50 Camberwell Road Hawthorn East VIC 3123

26 June 2026

Hon. Lily D'Ambrosio MP
Minister for Energy and Resources

Lodged online via the Engage Victoria submission form:
engage.vic.gov.au/project/2027-victorian-transmission-plan

Dear Minister,

Response to the Draft 2026 Victorian Transmission Plan Guidelines

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback on the Draft 2026 Victorian Transmission Plan Guidelines (the Draft 2026 Guidelines). The Guidelines set the methodology VicGrid will use to prepare the 2027 Victorian Transmission Plan (VTP) – Victoria's second VTP and the first to adopt a 25-year planning horizon. As the methodology directly shapes the investment signals that flow from the 2027 VTP, getting the Guidelines right is of central importance to the investors CEIG represents.

CEIG represents domestic and global renewable energy developers and investors, with approximately 18GW of renewable energy capacity in the NEM across 139 power stations and a combined portfolio value of more than $41 billion. CEIG members' project pipeline is estimated to be more than 150GW 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.

General comments

CEIG commends the Victorian Government and VicGrid for utilising a methodology-led approach to transmission planning that the Victorian Transmission Investment Framework (VTIF) has established. The move to a quadrennial VTP with a 25-year planning horizon is a significant and welcome step. A 25-year outlook better aligns the planning horizon with the long-term investment timelines of institutional investors and their lenders, and creates the analytical space to model full coal retirement, electrification of transport and industry, data-centre demand growth, and emerging green hydrogen and export industries versus a 15-year outlook.

CEIG's submission focuses on strengthening the methodology so that the 2027 VTP delivers the clearest possible investment signals while preserving the flexibility the transition requires. CEIG also continues to recommend that VicGrid consider a biennial VTP update cycle to keep the plan responsive to rapidly evolving market dynamics,

technology trends, and policy settings between the four-yearly statutory cycles. This is especially important for reducing the risk of under-investment that would delay delivery of much needed infrastructure and thus risk both security of supply and Victoria's legislated emissions and renewable power targets.

Key Recommendations

CEIG's key recommendations for VicGrid will support achieving Victoria's mandated targets through optimal and efficient investment and sharing the benefits of the energy transition among all stakeholders.

- Strengthen scenario design for the 25-year horizon, including genuine 'low' and 'no significant offshore wind' cases and a scenario governance framework with clear triggers reviewed at least in time for the next VTP update.
- Set REZ hosting-capacity limits on the basis of actual network hosting capacity rather than the minimum needed to meet targets,
- Avoid imposing early technology-specific caps.
- Adopt and publish transparent criteria for designating first-10-year REZ transmission areas of interest, with clear pathways for projects at REZ margins so that designation does not create de facto exclusion zones.
- Establish a clear, transparent criteria-based methodology for assessing non-network solutions, with quantified recognition of the network benefits that storage and demand-side options provide.
- Ensure the VTP generation forecasts used in the Grid Impact Assessment (GIA) curtailment tests are transparent, regularly updated, and do not strand projects through over-stated assumed generation.
- Align storage modelling with legislated targets and explicitly model longer-duration storage.
- Confirm contestability and procurement pathways for each transmission program and avoid stranded offshore capacity.
- Provide clear guidance on which access rules apply to projects in development during the extended transition to July 2027.

1. Scenario design for the 25-year planning horizon

CEIG supports the scenario-based approach the Guidelines retain, and considers robust scenario design an important methodological issue for the 2027 VTP. Extending the outlook to 25 years substantially raises the demands on scenario design: assumptions must accommodate full coal retirement, deep electrification, data-centre load growth, and potential green hydrogen and export industries. The Guidelines should require scenarios that are genuinely 'plausible and high-impact' across this longer horizon, and should incorporate the updated demand, gas-price and technology assumptions expected from AEMO's 2026 Integrated System Plan.

CEIG's most significant concern remains the treatment of offshore wind risk. Scenarios that model only a one-year delay in offshore wind delivery are insufficient for investor risk assessment, given development timelines of five to ten years and the possibility that legislated targets could be varied by a future government. The Guidelines should require VicGrid to model a spectrum of offshore wind outcomes, including a genuine 'no significant offshore wind' case, and to set out how onshore generation and storage would contribute under each.

