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Manager Western Victorian Renewable Integration RIT-T
Australian Energy Market Operator
Via electronic lodgement

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Dear Niluksha,

MOORABOOL SHIRE COUNCIL SUBMISSION - WESTERN VICTORIAN RENEWABLE INTEGRATION PROJECT ASSESSMENT DRAFT REPORT

Introduction

Moorabool Shire Council (the Shire) welcomes the opportunity to provide a submission in response to the Western Victoria Renewable Integration Project Assessment Draft Report (PADR). We thank the Australian Energy Market Operator (AEMO) for their recent briefing and the opportunity to provide this submission.

The Shire recognises the importance of this significant renewable energy infrastructure project and applauds AEMO for commencing a project that has the potential to provide significant community benefit including increased employment opportunities, not just for Moorabool Shire residents but more broadly across Western Victoria.

The Shire is generally supportive of renewable energy, which is evidenced through the substantial number of wind farms that are both operational and under construction within the municipality. 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 angst this causes within the community.

As per our recent briefing from AEMO, it is understood that there is currently insufficient capacity within the existing transmission infrastructure to enable the amount of proposed renewable energy generation in Western Victoria. As a result, AEMO is undertaking a Regulatory Investment Test for Transmission (RIT-T) to assess the viability of increasing transmission network capacity in the Western Victoria region, to facilitate the efficient connection and operation of new and existing generation in the region.

It has been identified as part of increasing the transmission network capacity in the Western Victoria region, the project will potentially have a significant impact on the Shire, with over 70 km of new 500kV transmission lines proposed to run through Western Victoria and traversing the length of the Shire.



It is acknowledged that the project is in its infancy. It is therefore difficult to provide a detailed submission without a clear understanding of the proposed alignment for the powerlines, or the potential impacts on land use, community and social implications this may have on the Shire and its residents.

In light of the above, this submission has focussed on providing AEMO with an understanding of the context of the Moorabool Shire and opportunities and concerns the Shire would like considered in the future planning for this large infrastructure project.

Moorabool Strategic Context

The Shire is comprised of a series of towns, the bigger towns being Bacchus Marsh and Ballan, that will come under increasing pressure to accommodate a share of the projected population growth across the State. Bacchus Marsh has specifically been identified in *Plan Melbourne* and the *Central Highlands Regional Growth Plan* as a suitable location to accommodate growth due to its regional service centre role, its relative accessibility to Melbourne, Geelong and Ballarat, its well-established town centre and the availability of greenfield and infill development opportunities. Bacchus Marsh is expected to reach a population of approximately 31,000 residents by 2041.

Ballan has an important role in forming part of Moorabool's growth areas and is identified as a peri urban town in *Plan Melbourne* and the *Central Highlands Regional Growth Plan*. However, it is important to recognise that Ballan is able to provide a point of difference in housing and lifestyle choices, secondary to the main growth front in Bacchus Marsh due to its rural character and environmental attributes. Ballan is projected to double in size by the year 2041 with a population of approximately 6000 residents.

Gordon is a small town to the west of Ballan that is projected to continue with demand for steady growth. With the recent sewerage of the town this has increased the capacity for residential growth up to a maximum of 800 residents. While the remainder of small towns and settlements are anticipated to accommodate minimal growth in the foreseeable future, it is noted that if sewer becomes available both Bungaree and Wallace could experience some growth with each town having the potential to grow to approximately 2000 residents.

While AEMO have not specifically identified a study corridor for this project at this stage, it is our understanding that the likely corridor is to be located through the centre of the municipality (potentially within a 20km radius of the Western Freeway alignment). Most of the Shire's population is located within this 20km radius of the Western Freeway, as is all the projected growth for the municipality.

The addition of high voltage transmission lines in this location has the potential to significantly impact and restrict the ability of the Shire to grow. This is due to the visual intrusion the powerlines would have on this growth corridor and the potential for the transmission lines to dissect the municipality further which is already constrained by a number of other local and State assets both of an infrastructure and environmental nature (for example the Western Freeway which dissects Bacchus Marsh).

Existing Key Infrastructure

Due to the Shire being located on the periphery of the metropolitan growth area, we have become a pseudo 'service centre' for Melbourne as the host of multiple extractive industries, mines, and a state significant waste hub all being located on the critical entry points of Bacchus Marsh.

In addition to this, the encroachment of industrial and residential development on our agricultural land has resulted in a very real challenge for Council to ensure that it is no longer impacted or inhibited by uses that pose further impost on land owners and loss of local identity.

