

25 August 2024

Hon. Lily D'Ambrosio MP  
Minister for Energy & Resources  
Victorian Government  
Lodged online via the [submission portal](#)

Dear Minister,

**Response to Victorian Government's consultation paper on the Victorian Transmission Plan Draft Guidelines**

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback on the Victorian Government's consultation paper on the Victorian Transmission Plan (VTP) Draft Guidelines published in July 2024.

CEIG represents domestic and global renewable energy developers and investors, with more than 16GW of installed renewable energy capacity across more than 76 power stations and a combined portfolio value of around \$38 billion. CEIG members' project pipeline is estimated to be more than 46GW across Australia. CEIG strongly advocates for an efficient transition to a clean energy future on behalf of the investors who will provide the low-cost capital required for this transition.

**Key Points**

- CEIG appreciates the adaptable nature of the Guidelines, which will **reflect the evolving needs and demands of the energy transition for ensuring a timely and smooth transition away from coal-fired generation towards renewable energy.**
- **CEIG acknowledges Victoria's unique challenges as a densely populated state,** making the declaration of REZs more complex, and therefore commends the careful

and thorough approach being taken in this important endeavour.

- **CEIG is concerned about the lengthy timeline for developing these Guidelines along with delays in subsequent processes**, such as assessment processes, planning and construction. CEIG seeks assurance on how related processes will be made more efficient to avoid potential future delays.
- **CEIG urges Victoria to expedite the development of REZs and transmission investment** to avoid the risk of losing investment to neighbouring jurisdictions with active clean energy programs.
- **CEIG advises to consider a more frequent VTP update cycle**, such as every two years, to ensure the VTP remains relevant and responsive to significant market changes and emerging trends.
- **The Draft Guidelines lack details on VicGrid's procurement process for transmission infrastructure**, including the requirements for developer commitments, and whether VicGrid or generators will be responsible for planning and procuring the necessary infrastructure.
- **CEIG recommends collaborating with the AEMO to ensure that the VTP and ISP are broadly aligned.**
- While CEIG acknowledges the value of detailed maps for identifying optimal areas for renewable energy and transmission development, **CEIG cautions against introducing these maps too early in the consultation process.**
- CEIG understands that VicGrid will primarily use energy market modelling to assess and determine the study areas but **seeks clarity on how the survey of generator and develop interests will be integrated into this process.**
- **CEIG requests further clarification on the justification for Victorian Planning Provisions' wind exclusion areas** and urges the Victorian Government to review these extremely restrictive zones, which were established in 2012.

## GENERAL COMMENTS

CEIG commends the Victorian Government for its commitment to providing guidelines that ensure an affordable, reliable, safe and secure transition to net zero emissions while enhancing community understanding and acceptance, and stimulating industry investment.

CEIG appreciates the adaptable nature of the Guidelines, which will reflect the evolving needs and demands of the energy transition. This flexibility is essential for ensuring a timely and smooth transition away from coal-fired generation towards renewable energy.

CEIG and its members participated in a private briefing on the VTP Draft Guidelines. We commend VicGrid for tackling the complex task of developing Victorian transmission network infrastructure and for its clear emphasis on stakeholder communication and incorporating industry feedback.

CEIG acknowledges the unique challenges Victoria faces as a densely populated state, making the declaration of Renewable Energy Zones (REZs) more complex. CEIG therefore commends the careful and thorough approach Victoria is taking in this important endeavour.

**Timeline and potential delays**

CEIG acknowledges VicGrid's extensive work in developing the VTP Draft Guidelines. However, CEIG notes that the process has been relatively delayed thus far. To avoid further delays, it is crucial to establish more efficient timelines moving forward.

CEIG is concerned that even once the VTP is finalised, there remains a high potential for delays in subsequent processes, such as assessment, planning and construction. Therefore, CEIG seeks assurance on how related processes will be made more efficient to avoid potential future delays.

CEIG urges Victoria to expedite the development of REZs and transmission investment. Otherwise, there is a risk that Victoria could lose investment to neighbouring jurisdictions with active clean energy programs such as NSW, Tasmania and South Australia<sup>1</sup>.

