

7th September 2022

Australian Energy Market Operator Victorian Planning (AVP)

By email VNIWestRITT@aemo.com.au

To whom it may concern,

Re: Central Victorian Greenhouse Alliance response to VNI West Project Assessment Draft Report

We welcome the opportunity to respond to the Project Assessment Draft Report (PADR) for the Regulatory Investment Test (RIT-T) for VNI West.

The [Central Victorian Greenhouse Alliance](#) (CVGA) is a network of 13 local governments in North West and Central Victoria, including the cities and shire councils of Ararat, Ballarat, Buloke, Central Goldfields, Bendigo, Loddon, Gannawarra, Hepburn, Macedon Ranges, Mildura, Mt Alexander, Pyrenees and Swan Hill. CVGA is also part of the broader [Victorian Greenhouse Alliances](#) network, working across the state on projects to reduce emissions and enhance community resilience. The [Goulburn Murray Climate Alliance](#), which includes 20 local councils and agencies and intersects the VNI West Assessment region, has also joined this CVGA submission.

The CVGA/GMCA region covers three significant Renewable Energy Zones (REZs): Murray River, Western Victoria, and Central North Victoria. In 2021, CVGA undertook significant stakeholder consultation across the region to develop the [Loddon Mallee Renewable Energy Roadmap](#), which informs this submission.

CVGA, the GMCA, and our member councils are highly supportive of targeted investment in transmission network upgrades to unlock opportunities for renewable energy generation in the region, to support the transition towards cheaper and cleaner renewable energy for all Victorians and across the National Energy Market (NEM), and to provide opportunities for local jobs, investment, and important social and environmental benefits. We recognise the impact that existing transmission and distribution constraints are having on existing and planned renewable energy generation in our region, and the need for urgent investment in network upgrades.

We welcome VNI West (Kerang) as the preferred option identified under the PADR.

1) Local government as a valued stakeholder

Local governments are a critical interface between the community and new infrastructure developments. Councils should be actively engaged as a valued partner throughout the VNI West Project, particularly during the RIT-T process and Stage 1 (early works phase) when extensive community and stakeholder consultation, route selection, engineering design, land use planning, biodiversity offset strategies, and environmental approvals are undertaken.

As noted in the PADR, early and meaningful engagement with regional communities, Traditional Owners, and landholders, is critical to identify mutually beneficial solutions for the timely and effective delivery of the VNI West Project. Councils can assist AEMO with engagement processes by facilitating participation and sharing information on local priorities, concerns, opportunities, and constraints. These factors must be appropriately addressed early on in decision-making processes to mitigate potentially negative outcomes, to build social licence, and to promote and maximise the positive social, economic, and environmental outcomes to be delivered through the project.

Engagement processes in previous projects have, in many instances, failed to meet local expectations for genuine, thorough, inclusive, and transparent communication and consultation. CVGA, GMCA and our member councils are keen to work with AVP and Transgrid to support more effective local engagement processes, but must be enabled to do so. Engagement with local governments as a valued partner must be timely, open and honest. Councils must be fully informed of key project developments and adequately supported and resourced to proactively address community concerns, and to share information about the potential benefits and opportunities presented by transmission network upgrades in the region.

2) Principles for local stakeholder engagement

We are pleased to note in the PADR that AVP and Transgrid have undertaken a review of engagement processes in previous projects, identifying the following key lessons:

- Engage early, listen, and communicate with honesty and integrity to understand views and concerns.
- Involve stakeholders in the design of engagement approaches.
- Be clear about the engagement process and opportunities for all stakeholders and provide ample notices of consultation or engagement opportunities to facilitate meaningful participation.
- Ensure project information is accessible through a variety of channels including websites and other platforms, and that any information can be easily understood.
- Provide timely feedback regarding how stakeholder ideas and concerns are being taken into account.

We would like to reiterate the importance of these lessons and call for their inclusion as guiding principles in future consultation process, as well as the design, build, ownership, and operation contracts/tenders for VNI West.

We also welcome the proposed 'indicative timeline for engagement beyond the RIT-T' to be published with the Project Assessment Conclusions Report (PACR), and AEMO's commitment to providing regional stakeholders ample time to prepare for meaningful engagement should the RIT-T be successful.

Further to this, local stakeholders must be well informed and supported to build their energy literacy, and to understand and consider project benefits and opportunities, prior to more formal consultation processes being undertaken. Engagement with Traditional Owner groups must also support self-determination.

3) Consideration of regional community visions and land use values in preferred options

We recognise that the RIT-T process develops a preferred option based on narrow economic and technical considerations, and that under the National Electricity Rules (NER), the scope of the RIT-T is limited to determining if a project will deliver net market benefits to the NEM. We also understand that further detailed analysis will occur if the RIT-T is successful to work through other state-based planning issues.

We welcome the inclusion of a desktop land, planning and environmental feasibility analysis in the RIT-T assessment, which we understand has been conducted by Transgrid to identify existing and known conditions, including local environmental values, relevant to the proposed options. We note, however, that the results of this analysis are not public, and that more extensive, thorough, and participatory consultation with local stakeholders will be essential in the next stage of the project.

As acknowledged in the PADR, the *Victorian Transmission Investment Framework (VTIF) Preliminary Design*, currently under consultation, is aiming to strengthen engagement processes through integration of new planning tools, including a Strategic Land Use Assessment (SLUA) and a Multi-Criteria Analysis (MCA). We urge AVP and Transgrid to adopt these more holistic engagement and assessment processes in the next phase of the VNI West Project, to better incorporate stakeholder input and economic, social and environmental considerations into route planning, and to build social acceptance for the project by ensuring that it aligns with and supports local values and aspirations.

