

11 February 2022

Submission via email: ISP@aemo.com.au

Dear Sir/Madam

Hepburn Shire Council (the Shire) welcomes the opportunity to provide a submission in response to the Draft Integrated System Plan. We thank the Australian Energy Market Operator (AEMO) for the opportunity to provide this submission. The Shire recognises the importance of this significant renewable energy infrastructure project and more importantly the value of having a key consolidated plan which helps us work within a holistic program.

Hepburn Shire Council is one of the most proactive and innovative Councils in Victoria regarding renewable energy. We are one of the two Councils in the state on the Z-Net pilot which is a commitment from Council in partnership with the community and business to pursue 100% renewable energy. We commenced with Z-Net around the Hepburn Wind project which provides the local community with renewable energy. Now we have expanded our footprint for innovation in stationary energy, transportation, agriculture, waste and wastewater and land use change space. We are including this information to stress how committed we are to renewable energy. However, the Shire is also mindful of achieving a balanced outcome where the amenity of the Shire is not unreasonably compromised by the visual intrusion that such infrastructure projects can have on the landscape and potential impacts this will have on local industry and, more importantly, our broader community.

Hepburn Shire Council appreciates that there is an exciting potential to be unlocked in renewable energy and, across all sectors of our colourful community, people back the transition. AEMO has identified our region as an important intersection for the Western Victorian REZ and the Marinus Link to the north via the Kerang Link. However, AEMO must understand that a raft of social and economic implications has arisen as a result of this designation. Council acknowledges the need for transition to renewables, but we need to better understand why Hepburn has been identified as a key connector point for the transmission upgrades. A 24-hectare terminal station is proposed in the heart of our shire to support the WVTNP and VNI. In addition to its massive footprint on top-tier

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agricultural land it also creates a dissection of our shire with transmission lines from WVTNP and VNI West. Whilst it may not seem problematic from a distance, this is very much a high concern locally across all industries as it will completely change the DNA of our community and landscape.

Importance of Community consultation

To date we are faced with being impacted by two critical proposed projects under the ISP, being the Western Victorian Transmission Project (WVTP) and the VNI West. We have made several submissions to the RIT-T process and have been assured that transparency and community consultation would be key when deciding on the projects. Whilst we acknowledge the WVTP & the VNI West are in very different stages of project, information pertaining to the decision making on this transmission infrastructure has been absent, we are still unsure as to why the 220-500kv was determined as the only option for the WVTP. We request going forward that AEMO and its associated bodies develop and effect strong stakeholder consultation throughout the project process particularly when determining to award RIT-T. Consulting with those most affected by infrastructure and least benefiting should be front of mind and if trust and transparency is developed community support will be stronger.

The concept of a social license is relegated to a section toward the end of the draft on pages 89-90 and is not afforded anywhere near the same level of detail as the opening 2 sections about the costs and energy market modelling. Nor in the Draft ISP or on AEMOs website is there any detail on obtaining a social license or a definition of one. - <https://aemo.com.au/initiatives/major-programs/western-victorian-regulatory-investment-test-for-transmission/stakeholder-consultation>

The draft appears to describe how to obtain a social license in the following:

- harmonise the infrastructure, policies and objectives across jurisdictions,
- leverage the REZ Design Report process in the NER to accelerate engagement with communities and landowners on developments planned for at least the next 12 years,
- consolidate an integrated approach to land use planning that optimises multi-purpose land use and aligns with local interests,
- broaden engagement to incorporate broader community and environmental benefits (including regional economic and jobs growth, emission reductions, and biodiversity habitat and corridors),

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- systematically document local concerns and incorporate them in the ISP, REZ Design Report, and local planning processes,
- consolidate and align appropriate compensation mechanisms for affected landowners and communities, and
- ensure the design of transmission and VRE assets take advantage of available design and technology choices to minimise their impact on land use.
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There is no social licence for the current proposed WTVN project, or similar projects into the future currently.