In addition, a four-year cycle for updating the VTP may be too long, given the dynamic nature of the Australian energy markets and uncertainties regarding electricity demand, the role of gas, and the timing of coal-fired generation plant closures. CEIG notes that Australian Energy Market Operator's (AEMO) Integrated System Plan (ISP) is updated every two years.

There is a risk that the VTP could become quickly outdated if major market changes occur, such as delays to interconnector projects, earlier coal-fired generation plant closure, or shifts in government policy. CEIG advises to consider a more frequent update cycle, such as every two years, to ensure the VTP remains relevant and responsive to significant market changes and emerging trends.

**Procurement of transmission infrastructure**

CEIG notes that the Draft Guidelines do not include details on how VicGrid plans to procure the necessary transmission network infrastructure. Additionally, there is a risk of relying solely on energy market modelling to determine major transmission network infrastructure projects. More detailed information is needed on how VicGrid will identify potential generation and storage projects and evaluate their credibility and timing.

The Draft Guidelines also do not specify the minimum level of commitment, if any, that VicGrid will require from developers of generation and storage projects before committing to procure the necessary transmission network infrastructure.

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<sup>1</sup> CEIG (Aug-22) [Response to Victorian Transmission Investment Framework: Preliminary Design Consultation Paper](#)

Furthermore, clarity is needed on whether VicGrid will plan and procure the necessary transmission network infrastructure to the identified candidate areas or if the responsibility will fall on generators to develop the connection assets required for their projects to these areas.

**Potential misalignment with ISP**

CEIG recognises that the VTP Guidelines will somewhat mirror the AEMO's ISP approach. We also note that the sequencing of the ISPs and future VTPs allows for mutual informing and coordination between the two.

However, we note that the REZs declared by the Victorian Minister for Energy following the final 2025 VTP will be more refined areas and will differ from the six REZs identified in the ISP in Victoria.

The ISP has been a longstanding resource that investors rely on for planning their investments. As the VTP modelling is conducted, it is crucial to closely align with the ISP. It is important to also address what will occur if there are significant discrepancies between the VTP and ISP outcomes and how these differences will be reconciled. CEIG recommends collaborating with AEMO to ensure that the VTP and ISP are broadly aligned, thus creating a more robust Victoria-based scenario.

**RENEWABLE ENERGY ZONE STUDY AREA**

While CEIG acknowledges the value of detailed maps for identifying optimal areas for renewable energy and transmission development, CEIG cautions against introducing these maps too early in the consultation process. This approach can be counterproductive, as seen recently with the draft NSW Energy Policy Framework.

While CEIG recognises that the VTP Draft Guidelines state the study area does not recommend specific projects or locations, there remains a risk in identifying regions of interest for future renewable energy developments before fully considering feedback from the community and the energy industry.

CEIG understands that VicGrid will primarily rely on energy market modelling to assess and determine the study areas. However, clarity is needed on how the survey of generator and developer interests will be considered and integrated into the study area.

Additionally, CEIG understands that the Victorian Planning Provisions introduced specific prohibitions on permits for developing wind energy facilities in certain circumstance and locations in 2012, and that solar facilities are not subject to these same prohibitions.

CEIG requests further clarification on the justification for these wind exclusion areas and urges the Victorian Government to review these zones, which were established 12 years ago when the Coalition state government introduced extremely restrictive wind farm siting regulations. Their extensive size could potentially eliminate vast areas for wind energy

development. Without reviewing these areas, there is a risk of perpetuating their existence if they are incorporated into the VTP Guidelines.

CEIG thanks the Victorian Government for the opportunity to provide feedback on its Victorian Transmission Plan Draft Guidelines and looks forward to continued engagement on those issues. Our Acting Policy Director can be contacted at [daniel.zelcer@ceig.org.au](mailto:daniel.zelcer@ceig.org.au) if you would like to further discuss any elements of this submission.

Yours sincerely,



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