Bacchus Marsh contains Maddingley Brown Coal to its south which has been designated by the State Government as a waste hub of State significance. The site contains a substantial land fill operation and results in a significant constraint for growth to the south of Bacchus Marsh. Further, to the north of Bacchus Marsh are sand and gravel quarries which again provide a considerable resource for the Region and creates a significant constraint for further growth to the north of Bacchus Marsh.

West of Bacchus Marsh there have been a number of wind farms approved by the State Government:

- Yaloak South Wind Farm is owned and operated by Pacific Hydro. It comprises of 14 turbines that are 126m in height; construction is complete and turbines are operational.
- Moorabool Wind Farm is owned by Goldwind Australia and will comprise of 107 turbines over two (2) locations (Moorabool North and Moorabool South). The turbines are 171m high and currently under construction. The proposed completion period is early 2020.
- Lal Lal Wind Farm is owned by Lal Lal Wind Farms (a partnership between InfraRed Capital Partners, Macquarie Capital and Northleaf Capital). It will have 60 turbines of 161m height which will be split between Elaine and Yendon and is also under construction. The proposed completion period is late 2019.

From the Shire's experience with the wind farms, there have been several lessons learnt about the impact the construction phase of large infrastructure projects can have on the community. This has included the length of the construction phase and the negative impact on the road and intersection network with a significant number of truck movements on a daily basis. This has resulted in constant damage to the local rural roads which have not been designed to accommodate the volume of trucks that the roads have had to accommodate during the construction of these projects. It is therefore critical in the planning stage of a project of the scale of the transmission project that the implications on the Shire and its community during the construction of the project is understood and appropriate mitigation measures are in place.

While these large-scale infrastructure projects do provide local, regional and State benefits they also have a number of negative implications for the community. There is currently much angst in the Bacchus Marsh community in regard to the potential expansion of the waste facility and quarries, and there is still angst in the community in the west of the Shire in regard to the installation and cumulative effect of the number of wind farms that have been constructed.

While the Shire understands the importance of projects with State benefits, it is important that consideration is also given to the local community and the potential impacts the project may have on that community.

Environmental & Natural Assets

The Shire contains a number of environmental and natural assets both of National, State and local significance. This includes the Long Forest Nature Conservation Reserve, Brisbane Ranges National Park, Lerderberg State Park, Werribee Gorge State Park, and the Wombat State Forest all of which are key assets within the Shire and attract an estimated visitation of approximately 550,000 people per year across all sites.

There is currently a draft proposed 'VEAC Central West Investigations Draft Proposals Paper' which identifies the establishment of the Wombat-Lerderderg National Park.

Council is also concerned of the amenity impacts the powerlines may have on these natural landscapes and the negative impact that will have on the State and Regionally significant landscapes and views that were identified in the South West Landscape Assessment Study (Planisphere, 2012) .Sites identified in the study included:

- Lerderderg State Park (State significant landscape)
- Werribee Gorge State Park (State significant landscape)
- Wombat State Forest (Regionally significant landscape)
- Mt Blackwood (State significant view)
- Lal Lal Falls (State significant view)
- Mt Buninyong / Mt Warrenheip (Regionally significant view)

The remainder of the Shire is largely rural land, towns and settlements that also contain a number of environmental and natural assets including rivers, cultural heritage, flora and fauna. When considering the location of these natural assets which are generally located to the north of the Western Freeway from Bacchus Marsh through to Gordon, these Parks provide a significant constraint for the transmission project due to the fire risk, fault lines, natural assets and flora and fauna that require protection.

Farming Implications

As previously stated, the Shire contains a substantial amount of 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.

Community & Social Implications

The Moorabool Shire community prides itself on being a place that residents can live in close proximity to Melbourne without being surrounded by significant infrastructure and being able to enjoy the natural landscape and rural environment. The community wants the small 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 undergrounding high voltage transmission lines comes at an increased expense, we are of the view that undergrounding the transmission lines would be a solution to many of the concerns the Shire has with the project. If the financial implications are too high to underground the transmission lines in their entirety, then at a minimum the transmission lines should be underground around the towns to minimise the visual intrusion in highly populated areas.

