

**Victorian Renewable Energy Zones Development Plan  
Directions Paper  
Latrobe City Council Submission  
March 2021**



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## Introduction

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Latrobe City Council thanks Department of Environment Land Water and Planning (DELWP) for the opportunity to make this submission to the Victorian Renewable Energy Zones – Directions Paper.

### About Latrobe City

Latrobe City is one of Victoria's four major regional cities, less than two hours from Melbourne. It is home to approximately 75,000 people; the Gippsland regional population exceeds 260,000 people. Latrobe City is resource rich with abundant forests, rich agricultural land, water resources and large deposits of brown coal. Latrobe City is home to 5,000 businesses and currently around 32,000 jobs. Its Gross Regional Product (GRP) is over \$5.6 billion per annum.

Latrobe City is a significant centre of Victoria's energy industry, historically it has produced approximately 85% of the electricity for the entire state of Victoria. The low-cost electricity generated from the Latrobe Valley's extensive brown coal resources has contributed to the Victoria's economic prosperity for nearly the past 100 years.

As a result of our long history of electricity generation, the region hosts an extensive electricity distribution infrastructure that connects to the existing generation facilities in Melbourne and broader Victoria. Not surprisingly, historically this sector has dominated the economic profile of Latrobe City, with employment and economic prosperity of the region relying heavily upon electricity generation.

While coal related industries are still an important and supported industry in Latrobe City, there is a growing interest in renewable energy as we transition away from coal in line with the rest of the state. Recently Latrobe City Council endorsed its Investment Roadmap which provides a high-level strategy looking at new and emerging industries and technology to aid in this transition, which includes renewables such as Hydrogen and Geothermal. This Investment Roadmap can be viewed here-

<https://www.latrobe.vic.gov.au/sites/default/files/2021-01/Investment%20Roadmap%20%28document%202021%29%20spreads2.pdf>

Latrobe City is ideally placed to embrace emerging new industries and leading-edge innovation to stabilise and grow the region's and Australia's economy in the midst of the energy sector transition. These opportunities are driven by the existing strengths and competitive advantages that the region has to offer due its long-standing history



as the hub of Victoria's power generation.

To this end, Latrobe City Council can play an active role in our state's renewable energy future and as such supports the *Victorian Renewable Energy Zones Development Plan Directions Paper* as well as providing the following feedback.

#### RESPONSES TO THE DIRECTIONS PAPER

The Directions *Paper* sets out four headings which are-

- 1 Purpose of this Directions Paper;
- 2 Context;
- 3 Initial REZ Development Plan; and
- 4 Governance & Funding.

Our submission will concentrate on sections 3 the REZ Development Plan and section 4 the REZ Governance & Funding suggestions.

Should there be any questions regarding this submission, please contact Gregory Lawrence, Manager Economic Investment & Transition on 51285742 or email [gregory.lawrence@latrobe.vic.gov.au](mailto:gregory.lawrence@latrobe.vic.gov.au)





## RESPONSE TO PART 3 Initial REZ

### **REZ Development Plan**

#### **Immediate priority projects to support REZs –**

Latrobe City Council understands from the Directions Paper that the Victorian Government and AEMO have worked together to develop a list of potential immediate priority transmission network upgrade projects to support existing and future renewable energy generation development in Victoria's REZs. These investments aim to strengthen the Victorian transmission network and resolve the network connection issues that are causing significant project delays and acting as an impediment to timely development in REZs.

Stage 1 projects are investments that the Victorian Government could immediately progress to deliver shorter-term grid remediation solutions in areas where network limitations are impeding renewable energy projects. Stage 1 projects have been further divided into two categories. The first category includes projects aimed at immediate grid operation, system strength and curtailment issues which the Government is considering financing via the \$540 million REZ Fund. Following stakeholder feedback on these projects, further technical analysis and detailed assessment of their costs and benefits, the Government intends to release details of approved projects for immediate financing from the REZ Fund in May 2021, including procurement and cost recovery models for each investment, including local content requirements.

