

Email submission:

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To whom it may concern

Re: WESTERN VICTORIAN RENEWABLE INTEGRATION – PROJECT ASSESSMENT DRAFT REPORT

We welcome the opportunity to respond to AEMO's Project Assessment Draft Report (PADR) for the Regulatory Investment Test for Western Victoria.

The Central Victorian Greenhouse Alliance (CVGA) is a network of 13 regional and rural local governments spread across northern 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. The CVGA has existed since 2001, working with its members on climate change and energy projects, advocacy and information sharing. The CVGA is part of a broader network of Victorian Greenhouse Alliances operating across the State.

The CVGA is currently leading the development of a Loddon Mallee Renewable Energy Roadmap, which overlaps with the Murray Renewable Energy Zone (REZ) identified in the Integrated System Plan and PADR. In addition, our councils also cover the Western Victoria REZ.

1) Additional options for expanded capacity in the Murray Zone REZ

The CVGA broadly supports the need for transmission network upgrades to support the increased penetration of large scale renewable energy in Western Victoria. We are aware of the impact that existing transmission constraints is having on planned new generation in our region. Significant investment is needed to upgrade the Western Victoria triangle to enable the transition to renewable energy that will in turn create significant positive economic, social and environmental benefits.

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.

We request that additional options to expand the capacity of the networks in the Murray Zone REZ be further considered. We support the minimum augmentation options identified in the PADR, but would like to highlight the need for options that open up capacity in a much shorter timeframe. This may require options that sit outside of the RIT-T process, such as the role of state and federal government infrastructure investments.

2) Consideration of social licence and land use planning in preferred options

We recognise that the RIT-T process develops a preferred option based on economic and technical considerations, and that further detailed analysis will occur to work through other state based

planning issues. We also note that further work is being undertaken by the Energy Security Board (ESB) to consider changes to current regulatory arrangements to make the longer term Integrated System Plan actionable.

Nonetheless, at the moment the RIT-T is the main mechanism for actioning transmission upgrades. We think there is an urgent need to integrate other planning processes with the RIT-T process so that considerations of preferred options can be more cognisant of broader planning considerations, particularly social and environmental.

In particular we note that social license for renewable energy and associated transmission upgrades is highly variable across the 3 zones in Western Victoria. The Moyne REZ is facing particularly acute community opposition to wind farms and network upgrades, as recently highlighted in the media¹. By contrast, the Murray REZ has arguably much greater social license for renewable energy and network upgrades, yet is the last in line for significant network upgrades.

Our main concern is that non-economic considerations of social license and other land use planning issues are factored in much later in the RIT-T process, well after a preferred option is selected. There is a risk that several years of detailed planning will be undertaken that will face significant community opposition and planning hurdles with no guarantee of success. Had these considerations been integrated and brought to the fore in the design stages then perhaps a path of least resistance would emerge.

The similar Regulatory Investment Test for Distribution (RIT-D) process occurs more often in Victoria and highlights the issues of regulatory and planning processes that are not synchronised and comprehensive at the outset. We point to the experiences of Citipower/Powercor and the proposed upgrade to the Brunswick Terminal Station several years ago. After a lengthy RIT-D process occurred that identified the preferred option of a terminal upgrade, local and state planning processes including community consultation came much later in the process. This created significant delays, overturned decisions, and increased the overall costs of the project. A subsequent 2016 planning advisory committee report noted that in relation to regulatory approvals for electricity networks:

“There is no clear link between the regulatory approval process for electricity infrastructure in Victoria, and the approval processes under the Planning and Environment Act 1987... Earlier engagement by the Proponent(s) in the land use planning process as opposed to the network regulatory process would very likely have produced a similar or better outcome in a more timely manner.”²

Whilst the above matter relates to the distribution networks, not the transmission networks, the issues of earlier consideration of community support and land use planning factors remains relevant. Although it is not clear to us the exact pathway for AEMO to address this issue in the RIT-T process we would like to highlight our perceived shortcomings in the process.

3) Understanding regional community visions

¹ <https://iview.abc.net.au/show/landline> Episode sunday 17/02/2019

² https://www.planning.vic.gov.au/_data/assets/pdf_file/0036/99648/The-Brunswick-Terminal-Station-Advisory-Committee-Report-has-been-released.pdf

The regional renewable energy roadmaps being developed across the state will provide an important basis for understanding the variability of social license across the region. The roadmaps are being developed by different organisations within each region, through funding from the Victorian Government. In the Western Victoria zone, there are three regional roadmap projects being led by Barwon Water (Moyne REZ), G-NET (Western Victoria REZ) and the CVGA (Murray REZ).

These projects will all seek to understand the attributes of a renewable energy future that the communities in each region wish to see, and work to build rules for engagement for both private developers and other regulatory bodies. These projects provide an important opportunity to input into the RIT-T process to ensure that the process can avoid significant delays and work with a more informed understanding of local and regional issues.

4) 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, 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 innovative models such as virtual power plants and microgrids. This reflects the trends identified in CSIRO/ENA electricity network transformation roadmap.

These trends are creating significant changes to the way energy is consumed and used in the regions, and also pose significant challenges for the distribution networks to deal with. However, it is also creating significant opportunities for addressing 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 and metropolitan Melbourne, the levels of take up of distributed energy is also likely to somewhat 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 has on decision making.

5) Location of future network infrastructure with consideration to land use zoning

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 farm land and near existing homes (amenity impact). As a result, many applications are rejected and community concern is heightened. We encourage AEMO to work closely with local government authorities to consider how new transmission infrastructure may be placed to encourage generation in areas away from irrigated productive farm land and built up areas.

Thank you for the opportunity to comment on this inquiry. We would be happy to discuss further any other points in our submission.

Further inquiries regarding this submission can be directed to Rob Law, Executive Officer by email at eo@cvga.org.au or by phoning 0467 692 827.

Yours sincerely

A handwritten signature in black ink, appearing to be 'RL', with a horizontal line extending to the right.

Rob Law

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