

Strathbogie Shire Submission - Victorian Transmission Investment Framework Preliminary Design

Strathbogie Shire welcomes the Victorian government's initiative to create Renewable Energy Zones across the state. Strathbogie has long been a supporter of renewable energy and would be pleased to participate in this initiative.

Strathbogie Shire also welcomes the state government's commitment to consult earlier and more closely with communities regarding the development of new generation and transmission projects.

Not only is imperative that the public is fully informed, but it is also absolutely essential that landholders and businesses have input into any proposal that may have an impact on their future earnings or operations. Businesses need clear information and certainty about access to infrastructure and utilities to allow them to plan their future operations.

In making this submission it is understood that the government is not seeking comment on the current state of the power grid however, the following information is provided as an example as to why Strathbogie Shire supports the concept of changing the Regulatory Investment Test for Transmission.

Strathbogie Shire's current situation

The fact that our existing power grid was not designed to do what we are asking of it today is well documented. The designers of the current grid never contemplated the growing level of distributed and embedded energy generation and storage assets that is now unfolding within it.

The Strathbogie community needs to be in a better position to embrace this emerging renewable energy future and grid investment.

Energy security to Strathbogie Shire towns and their surrounding districts has been problematic for many years. Currently there is a single line of supply running from Benalla to Violet Town through to Euroa and spreading out across the surrounding localities. There are regular failures particularly during peak demand periods such as hot weather causing lengthy blackouts resulting in economic loss to retail and industry as well as severe inconvenience and hardship for residents. It basically takes only one point along the line to "trip" causing the power to shut down the length of the line and the region is subjected to blackouts which can last as long as 24 hours depending on the location of the fault and the ability of Ausnet to locate and repair it. The tenuous supply situation creates considerable risk to the community in the event of failure of this supply line during natural disasters such as bushfire.

Moreover, power failure also results in loss of most mobile communications and Internet services. Despite the fact that this supply line has been known as the most problematic in the state since the 1970s, nothing has been done to correct the problem. Council has been advised by the power supplier Ausnet that a second supply line from Seymour to Euroa would form a "loop" that would alleviate this issue and ensure that power would still be available in the event of failure of a single supply line.

Previous discussions with Ausnet indicated that it would cost approximately \$20 million to provide this second supply line and that current rules prevent Ausnet from investing in this infrastructure as they are prohibited from cross subsidising from other regions to build infrastructure. Furthermore, the cost per rate payer should Ausnet endeavour to cost recover would be prohibitive. Ausnet has advised Council that the only circumstances in which they would consider investment on its merits is if council identified a major power user such as a manufacturer that would commit to investing in the region if the power supply was improved, a scenario which is unrealistic at best.

A similar situation exists on the western side of Strathbogie Shire with a single line of supply from Seymour to Nagambie and surrounding localities with regular failure experienced during peak demand. The situation is exacerbated by Nagambie's growing popularity as a tourist destination as well as residential and commercial investment which will place severe strain on the power supply along with other utilities into the future.

As well as the obvious inconvenience, risks to the community during an emergency and the disincentive to investment, Strathbogie Shire is also held back from participating in large scale renewable energy generation projects leaving us at a severe disadvantage to other Local Government Areas. The Victorian Government's announcement of its plans to develop Renewable Energy Zones across the state to improve the ability of the grid to receive input from renewable energy generators is an important infrastructure initiative. For Strathbogie Shire to participate in renewable energy projects and contribute to the grid, the poor supply and distribution capacity issues need to be addressed. Power supply and distribution constraints are damaging economically for the Strathbogie Shire and have a detrimental impact on the wider community. It is imperative that this situation is resolved. In the scheme of state and federal budgets the cost is small and the benefits to region and the state in terms of power distribution and investment would be enormous.

The Shire of Strathbogie is keen to facilitate investment in renewable energy generation and distribution and in particular welcomes the State government proposal to review the Regulatory Investment Test for Transmission (RIT-T) which in our view has inhibited investment in power infrastructure in our locality and is preventing the unlocking of the potential to generate and transmit renewable energy in and from this region.

Comments on the Preliminary Design Consultation Paper

We note the comments on the Regulatory Investment Test for Transmission (RIT-T) and its restrictive nature in developing a grid that is fit for purpose particularly given the need to generate renewable energy across wide sections of Victoria. The removal of this test and its replacement with a system that would facilitate the construction of transmission lines that would meet real need and allow the generation and distribution of renewable energy across regional Victoria. Furthermore, this would greatly strengthen energy security in the regions and improve both commercial and residential investment in regional and rural areas. As noted above Strathbogie Shire cannot reach its full potential in energy generation and investment due to the fragile nature of the current grid. There is only limited potential for improvement under the current system and there is a need for a more innovative

Strathbogie Shire supports the proposal for a new Victorian Transmission Investment Framework (VTIF) that would better meet the needs of power generation and transmission

across regional Victoria and believes that the concept of a transition from reactive to anticipatory investment brings with it the chance of establishing a Victorian investment framework which will bring considerable benefit to regional Victoria in meeting its current and future energy needs.

***Strathbogie Shire response to questions contained in the Preliminary Design
Summary For Communities***

1. Who should participate in the process for developing REZs?
 - Industry, including agriculture and the retail sector
 - Local Government
 - Business and community groups
 - Registered Aboriginal Parties
 - Land and water group representatives
2. How should they be engaged to achieve the proposed outcomes?
 - Through early disclosure of information with full transparency on the Governments preferred or intended pathways and the intended outcomes.
3. What representative bodies would be appropriate for enabling coordinated engagement across our REZs? How should those bodies be included into the decision-making process?
 - Local councils (including Planning Departments, Economic Development Departments)
 - Industry groups
 - Registered Aboriginal Parties
 - Land and water group representatives
 - Chambers of Commerce
 - Community Action Bodies
4. What should be considered in the Strategic Land Use Assessment?
 - Meeting with municipal Planning Departments (including ascertaining current land use documentation previously developed)
 - Community need
 - Environmental effects of change of use
 - Current use and productivity, of the land
 - Cultural Heritage issues
 - Value of current and future productivity
 - Landholder cooperation and consent
 - Appropriate and real compensation for loss of land and future productivity
5. How should we gather and measure information and involve local communities, Traditional Owners and regional stakeholder groups in the process?
 - Community surveys
 - Meetings with local government including planning departments
 - Meeting with individual stakeholder groups
 - One-on-one meetings with First Nations groups
 - One-on-one meetings with individual landholders

Summary

Strathbogie Shire broadly supports the proposal set out in the consultation paper however it is concerning that the current proposals for renewable energy zones largely ignore the potential contributions that could be made by the Strathbogie and central Victorian regions due to the lack of a strong reliable grid structure in some parts of these regions. The proposed changes to the investment framework have the potential to improve the electricity grid structure across the region and facilitate local renewable energy generation that would make a strong contribution to Victoria's electricity supply. The shire is also very supportive of early and widespread community and industry consultation on any proposed restructuring of the grid and acquisition of land for Transmission lines and renewable generation facilities.

Strathbogie Shire has recently declared a "climate emergency" in recognition of the need to minimise greenhouse gas emissions and reliance upon fossil fuels.

Strathbogie community is keen to do its part in the state's efforts to convert to renewable energy sources however it is restricted in doing so due to the current investment arrangements for Victoria's grid and would welcome a change to the investment system which would facilitate a stronger and more secure power grid within the shire.

With local businesses leading the way in net carbon operations and communities moving to microgrids, Council would welcome further input and consideration of any proposed renewable energy zones and how our Shire can effectively work in partnership towards achieving the State Government renewable energy goals.