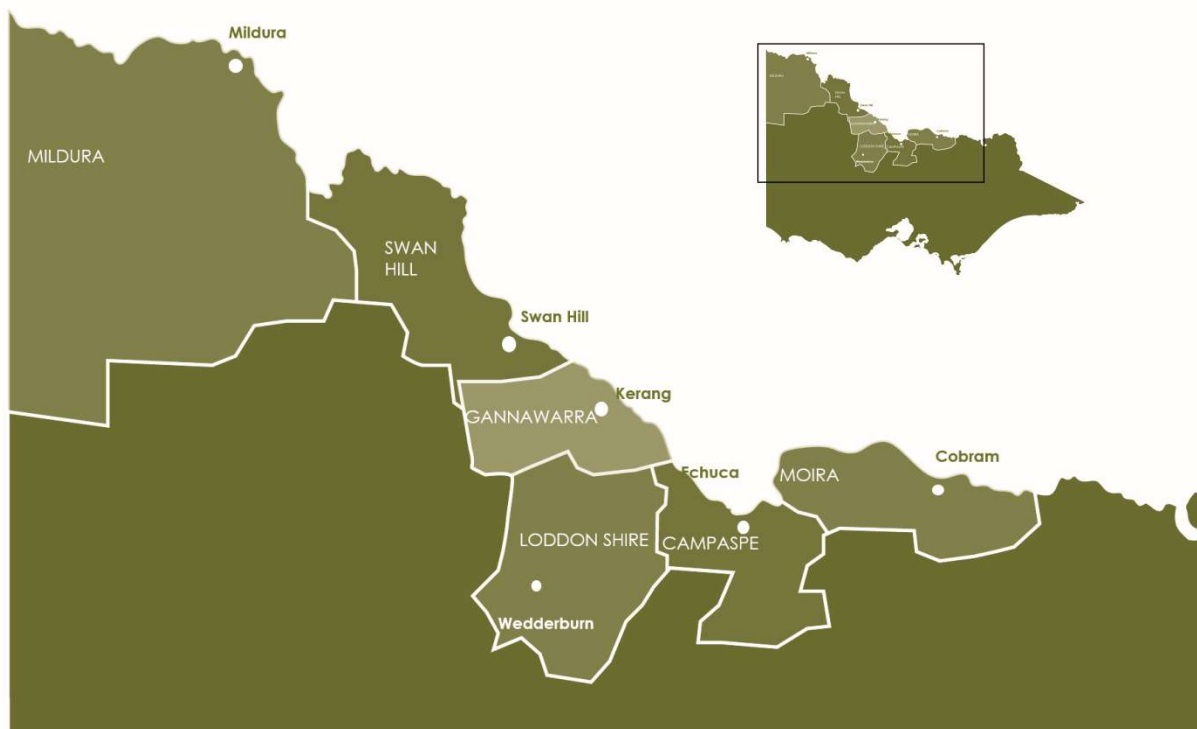
MRGC strongly supports the overall objectives of the VNI-West project to “help harness clean, low-cost electricity from renewable energy zones (REZs) in states, helping reduce the cost of carbon emissions abatement and improving the reliability and security of electricity supply as ageing coal-fired power stations close.”¹

¹ AEMO - VNI West Consultation Report Options Assessment, February 2023

The MRGC region has the climate, available land, and currently enjoys community support for large scale solar projects. Transmission network constraints are restricting investment in large scale solar generation infrastructure.

Across the Murray River Group of Councils region, councils have approved projects worth over \$5 billion that could generate 4gw of renewable electricity once transmission lines are upgraded. Many more projects are in the pipeline.

Map1: The Murray River Group of Councils region



It is estimated that construction of these projects would generate more than 3200 jobs and \$1 billion in supply chain benefits for the region.

The Victorian Transmission network requires significant and timely upgrading to ensure stable, reliable supply into the future and to enable the State to meet its ambitious legislated renewable energy targets of 40% by 2025 and 50% by 2030 and even more ambitious announced targets of 65% by 2030 and 95% by 2035.

MRGC has been supportive of VNI-West since its inception, up until the PADR stage, due to its ability to dramatically increase the capacity for renewable energy generation within the Murray Renewable Energy Zone and the Central Victoria Renewable Energy Zone and the regional development benefits that will bring to our region.

Concerns with the Assessment

MRGC has concerns with the assessment as presented and the outcome of the weighted scoring process.

In our view, there have been significant issues with the **community engagement** process and timing. The result is that the inaccurate assumptions underpinning the **Multi Criteria Analysis (MCA)** were not identified and rectified. These serious flaws in the MCA have led to incorrect analysis and results. The outcome being that AVPs now preferred option of Option 5 has wrongly been scored highest and has become the preferred option.

The aim of this analysis was the “assessment of alternate options to the preferred options to expedite the development and delivery of those projects”² under the National Electricity (Victoria) Act 2005 (the NEVA).

MRGC is of the view that the analysis has resulted in a preferred option – Option 5 that will **not** meet these requirements. In fact, in our view, Option 5 would delay the delivery of VNI-West if it is pursued.