Stage 2 projects (which includes a single project Gippsland) are potential medium-term investments in REZ infrastructure that will involve further assessment and community and stakeholder consultation.

Latrobe City Council offers the following feedback:

#### **1. Consistency with other strategic plans**

The Victorian draft 30 Year Infrastructure Strategy (consultation process recently closed) identified on pg. 43 'candidate renewable energy zones'. Latrobe City Council seeks clarification as to the consistency between this renewable energy zone and that in this Directions Paper, although the boundaries aren't detailed the shape and location of the zone seem slightly different, which causes confusion for the community. Consistency in documentation would be appreciated in clarifying the location of the zone.



2. Relationship to planning schemes

Further detail as to how the state government intends to include the Renewable Energy Zones into local planning schemes would also be appreciated. Are the Renewable Energy Zones meant to be a land use planning zone with particular provisions for projects in these areas? Further clarification on this would be appreciated.

3. Leveraging of existing transmission infrastructure

The Victorian draft 30 Year Infrastructure Strategy states that;

*“Victoria’s electricity transmission infrastructure has historically been configured to carry power from the Latrobe Valley power stations to places with high energy use, like Melbourne.....*

*In some areas, weak transmission networks cannot currently carry large amounts of electricity and renewable energy generators are already having trouble exporting their electricity”.*

Latrobe City has significant energy production and distribution industries and infrastructure, including an electricity grid with connections to Tasmania, South Australia and New South Wales. These assets provide Latrobe City with significant opportunities to attract alternative and new energy technology investments, leveraging not only existing infrastructure but the extensive skill base and engineering capabilities of this region. This places Latrobe City at an advantage as an ideal location to generate and transmit large-scale renewable energy, supported by its abundant natural resources.

Governments at all levels can capitalise on existing transmission infrastructure by working with local communities on the siting of suitable renewable energy projects in Latrobe City subject to appropriate siting and social licence.

Despite this significant existing and proven infrastructure, the Directions Paper identifies only one project for Gippsland, which connects projects further west of the Latrobe City municipality into the existing infrastructure network. This project is identified as part of the Stage 2 projects.

Therefore, the Directions Paper indicates a failure to capitalise on the existing grid network of the Latrobe Valley and the skilled workforce that currently exists here? It also fails to encourage suitable renewable projects and battery storage projects in the Latrobe City municipality and is enough being done to inform, consult and involve the community so that social licence is achieved.



#### 4. Transition Planning

Recently the Latrobe City community were advised of the intention of Energy Australia to close Yallourn Power Station in 2028. This closure timeline is earlier than previously communicated and will be the second major energy sector employer to close within a decade, with significant job losses and flow on economic impacts.

Unfortunately, this announcement was made in the absence of any state government Transition Plan for the Latrobe Valley.

##### Recommendation

Latrobe City Council recommends that the Gippsland project that is earmarked under stage two is brought forward under stage one.

Considering that our region has suffered heavily with the closing of Hazelwood Power Station, Drought, Bushfires and COVID -19, there is considerable uncertainty around the future employment for our highly skilled workforce.

We do not want to be in a position, that we see an exodus of this skilled labour force to the detriment of Latrobe City and the state of Victoria. The Gippsland Zone has the strongest network of all the zones but has the most to lose if we wait too long. Furthermore, by bringing the Gippsland project forward to stage one will provide the Gippsland REZ with access to wind developments that provide diversity to the Western Victoria and South West Victoria REZs and encourage further renewable investment pipeline.

This would also send a clear message to the community that action is being undertaken now to ensure there is a certain future for our community by not only upgrading our lines to ensure future growth for our region but also the flow on effect of the construction jobs that would be welcome and provide an economic injection into our region. A clear signal would sent to Investors that are looking to invest in the renewables sector.

