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Australian Energy Market Operator

Sent via email on 3 April 2020 to [VNIWestRITT@aemo.com.au](mailto:VNIWestRITT@aemo.com.au)

**RE: Victoria to New South Wales Interconnector Regulatory Investment Test –  
Transmission**

Dear Tania,

Thank you for the opportunity to provide comment on the Regulatory Investment Test – Transmission (RIT-T) for the Victoria to New South Wales Interconnector West (VNIWest) project, being led by the Australian Energy Market Operator (AEMO).

Hepburn Shire is located to the northwest of Melbourne, between the regional cities of Ballarat and Bendigo. Council acknowledges the Shire's Traditional Owners, the Dja Dja Wurrung people, and pays respect to elders past, present and emerging. The Shire covers an area of 1,472km<sup>2</sup> and is home to population of approximately 15,000 people. Tourism and agriculture are key economic sectors; there is also a strong community history of environmental conservation and sustainability.

Hepburn Shire Council appreciates the identified need for this project and understands that this significant infrastructure will provide numerous benefits, particularly beyond the Shire's boundaries. Council is also aware of the further progressed Western Victoria (WestVic) Transmission upgrades and the likely interdependence of aspects of these two projects, particularly in relation to the new 'North Ballarat' Terminal Station which will be built as part of the WestVic project.

Council is mindful, and generally supportive in concept, of the various actions needed to transition the National Electricity Market (NEM) towards 100 percent renewable generation. This transition includes a combination of small, medium and large-scale renewable energy deployment, coupled with Transmission, Distribution and associated supporting infrastructure. Council and numerous community groups are actively working together at a local level to minimise energy usage, and promote and maximise the penetration of Distributed Energy Resources (DER) in the Shire.

These types of local action resonate across a range of low carbon transitions currently underway, as they aligns with sentiments such as community ownership and acceptance,

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local action, benefit sharing, social justice, resilience, and the reduction of capital leakage from local communities. While Council understands that the proposed infrastructure is addressing an identified need, its likely impact and potential conflict with local community sentiments should not be underestimated.

It is clear from the detail provided in the VNI West RIT-T Project Specification Consultation Report (PSCR) that the VNI West project, as with the WestVic project currently underway, has a very high likelihood of leading to the construction of significant Transmission infrastructure within the Hepburn Shire. It should be noted that the primary reason for these upgrades is to transmit electricity over significant distances, including from Renewable Energy Zones to the North and West of the Shire into metropolitan load centres, rather than specifically to service the Hepburn Shire's consumption.

## Community impact and expectations

Whilst Council acknowledges the importance of critical infrastructure such as this, consideration needs to be given to the immediate and ongoing impacts on the Hepburn Shire and its community. Council appreciates that AEMO is mandated to deliver projects such as this within a defined regulatory framework with discrete stages, and that the RIT-T process is primarily concerned with the technical and economic implications of a project. However, it must be noted that not considering the project holistically risks delivering outcomes which are not aligned with the aspirations of local communities - leading to low social acceptance and consequently unnecessary delays, costs, community division and tensions. The utilisation of multi-criteria decision methodology at early project stages may allow potential problems to be identified, while minimising negative outcomes in later project stages.

Council is currently undertaking a review of its Municipal Planning Strategy and Planning Scheme, which identify the importance of key infrastructure in the Shire and outline the need for appropriate implementation. As AEMO is likely aware, the new Local Government Act 2020 has also just been passed. This Act has a requirement for Local Governments to develop Community Plans, which are to be overarching documents that guide expectation and deliverables within the community.

Council realises that at present there is limited narrative provided, by way of a formalised local framework, to guide the types of large-scale infrastructure developments that would be encouraged and supported in the Hepburn Shire. However, there is existing documented community narrative about the expectations for best practice approaches to community benefit sharing, strategic and appropriate development, local ownership, heritage, land use, biodiversity and natural resource management. While some of these aspects are mandated through environmental and planning controls, others are only fully

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understood through extensive and open consultation with community and key stakeholders.

It is intended that, through Council's review and development of these local policies, community expectations for projects such as what is proposed will be further developed and refined. Council will then be in a position to articulate and disseminate this information to proponents of new projects. Policy development timelines mean that these will be completed prior to completion of the AEMO projects. It is also recommended that AEMO and its contractors remain abreast of other changes which may impact the projects, such as the current VEAC recommendations for areas of the Wombat State Forest to become a national park.

Community and/or Council sentiments which have been previously raised during consultation and are likely to be transferable in this instance include:

- Appropriate location of infrastructure in the first instance to minimise impact on sensitive areas and vital land uses
- Adoption of best practice design principles, and transparent and appropriate engagement to assess and minimise impact on visual amenity and culturally significant landscapes
- Local jobs and procurement
- Innovative benefit sharing models such as reduced power bills, support for models such as microgrids development, grants programs etc.
- Establishing a broader 'community of benefit' for the impacted communities outside of individual landowners
- Ongoing community benefits beyond the timeframe of construction
- Support and resourcing for Council and other impacted groups to assist with addressing community concerns
- Ensuring that fire risk is not increased in the Shire through deployment of the infrastructure

Having recently been exposed to the RIT-T process for the WestVic project, Council is acutely aware that AEMO is working within a regulated framework to expand a network for the first time in decades. This process requires the management of numerous and sometimes competing factors, such as extensive consultation and timeframes, together with technical, economic, environmental and planning implications.

Council requests for AEMO to also consider that, after project planning and construction phases are completed, this infrastructure will remain and have an ongoing presence in the regions for decades, and potentially into perpetuity. It is requested that

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AEMO considers this and strives to deliver a project which is not only economically and technically viable, but exceeds minimum requirements in order to deliver best practice social and environmental outcomes.

Thanks you for your consideration, please feel free to contact me if you have any further questions.

Yours Sincerely



Evan King  
Chief Executive Officer