MRGC also has concerns that the options now put forward in this assessment report will constrain development of renewable electricity generation in the Murray REZ.

Community Engagement

MRGC has been disappointed in the community engagement conducted by AEMO and has not lived up to the expectations of our communities. The lack of diligent engagement and collection of local knowledge has led to serious flaws in the MCA.

Since the inception of VNI-West, the Kerang route (originally option VNI-7) had been indicated, and understood by Council, proponents, and communities, as running from north of Ballarat, via the west of Bendigo (to a new terminal station) and then northwards to a new terminal station near Kerang and on to cross the river north of Kerang.

This route broadly follows the existing transmission line easement and was, in our view, broadly understood by the community. There was a level of social licence for this due to the understanding that it would unlock needed transmission capacity in the system allowing for increased investment in renewable energy generation in the region.

Despite meeting regularly with AVP over the past 12 – 18 months, local councils were not made aware of the proposed alternative route options being assessed. This meant that AVP was unable to be provided with critical information for the assessment.

The assessment report introduces a Murray River crossing point between Echuca and Gunbower. This is entirely new to MRGC and the communities in the region. No consultation on this route has been undertaken until now with the only (admittedly very rough) maps available until this report, showing the route passing by Kerang and proceeding north.

² AEMO - VNI West Consultation Report Options Assessment, February 2023

Neither MRGC, Campaspe Shire nor communities between Gunbower and Echuca have been adequately consulted on the proposed route and the crossing of the Murray River in that area. Campaspe Shire does not support this proposed crossing point due to the values in this area. It is understood that Murray River Shire and communities across the river in NSW do not support this route either.

This proposed crossing point is common to all options considered in the assessment. As stated, this came as a surprise to stakeholders and is considered as inferior to a crossing to the north of Kerang – details of why are set out below.

Information from our member councils indicates that businesses, farmers and community members in the Gunbower – Echuca area were unaware of the VNI West proposal as was Campaspe Shire Council.

Neither MRGC or Loddon Shire nor the communities across Loddon, were made aware that AVP was considering alternative routes that crossed through the heart of Loddon and on into Gannawarra and Campaspe with 500KV lines.

No consultation was done with communities in Loddon or Campaspe prior to the assessment and despite AVP conducting engagement with MRGC and councils, no information was provided to Councils or sought from them in relation to this new change of route.

The result of the engagement process (or lack of genuine engagement) undertaken has in our view been that AVP was unable to identify that the data sets relied upon in the MCA the assessment were incomplete or inaccurate and resulted in flawed analysis.

The Multi Criteria Analysis

MRGC contends that the MCA is flawed and has resulted in Option 5 being incorrectly identified as the preferred option.

Net Economic Benefit

The MCA applies the RIT-T economic analysis as its test of net economic benefit. MRGC has been requesting for many years now that the economic assessment take into consideration wider regional economic growth plans and regional development strategic directions.

It is our view that the broader economic benefits of transmission line enhancements should be taken into consideration in the projects and where possible should align with these regional and state-wide strategic priorities. A key example of this is the plans for the development of the Bendigo Regional Employment Precinct which is located south of the Marong township.

Option 5 and the proposed Gunbower-Echuca river crossing point of the now proposed routes, disregard not only the long term future plans of local government and indeed the State Government's Regional Development Victoria – they also undermine market confidence in investment in renewable energy generation in the Murray and Central Victoria REZ.

Proponents have made investment decisions based on the route published in AEMO's Integrated System Plans (ISPs) and the RIT-T documentation and on the increased transmission capacity that has been indicated would occur as a result.

AVPs new preferred option (Option 5) offers the lowest (+3,410 MW) indicative improvement to REZ transmission limits of all seven options assessed, while option 3A has the highest improvement (+6,490 MW) at almost double the capacity improvement.

The result is to undermine investor confidence in the region and reduce the potential for investment in our region in large scale solar generation. The long term economic prosperity of northern Victoria will in part depend on the availability of competitively priced reliable electricity for the agriculture and manufacturing industries.

We are concerned to hear from investors that the proposals contained in Option 5 and in Option 3a will both see the system prioritise generation from the Western Victoria REZ. Investors are informing our member councils that if this is indeed the case, that investment in the Murray REZ will be constrained.

Environment

There are many areas of environmental significance within the proposed alignment options that the MCA has not adequately considered or scored. These include:

Patho Plains is home to the Plains Wanderer and is listed as critically endangered under the EPBC Act. Campaspe Shire Council is also preparing an overlay (Environmental Significance Overlay) to increase the protection of this area due to the importance of the flora and fauna.

Kow swamp and Boort Lakes, Woolshed Swamp Wildlife Reserve, Buckrabanyule Nature Conservation Reserve, Mysia Nature Conservation Reserve and Mysia Bushland reserve, Lake Marmal, Kinypanial Creek Grasslands.

The numerous water bodies from Charlton on the Avoca floodplain, Lake Marmal, numerous swamps in and around Terrapee the many wetlands and lakes around Boort and the Loddon floodplain to the east.

The Mitiamo area is littered with significant environmental and cultural features including Mount Terrick NCR, Terrick Terrick National Park, Roslynmead grasslands, Little Kotta Nature Conservation Reserve and Mount Hope creek.