Finally, we know that Australia's shrinking capacity to generate reliable energy, as well as ageing infrastructure has been a major cause of rising energy household power prices.

We note the risks listed for the Gippsland project but feel that they can be overcome with proper consultation and co-design with the community. Another reason why the commencement of this project should not be delayed until stage 2. Capitalising on the strong network of the Latrobe Valley can be done if the government is prepared to work alongside the local community.





#### RESPONSE TO Part 4 REZ Governance & Funding

It is Latrobe City Council's understanding from the Directions Paper that as part of the 2020-21 Budget, the Victorian Government announced two major new initiatives that will deliver faster and better coordinated development of REZs. These two measures are:

- The creation of a REZ development body responsible for actively delivering Victorian REZs (VicGrid); and
- The \$540 million REZ Fund, to invest in REZ network infrastructure solutions.

#### **Establishing VicGrid**

The Directions Paper outlines that the Victorian Government will establish VicGrid in mid-2021, tasked with the overarching planning and development of Victorian REZs. VicGrid will actively engage with regional communities to ensure appropriate and beneficial development in each REZ.

The Government is currently considering the precise form, functions and powers of VicGrid, and will look to other jurisdictions in Australia and internationally for key insights and learnings.

The Government is seeking further feedback through this consultation process on options for VicGrid to effectively achieve its objectives, including consideration of VicGrid's role in the Victorian Transmission Planning Framework.



Council welcomes the opportunity to be part of this consultation process so that local communities can help co-design the energy future of their economies and that of the state.

The Directions Paper summarises that the role and powers of VicGrid could include:

- Broadly planning, developing and delivering timely and coordinated transmission, generation, storage and network firming projects in REZ areas;
- Facilitating delivery of renewable energy projects in REZ areas;
- Leading community engagement and benefit sharing from REZ development;
- Supporting state and regional economic development opportunities through REZ development;
- Identifying and applying appropriate procurement, cost recovery and co-funding approaches; and
- Financial support for REZ development projects.

VicGrid will build on the Victorian Government's existing leadership to address barriers to the timely delivery of transmission network hosting capacity and REZ development in Victoria. VicGrid will seek to leverage and complement initiatives such as the Energy Security Board's REZ framework and the proposed 'efficient management of system strength' rule change currently being assessed by the Australian Energy Market Commission to enable timely and efficient development of Victoria's REZs.

#### Recommendation

We support that establishment of a body that is focused on the delivery of the REZ such as VicGrid. It is not clear from the Directions Paper whether VicGrid would be a statutory body or not?

We would however recommend the following to be part of VicGrid's mandate-

1. Ensure that this new body adds value and not another layer of red tape to any approval process. To minimise this occurring Latrobe City recommends VicGrid set up advisory committees or community consultative committees. In Gippsland this would consist of representatives of Local Government; relevant government authorities and Traditional Owners, to ensure local concerns and opportunities are catered for and will provide a level of comfort that the body is considering local issues not a one size fits all scenario.





2. We would also recommend in addition to business engagement that extensive community consultation takes place to ensure communities are made aware of the plans and the opportunities. This will ensure that rural communities are heard and the community is kept well informed.
3. There is also another great opportunity for local procurement and we would recommend working with local government and organisations such as Industry Capability Network (ICN) and others in ensuring that local businesses are utilised in the development of the Gippsland REZ. We would also recommend including both TAFE Gippsland and Federation University in your discussions especially for the future development of ongoing training.
4. Latrobe City Council welcomes the State Governments commitment to the REZ Plan with the establishment of a \$540 million REZ Fund, to invest in REZ network infrastructure solutions with the following caveat that local procurement weighting is called for in any tender process and that clear value for money is provided to meet the REZ objectives and not just providing general upgrades to the energy providers.

We do fear however with the need to start some stage 2 projects like the Gippsland project sooner, a larger budget will be needed.

ENDS