CEIG reiterates its strong support for the higher-demand, green-industrialisation pathway (Scenario 2 in the 2025 VTP) and recommends the 25-year outlook expand this to capture data centres, industrial electrification, and green hydrogen. Such pathways, though, require careful consideration of the risk of delayed delivery of offshore wind and under investment if the settings for REZs and the GIA excessively restrict the ability of landholders and proponents to respond to increasing demand for clean energy.

These uncertainties reveal the value of ensuring the Guidelines establish a scenario governance framework – with clear thresholds and triggers that would prompt a shift between pathways as real-world trends evolve – that explains how changes to scenario alignment will influence project prioritisation and access arrangements in future VTPs.

2. REZ hosting capacity limits and methodology

VicGrid should carefully consider the risk of under investment as it develops the 2027 VTP. The Act requires the 2027 VTP to include limits for renewable energy zones, and these limits will flow directly into REZ Access Schemes under the Victorian Access Regime, setting the investment envelope for each REZ. How these limits are determined is therefore pivotal for future investment in clean energy in Victoria. CEIG strongly recommends that the Guidelines direct VicGrid to set REZ limits on the basis of actual network hosting capacity rather than the minimum generation needed to meet renewable energy targets. Sizing REZs to the minimum risks repeating the constraints of the first VTP and forecloses the headroom needed to accommodate beyond-minimum demand growth from green industry, advanced manufacturing, data centres, and rapid electrification.

Consistent with CEIG's prior submissions, the Guidelines should also:

1. avoid imposing technology-specific caps at this early stage using broad assumptions – the market, with access to current project economics, is better placed to determine the optimal technology mix and avoid under investment;
2. preserve flexibility in the technology mix within REZs, particularly between solar and wind and for hybrid projects; and
3. support expandable geographic footprints with clear pathways for future expansion and inter-REZ capacity flexibility, particularly for the North West and South West REZs.

CEIG further encourages VicGrid to publish, in the Guidelines, a clear and transparent methodology for how REZ capacity limits are derived, so investors can assess project viability before the 2027 VTP is finalised.

3. First-10-year REZ transmission areas of interest

The Act now expressly requires the 2027 VTP to identify 'areas of interest for renewable energy zone transmission projects to be developed in the first 10 years.' This new requirement carries direct investment-signal implications. The criteria VicGrid uses to designate these areas – and the pathways available to projects outside them – will be critical for investors in REZ-adjacent locations. CEIG recommends the Guidelines commit to transparent, objective designation criteria, published with the supporting methodology (expected in Appendices A and B), and made available early enough to inform investment decisions.

Importantly, designation of the first set of 10-year areas should not operate as a de facto exclusion zone for projects elsewhere. The Guidelines should set out clear pathways for projects at REZ margins and for well-developed projects outside designated areas, so that the prioritisation of near-term transmission does not inadvertently strand otherwise viable investment.

4. Non-network solutions

CEIG welcomes the new statutory requirement for the 2027 VTP to consider non-network solutions. This recognises that transmission investment is not always the most efficient response and that battery energy storage systems (BESS), demand response and virtual power plants may defer or replace network investment. The methodology for comparing non-network against network options will shape the Optimal Development Pathway and determine whether transmission programs are accelerated, deferred or scaled back, so it must be clearly specified.

CEIG recommends the Guidelines establish clear, transparent criteria for assessing non-network solutions as genuine alternatives within the ODP, with quantified recognition of the network benefits they provide – including congestion reduction, curtailment reduction and firming. In particular, standalone BESS projects outside REZs should be able to demonstrate non-network-solution value, and CEIG recommends a clear process that allows storage developers to make this case and receive recognition for the network benefits delivered.

5. Grid Impact Assessment and VTP modelling interaction

The VTP's modelled generation assumptions flow directly into GIA curtailment calculations, making the Guidelines methodology consequential even for projects outside declared REZs. CEIG recommends the Guidelines ensure that the generation forecasts used in curtailment tests are transparent, regularly updated, and do not strand projects through over-stated assumed generation. Like the GIA criteria, this must be objective, replicable and available early enough in the development cycle to inform investment decisions – not only assessable after years of capital expenditure.