Cultural Heritage

We understand that engagement with traditional owners in the region has been challenging for AEMO. It is important to recognise that once it does, this consultation with traditional owners will identify a number of culturally sensitive areas and potential secret or sacred object locations which must not be disturbed.

It must also be noted that much of the area is subject to native title under the Dja Dja Wurrung Traditional Owner Settlement and therefore project may be subject to additional approvals processes.

Kow Swamp north east of Pyramid hill is one of the most important Cultural Heritage sites in

northern Victoria and has international significance, with plans of being managed by the traditional custodians.

The Boort area has very strong cultural heritage links including the Boort Lakes, Loddon River, Terrapee Nature Conservation reserve, Woolshed Swamp Wildlife Reserve, Buckrabunyule Nature Conservation Reserve, Mysia Nature Conservation Reserve and Mysia Bushland Reserve, Kinypaniel Creek HA are all important cultural areas.

The cultural heritage issues along the area from Gunbower to Echuca can't be underestimated. There are numerous small swamps and wetlands along the eastern side of the highway along with the Gunbower Creek and Murray River. The area between Gunbower and Echuca is likely come under intense scrutiny as people become aware of this new proposal.

Social

The MCA assessment calculates that the social acceptance of a new transmission line easement through Loddon Shire (Option 5) would meet with less community concern than the route between Ballarat and Bendigo (Option 1) or Option 3a.

While it is acknowledged that Ausnet and AEMO have experienced significant challenges in the Hepburn Shire while developing the Western Renewables Link (WRL), MRGC contents that it is a serious miscalculation that Option 5 will meet with any less community unrest.

This is particularly the case when the community understands that Option 5 will also result in the least amount of increased renewable energy generation for the region.

There is no appetite for a spider web of transmission infrastructure across our region. MRGC member councils have approved planning permits for a significant number of solar farms along the original alignment as a reflection of market confidence. These solar farm proponents have been consulting with the community through that process to proactively build trust.

This community trust will be lost very quickly should Option 5 be selected. This will inevitably lead to delays rather than *"to expedite the development and delivery"* of VNI-West as is required under the NEVA.

MRGC and its member councils consider the proposed crossing point between Gunbower and Echuca, as inappropriate due to the high values including social values of the region.

This part of the river is the centre of the Murray River tourism and recreation values are high. The MCA has not seemingly accounted for this.

Overall the social impact is poorly assessed by the MCA in the opinion of MRGC and its member councils. This will lead to difficulties when the project moves to the development phase if Option 5 and a Gunbower-Echuca crossing point are selected.

Land Use

The MCA in the view of MRGC, does not adequately account for the reality of current and proposed land use along the proposed alignments. This is due to a lack of adequate engagement with communities.

Agriculture and food manufacturing drive our regional economy through the production of high-value food and fibre. Agricultural commodities in the MRGC region have combined a value in excess of \$4 billion.

Together the Agriculture and Food Manufacturing sectors account for one in four jobs, around a third of all economic output, as well as some 43% of all local expenditure in our region. Approximately half of all farm businesses in the MRGC use irrigation.

Option 5 inadequately assesses the agricultural and economic values of the land it proposes to traverse, particularly the high value permanent horticulture plantings in the area between Lake Marmal and Boort. Boort hosts the largest Olive Grove in the southern hemisphere comprising around 14,000 acres. There are large vineyards traversing the alignment. Further to the south is irrigation supplied from the Waranga West channel with travelling irrigators and centre pivots as well as new horticultural developments near Fernhurst. The option 5 alignment should better consider the quality soils, horticulture and high value irrigation of the area.

The area between Gunbower and Echuca is home to large scale irrigated dairy industry with much of the highway frontage irrigated by centre pivot and travelling irrigators. The proposed alignment then crosses into high value irrigated farmland and areas of higher population in NSW.

There is one of the largest active landfills in regional Victoria at Patho, north west of Echuca.

There are active gold mining tenements in the Mitiamo and Pyramid Hill areas

This area of the Murray is also one of the key attractors for the tourism industry along the river. It is home to the world's largest water ski event the Southern 80 and is home to water sports, houseboats, caravan parks and camping sites. All of these contribute greatly to the regional economy and would be affected by the proposed transmission line crossing the river here.

These factors have seemingly not been adequately understood or accounted for in the MCA.

Conclusion

MRGC is disappointed in the assessment report and strongly urges a reconsideration by AVP of the proposed alignments. MRGC urges AVP to engage with councils and communities to build real local knowledge of the region. Failure to do so will in our view lead to delay and increased complexity of the project rather than, what is required under the NEVA declaration, the expediting of VNI-West.

MRGC considers that the Multi Criteria Analysis should be revisited with genuine local knowledge. Councils are happy to be involved in this process.

MRGC supports the overall aims of VNI-West and seeks genuine engagement with AVP in order to ensure that this once in a generation project is delivered as soon as possible and brings the greatest benefits to Victoria and Australia as possible.

Should you have further questions please don't hesitate to contact MRGC Executive Officer Geoff Turner on 0419 030 314 or gturner@mrgc.com.au