

2022- Sub 1 AEMO

2022 Draft ISP Consultation

10 February 2022

Wimmera Development Association submission to the AEMO 2022 Draft ISP Consultation

Introduction

Wimmera Development Association (WDA) is the region's peak sustainable development body, covering the municipalities of Horsham Rural City Council, West Wimmera, Hindmarsh, Northern Grampians and Yarriambiack Shires. The Association's role is to work with the community and government(s) to attract new investment, further develop existing business and promote the Wimmera's sustainable development opportunities, both within and outside the region. WDA is a vital link between industry and government and has a proven track record in attracting new development and opportunities to the region.

WDA welcomes the opportunity to provide a submission on the AEMO 2022 Draft ISP Consultation. We are pleased to see a focus on removing barriers to the renewable energy transition, through a more coordinated approach and a desire to deliver efficient utilisation of our renewable energy resources. The Wimmera Southern Mallee, which encompasses the Western Victoria REZ, is contributing to Victoria's renewable energy transition and, with further network planning and enhancements, has the capacity to contribute even more generation capability beyond what is already in the pipeline.

The [Grampians Roadmap to Net Zero Emissions](#), produced by GNET in 2020, highlighted pathways for the Grampians region to reach net zero emissions by 2044, 6 years ahead of the State Government's ambition for net zero emissions by 2050. One of the recommendations under the Energy domain of action was that local authorities can work with state and federal governments and with infrastructure providers to upgrade the region's existing power grid. This is both to improve the renewable energy output of the region, and to improve access to reliable, adequate power for communities across the region.

With this in mind, WDA wishes to strongly advocate that need to tackle social license to ensure energy infrastructure is built in a timely way in Western Victoria. This would send a strong signal that regional communities are critical to delivery of Victoria's energy transformation.

Failure to obtain social licence is arguably the most critical challenge to the delivery of energy infrastructure, including transmission assets. If AEMO does not consider the suggested improvements to its ISP process, there is a significant risk that some ISP projects are delayed, or not built at all, purely because of their social and environmental impacts.

1. To be a truly 'optimal' development plan, the draft ISP should consider the social and environmental feasibility of its planning decisions. The draft ISP calls for jurisdictional governments to work together with NEM participants to, amongst other things, accelerate engagement with communities, consolidate an integrated approach to land use planning and align appropriate compensation mechanisms. The recognition of this is excellent and should be supported, however, as an 'optimal' development plan, the ISP provides a strong indicator that project characteristics (preferred solution, route corridors, technical design features) have undergone a high level feasibility assessment and are socially and environmentally acceptable. The ISP should do more to ensure the projects considered for inclusion in the ISP (e.g. route corridors, solutions) identify major social, cultural and environmental barriers. The jurisdictional planner could conduct a preliminary constraint mapping and community engagement exercise that removes a transmission option, or amends its location, cost envelope or commissioning date, based on its deliverability.
2. AEMO's ISP could establish a community advisory body to provide a focus on community perspectives throughout the ISP development process, similar to, although with broader representation than, the recently established ISP Consumer Panel. This would allow important stakeholder engagement with representation bodies such as the NFF/VFF.
3. The draft ISP would benefit from further analysis, stress testing identified network projects and credible augmentation options in Victoria. Once the scenarios are chosen, a significant amount of the ISP's effort and resources are directed towards an economic cost benefit analysis, comparing over 800 development pathways to the counterfactual where no network developments are identified. It does not appear that the draft ISP has applied the same level of effort in defining the transmission investment options as it has when considering development pathway permutations.

4. The ISP should more fully consider the requirements and interplay between jurisdictional environmental planning and approval processes and the ISP to effectively balance speed of delivery and social licence. The optimal development plan should have an integrated planning approach that considers master precinct planning and land use opportunities. As a learning from Western Victoria Transmission Network Project (WVTNP) the ISP should do more work to fully eliminate development pathways, and actively communicate the outcome, so these pathways are not interrogated again by project opponents.
5. The ISP shows preference for existing corridors without considering greenfield options; this approach does not take into consideration that land use in existing corridors may have changed considerably and have become densely populated. The proposed project may be more welcomed in a greenfield broad acre cropping area with fewer inhabitants; a recent example of this is the Western Victoria Transmission Network Project (WVTNP) and the proposed terminal station north of Ballarat.
6. The existing approach of gaining planning approval and delivering hundreds of kilometres of linear infrastructure in one project is complex, with recent examples of EnergyConnect and Western Victoria Transmission Network Project (WVTNP) spanning diverse regions and communities with unique socio-economic challenges and opportunities and multiple Local Government Authorities, Registered Aboriginal Parties, and state lower house seats. The ISP should consider a staged approval and delivery process along the length of the route akin to other long linear infrastructure projects. This type of staged approach would streamline community and stakeholder engagement, reduce project complexity, and may reduce overall impact of the project on community psyche.
7. The new REZ Planning Rules require jurisdictional planning bodies to prepare REZ Design Reports. Given the scale of investment required in the ISP, the REZ Design Reports represent a low-cost investment to improve management of the technical, economic, social risks of developing transmission infrastructure. REZ Planning Rules place responsibility on AEMO to decide whether to initiate a REZ Design Report for a particular REZ as part of its final ISP. In making its decision, AEMO must have regard to two criteria:

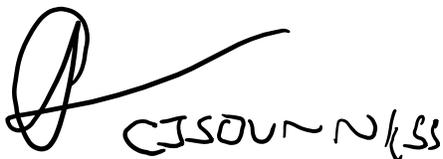
(1) the development of the REZ must be on the optimal development path within 12 years;

(2) the decision to trigger a REZ Design Report must have the support of the relevant State government.

Whilst supportive of the ISP's preliminary view which proposes REZ Design Reports will be required for the Murray River REZ (V2) (inclusive of the proposed VNI West project) and the Southwest Victoria REZ (V4) (inclusive of the proposed 500 kV single-circuit REZ Expansion Project between Mortlake and Sydenham, set for development in the early 2030s), it raises the question if the criteria for consideration of a REZ report is fit for purpose as we would also like to see a REZ design report for Western Victoria REZ (V3), and an overarching integration plan between proposed REZ design reports.

8. Thought needs to be given to how to effectively prepare REZ Design Reports, particularly in Victoria, as there may be areas where AEMO Victorian Planning may actively consult or delegate responsibility to AusNet. This presents a risk that the public consultation and stakeholder engagement consultation process may become fractured; this needs to be carefully considered and actively managed.

9. To build social license more broadly the industry needs to engage with the communities in which REZ and ISP initiated projects are taking place and provide education on the energy transition, the requirement for such projects and the benefits these projects can bring in terms of economic diversity, job creation and potential benefit sharing. Most importantly true engagement needs to occur where jurisdictional planning and governments are transparent in communicating project objectives, processes and timelines.



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