If this draft is for the public, or consumers, which ever term you feel is more appropriate, the language must be graspable. It is remiss not to expand on any ambiguous terms such as 'social license' particularly as it pertains to directly impacted community. The penultimate bullet point suggests that there will be compensation for affected landowners and communities. To date, in our region it has been indicated that compensation will only be offered to directly impacted landholders and nothing for the rest of the community. The only statement of any substance in this section on consultation is "[t]he sector continues to underestimate the time and money that community consultation requires, with the rules placing it 'at the back end' rather than the front of the process" (p.89). Rather indicative that this was acknowledged in the draft but still barely touched on and placed at the back end rather than at the front of the process.

While it is understood that the ISP draft is to determine the highest net market benefit and lowest cost to the consumer, there is concern regarding the finance-centric modelling has been undertaken as a basis for determining the viability of the project. In Part C p.72. "Determining the Draft Optimal Development Path: Step 1: Determine the least-cost development paths for each scenario – which establishes that all of the major network investments have positive net market benefits, so that the only question is 'when' they are needed, not 'if'". Under the assumption that the average consumer is only concerned with the cost of the delivery and the net market benefits thereafter then this lens is apt for assessing the consumer risk preference. If you consider that the consumer may also have concerns that are less quantifiable such as those around the displacement of individuals and fragmentation of communities, potential damage to significant or at-risk biodiversity and culturally significant sites and fire risks caused by overhead power lines or the procurement of prime agricultural land, then the ODP will need to also consider these consumer risks with more breadth.

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Farming Implications

As previously stated, the Shire contains a substantial amount of high-quality agricultural land. As part of a current State Government project 'Protecting Melbourne's Strategic Agricultural Land', the Government have stated a commitment to protect for the long-term future strategic agricultural land in Melbourne's green wedge and peri-urban areas, recognising that some of Victoria's most productive agricultural land is within 100km of Melbourne. The intent of the project is in the future strategic agricultural land will be recognised and protected in the planning system. This work is about more than protecting strategic agricultural land, it is also about providing greater certainty for agricultural businesses in key areas to support long term investment. Expansive areas of the municipality have been identified as Strategic Agricultural Land. It is critical that future planning for the transmission project has due consideration to the implication the project will have on farming activities within the Shire. It would be beneficial to the Shire to be provided with an understanding of the implications that high voltage transmission lines could have on the farming community, including the impacts on where dwellings are located, buffer requirements and the limitation on any farming activities the project could entail.

Hepburn Shire Council has some of the most productive agricultural land in the state. The Victorian Government has demonstrated its commitment to protecting the long-term future of agricultural land in Melbourne's green wedge and peri-urban areas and to develop robust planning controls with local Councils to ensure a cohesive approach to land-use planning. Hepburn has been identified to have one of the highest quality agricultural soils in Victoria, particularly in the areas of Smeaton, Newlyn and Bungaree; this too is also where the WVTNP single corridor alignment and terminal station is proposed. Agricultural production has an estimated value of \$1 billion annually as well as food processing estimated to be worth \$1.5 billion annually for the Central Highlands region. In Hepburn Shire, agriculture generates about 12.2% of our Gross Revenue Product – equivalent of \$138M annually. This does not include agritourism. Taking farmland away for the WVTNP and VNI West projects will significantly impact the economics of the shire. Also, with the threat of fracturing industry, and the vocation of so many residents in the area, you cannot expect to obtain a social license without giving any detail on what you will do for these impacted industries. Currently the tension is already heightened in our region with the development of the WVTNP in tandem with the recovery efforts of the recent storms in the region.

Community & Social Implications

The Hepburn Shire community prides itself on being a place where residents can live near Melbourne without being surrounded by significant infrastructure and being able to enjoy the natural landscape and rural environment. The community wants the small

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towns and country charm to be retained in the long term which is already a key challenge for the Shire in accommodating some of Melbourne's population growth, which recognising the importance of retaining the intrinsic country characteristics that makes the Shire the attractive and liveable place it is today. While we understand that cost is a major factor for the stakeholders of your project to consider, we do ask that you consider the social implications and provide an understanding of these implications.