Community Consultation and Benefit Sharing

It is critical in undertaking the transmission project that the community is provided the opportunity to be engaged throughout the process, and there is a clear understanding of the local benefits and needs. Given the requirement for the upgrade of the transmission network stems from the significant increase of renewable energy being produced in Western Victoria, the Shire would like to strongly encourage the adoption of the *Community Engagement and Benefit Sharing in Renewable Energy Development – A guide for Renewable Energy Developers* produced by the Department of Environment, Land, Water and Planning in 2017.

In addition to implementing best practice in community engagement, the Shire is compelled to discuss benefit sharing. If this project is to go ahead, Moorabool Shire will be home to three wind farms, neighbour to many more and the conduit for transmission to Melbourne. Yet the residents of Moorabool Shire are still to experience true community benefits.

Taken directly from the guide, the Shire would expect the following for the Moorabool community at a minimum:

- Local jobs and procurement
- Neighbourhood benefits programs (e.g. increased green initiatives for the Shire and reduced electricity costs)
- Beyond compliance level activities associated with visual amenities and other impacts
- Sponsorship and community benefit funds and legacy community benefit initiatives

Moorabool Shire residents deserve cheaper, greener electricity. Legacy benefits such as micro grids for smaller towns and large energy users. Larger community infrastructure such as pedestrian and bike links, public art work strategies, improved public spaces. Scholarships and traineeships for the younger community to enter the renewable energy sector. These are just some examples of the possible community benefits the Shire would like to see for the community. With the right level and consistency of consultation, the community could start to see true benefits from these state significant projects in the Shire.

Economic Modelling and the CoGaTI

While it is understood that the WestVicRiTT is to determine the highest net market benefit and lowest cost to the consumer, there is concern regarding the economic modelling has been undertaken as a basis for determining the viability of the project. The modelling and some of the assumptions used are not reflective of true costs, and in reality the cost could be much higher.

This is suggested in the PADR through the admission that there are significant risks and uncertainties associated with the feasibility of obtaining planning and environmental approvals and easements to enable the implementation of the proposed project. It is stated in the PADR that these risks and uncertainties, including cost implications, will be further investigated in that phase of the project.

History of other State infrastructure projects with the private sector suggest that there is an increased probability of costs being much higher than first anticipated. If this scenario unfolds, then the RIT-T process has been ineffective and a more robust process for viability, which considers social, environmental and economic values, could have been used from the outset. Given the decision of viability is based on a consumer pays model, there is potential for this project to create unexpected consumer costs in the long run.

The identified risk and uncertainty of the consumer pays model and the desire to ensure costs to consumers is minimised is the basis for the Australian Energy Market Commission (AEMC) *Coordination of generation and transmission investment review* (CoGaTI). One of the key recommendations from this review includes:

- *allow generators to pay for transmission infrastructure in exchange for access to it – which means generators can influence and have control over transmission planning decisions, leading to better coordination of generation and transmission investment*

The AEMC acknowledge in the CoGaTI information sheet released in March 2019, that the current access regime needs to evolve to allow the risk and cost of generation investment to complement planning and investment in transmission. Building transmission to benefit generators means that generators should pay for this transmission investment.

It is stated in the CoGaTI that the AEMC will provide the COAG Energy Council with a set of regulatory reforms at the end of 2019 to implement changes to the access and charging regimes, with the aim for them to commence in 2020.

The recommendations from the CoGaTI report relating to rule reforms is a key point that the Shire would like to focus on. While it is acknowledged there is a matter of urgency for the infrastructure upgrade, the process for determining the viability of the project is currently under review. Given the alternatives to the preferred C2 option in the PADR have been ruled out based on the current process, it is proposed that options without a focus on consumer costs may be considered viable once the regulatory reforms are commenced. The Shire strongly encourages a consideration of the impact of the potential reforms may have on the recommendations of the PADR prior to confirming the need for a new 500kV overhead transmission line for over 70 km through Western Victoria.

Conclusion

In conclusion, the Shire recognises the importance of this project and benefits including potential employment opportunities. However, the Shire strongly encourages a consideration of the impact of the potential reforms may have on the recommendations of the PADR prior to confirming the need for a new 500kV overhead transmission line for over 70 km through Western Victoria.

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 undergrounding of the powerlines, ideally for the extent of the project. The Shire expects the project to adopt best practice community engagement and community benefit sharing.

We are aware that Moorabool Shire will be significantly impacted by this project and 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 in regard to our submission.

Regards,

A handwritten signature in blue ink, appearing to read 'D. Madden', is positioned above the printed name and title.

Derek Madden
Chief Executive Officer