Renewable energy roadmaps have recently been developed across the region and are an important source of intelligence in the RIT-T process to ensure that AEMO is working with an informed understanding of local issues, and aware of the variable social license for renewable energy and associated transmission across the Moyne, Western Victoria, Murray River and Central North REZs. These roadmaps identify the attributes of a renewable energy future that communities in each region wish to see and highlight key considerations for engagement for both private developers and other regulatory bodies.

4) Local and regional benefit sharing

We understand that the current RIT-T process is limited in its ability to explore benefit sharing options, and we are supportive of parallel work being undertaken on the VTIF to identify new ways to better share the benefits of transmission projects with the communities that they impact.

We understand that VicGrid, through the VTIF, is aiming to deliver social and economic benefits in ways that are fairer, more meaningful, and more participatory, including opportunities for earlier and deeper engagement with local communities, and innovative benefit sharing arrangement to make the most of regional development opportunities for host communities.

While the VNI West Project will not fall under the new VTIF, we urge AVP and Transgrid to incorporate the principles detailed within this framework where possible to enable better outcomes for local communities by working collaboratively with them to seek mutual value outcomes.

Benefit sharing models that deliver ongoing economic, social, and environmental outcomes for regional communities will boost social licence. These benefit sharing arrangements must be determined by regional communities but could include training for future employment in renewable energy sector, grant programs or other investment in local energy projects that reduce power bills, improve reliability, address local energy needs, and enhance community resilience.

5) The impact of highly distributed energy futures on network upgrade decisions

In parts of the CVGA region we are seeing significant uptake of small-scale distributed energy resources (DER), ranging from rooftop solar to other behind the meter and small-medium scale renewable energy solutions. In addition, there is growing interest in the role of new energy models such as virtual power plants and microgrids. These trends will continue to create significant changes to the way energy is consumed and used in the regions. While this will pose a challenge for distribution networks to deal with, uptake of DER is also creating significant opportunities to address local demand, thereby reducing the need to import power from further away.

Although we recognise that large scale renewable energy will continue to be critical to support the demand from larger regional cities, metropolitan Melbourne, and across the NEM, the take up of DER locally is also likely to impact the need for longer-term transmission upgrades. It is not clear from the PADR, how the RIT-T process forecasts a high distributed energy scenario and the impact that this has on decision-making.

6) Additional options for expanded capacity in the Murray River and Central North REZs

We recognise that the RIT-T process operates within a constrained regulatory environment, however, the pace of change in the energy industry and the need for a rapid transition to renewable energy requires more to be done to facilitate greater capacity in the transmission network.

At a recent online briefing session conducted by AEMO for CVGA members (including Campaspe Shire Council) on Wednesday 3rd August, it was noted by several councils that AEMO's [data on solar generation in the Murray and Central North Victoria REZs](#) does not appear to factor in [a number of current and future projects with planning approval](#) and is therefore likely to be a significant underestimate of generation capacity across the region.

The ability to export the energy generated by existing and proposed renewable energy projects is critical to addressing current issues with network congestion and energy curtailment that will continue to impact investment interest and opportunities in the region. We support the minimum augmentation options identified in the PADR, but would also like to highlight the need for options that open up capacity in a much shorter timeframe than the projected project completion date of 2031 for VNI West (under the most likely step change scenario). We recognise that this may require options that sit outside of the RIT-T process, such as state and federal government infrastructure investments.

Councils across the Loddon Mallee region are actively working to reduce energy usage and to promote and maximise DER. As noted previously in this submission, early consideration of and investment in innovative benefit sharing opportunities could include support for local power solutions, such as microgrids and batteries, to capitalise on and help to manage existing renewable energy generation, while increasing access to cheap and reliable renewable energy locally. Delivering benefits to communities in the ‘investigation corridor’ would help to build broader social licence.

Working with Powercor to ensure that local distribution networks are suitably upgraded before or in parallel with VNI-West development, and ensuring sufficient connections are available for new generation across the alignment, is also important to enable smaller-scale renewable energy and community energy projects to connect into transmission networks.

7) Location of future network infrastructure

A prescient issue for local governments in our region is dealing with planning permits for new renewable energy generation. In most cases, large scale renewable facilities need to be close to existing transmission lines (notwithstanding capacity constraints). This has the effect of, in some cases, of applications coming in for facilities on productive farmland and near existing homes (amenity impact). As a result, many applications are rejected, and community concern is heightened.

We strongly encourage AEMO to work with local government authorities to consider how new transmission infrastructure may be placed to encourage generation in areas away from high-value farmland and significant biodiversity and ecotourism areas, using existing easements and co-locating with existing infrastructure where possible.

We note in the PADR that substantial undergrounding of transmission lines has not been considered due to cost, and that proposed cost contingencies do not include any provision for undergrounding. We would like to emphasise how critical undergrounding may be in some areas to mitigate environmental impact and secure social licence, and we strongly encourage AEMO to build this into cost contingencies for route refinement.

While there is a relatively strong social licence for transmission and renewable energy projects in the North West of our region, there is growing concern within councils and communities further south who have been advocating for underground solutions to the existing Western Renewables Link Project, and are also calling for undergrounding to be considered in key locations as a solution to social and environmental concerns with the VNI-West Project. We urge AVP and Transgrid to engage meaningfully and openly with these councils and communities to consider all practicable route refinement options, including partial undergrounding in some circumstances.

Thank you for the opportunity to comment on the PADR.

We would be happy to discuss further any other points in our submission.



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