In the past few months, we have seen examples of heightened angst within the community, with community members displaying provocative signage on their properties and even accosting workers attempting to enter their properties. This behaviour demonstrates the depth of feeling within the community on the potential impact this major infrastructure projects will have on them and on the lack of genuine consultation. The strong focus on technical and economic assessments is lacking substantial social and community considerations. Without the social feasibility being analysed, a 'tick-the-box' type approach is currently being undertaken, with detrimental and long-term impacts. Please refer to the inexhaustive list below for reference:

- Potential changes to local population and demographic profile
- Social structure and networks
- Residential amenity and social well-being
- Social vulnerability and differential effects on parts of the community
- Housing and social infrastructure needs
- Perceptions of aesthetic, recreational and other social values of landscape or locality
- Attitudes to proposed development
- Short and long-term Income loss from farming land
- Loss of succession planning and retirement funds (that are held in land)
- Increased unemployment
- Inability to sell land and/or heavily reduced valuation
- Increased depression and anxiety in regional Victoria

Hepburn is concerned that the WVTNP has already had a significant social impact and the concerns of the community have been dismissed. These concerns are both truly held and legitimate. We have never seen such a ground swell of opposition to any project, as can be seen from the tens of thousands of signs throughout the community.

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We again reiterate the importance of forward planning and clear communication with affected communities to ensure that some of these concerns are resolved in the preliminary planning stages. These concerns are only heightened with the proposed VNI West.

Land use planning

It is expected that the North Ballarat Terminal Station will attract co-located projects. The cumulative effect of these projects has the capacity to fundamentally change land use in the Hepburn Shire. This must be fully investigated before decisions concerning the optimal location of the North Ballarat Terminal Station and the alignment of the transmission lines can be made. This critical point above has been raised throughout this process, stressing the importance of strategically planning to ensure the appropriate placement of key infrastructure to ensure potential conflicts in land use can be avoided. Council is currently undertaking a comprehensive Planning Scheme Review which clearly articulates the importance of Significant Landscapes through an overlay, protection of critical agricultural land through local policy (this is in addition to state positions currently being developed – Planning for Melbourne’s Green Wedges and Agricultural Land) and another local policy scheme inclusion being landscape protection policy.

The ‘indicative’ location of the terminal station is proposed to be in one of the most agriculturally valuable areas in Australia and nationally/internationally sensitive heritage area and conflicts with the policy and overlays as specified above. The challenge regarding this proposed location is not only the sheer size of the proposed terminal station and associated infrastructure of impact such as site lighting, traffic and associated land uses that it would attract by nature. A site of approximately 24 hectares would impact the area significantly and needs to be located in an existing industrial area, Ausnet has avoided any direct discussion with us regarding the footprint of the station due to commercial sensitivities. This is evidence that the consultation process has failed.

UNESCO world heritage bid

Work is underway on a regional tourism, community development and cultural heritage concept that has been floated since 1986 to apply for UNESCO world heritage protection for the sites of importance to the global gold rushes across our region. Last year, 13 local governments have begun progressing it, and combined funding from Regional Development Victoria and Regional Development Australia is supporting a two-year project to build the case for the UNESCO application. The specialness of this landscape and the future aspirations of the community must be accounted for early in the process. Most of the sites that are now being assessed under this program are emergent and not

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listed in the State Heritage Register, therefore special consideration must be given to this.

The community of Hepburn has raised concern that gold era heritage is now at risk due to the project which passes through well documented heritage sites.

This will undermine tourism in the area. It has been estimated that the financial benefit for increased visitation to the Central Victorian Goldfields region arising from a successful bid would add an extra \$25 million per year into the economy:

www.goldfieldsworldheritage.com.au

Conclusion

In conclusion, the Shire recognises the importance of the ISP and benefits including potential employment opportunities and indicative future planning. We request that further forward planning of associated energy projects is provided to us in a timely manner so we can effectively consult and plan for impact.

The community has repeatedly demanded that Council address the lack of consultation and Council considers this is a reasonable expectation. The Shire demands that the project is conducted in a manner that has the least impact on our residents, our existing landscape, the natural environment, farming activities, our towns and the growth projected for the Shire.

It is Council's view that the most appropriate way to address our concerns would be through the best practice community engagement and community benefit sharing. We request that we are recognised as a key stakeholder and liaised with frequently to help inform any future decisions as the project continues.

We welcome further discussion regarding our submission, please do this by contacting myself at bthomas@hepburn.vic.gov.au

Yours sincerely,



Bradley Thomas

Chief Executive Officer

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