Consistent with CEIG's February and November 2025 submissions, CEIG continues to recommend that an acceptable curtailment threshold (in the order of 4.0–4.5%) be established and publicly stated, that 'excessive curtailment' be precisely defined, and that VicGrid collaborate with developers and network service providers on common, agreed modelling tools and proponent self-assessment data packs. A clear framework for concurrent GIA applications is also essential to avoid unworkable uncertainty, and standalone BESS projects require a distinct, clearly specified assessment pathway.

6. Energy storage: targets and modelling

Storage is fundamental to integrating high shares of variable renewable generation, and the 2027 VTP modelling should reflect this. CEIG recommends the Guidelines require storage modelling to align with Victoria's legislated targets (2.6 GW by 2030 and 6.3 GW by 2035) and to explicitly model longer-duration storage of six or more hours, rather than defaulting to two-hour BESS. The methodology should also recognise that BESS with flexible operational profiles can reduce congestion on the existing transmission network, enabling greater renewable generation even before new transmission assets are completed.

7. Transmission delivery and VTIF reform

CEIG supports in principle the seven priority transmission programs and VicGrid's preference for incremental upgrades and reinforcement of existing corridors, which reduce cost, accelerate delivery and minimise landholder and community impact. As VicGrid takes on expanded network planning and delivery functions, members need confidence in its capacity to deliver at the pace the transition requires. CEIG recommends the Guidelines and the 2027 VTP provide clarity on which of the seven priority programs will follow contestable versus non-contestable procurement, and ensure transparency and contestability in the procurement model.

To make efficient use of transmission and land, CEIG again recommends that onshore projects be able to utilise transmission capacity initially designated for offshore REZs, so that capacity is not stranded if offshore wind delivery is delayed. CEIG encourages continued engagement with industry — particularly the investors underwriting projects — on how VicGrid will exercise its delivery and implementation responsibilities.

8. Community engagement, social value and the REZ Community Benefits Plan

CEIG notes the release of the final Community Engagement and Social Value (CESV) Guidelines on 15 June 2026 and welcomes their more substantive treatment of procedural requirements and Traditional Owner engagement, the explicit commitment to a three-year review cycle, the proportionality language relevant to smaller-footprint projects such as standalone BESS, and the clarification that project-level benefits are separate from and additional to the legislated REZ Community Energy Fund and Traditional Owners Fund.

CEIG's core commercial concern — how the size of community benefit obligations is determined — has been deferred to the forthcoming REZ Community Benefits Plan. CEIG continues to advocate that community benefit contributions be calculated on a

transparent, consistent basis (CEIG's position being a per-MWh-generated approach) to avoid regional disparities and unintended investor disincentives, and will pursue this in the REZ Community Benefits Plan process. CEIG also recommends that BESS proportionality be clearly operationalised in the forthcoming VAR Access and Connections Handbook, and reiterates its call for a consolidated mapping of the applicable policies and standards – a single source of truth – to reduce compliance complexity for proponents.

9. Onshore Wind capacity factor assumptions

Wind capacity-factor assumptions have a disproportionate influence on REZ sizing, and CEIG considers the assumptions used to date to have been too conservative. CEIG recommends the Guidelines adopt realistic, well-evidenced capacity factors – particularly for the Wimmera Southern Mallee, North West and South West areas – and establish a mechanism for proponents to submit on-site measurement data to inform these assumptions. More accurate capacity factors will improve both REZ sizing and the credibility of the scenarios that depend on them.

10. Access regime delay – clarity for projects in the pipeline

CEIG notes the Victorian Government's announcement that commencement of the new access regime will be delayed until July 2027. While the extended transitional period provides some relief for projects currently in development, the delay also creates additional uncertainty about which rules apply to projects at different stages of development between now and July 2027. CEIG recommends the Government and VicGrid provide clear, early guidance on the applicable regime for projects in the pipeline during this extended transition.

The delay does not resolve CEIG's underlying concerns. Grandfathering provisions for projects begun before the Victorian Access Regime was announced remain essential, and the originally proposed grace period remains inadequate even with the extension. The binary nature of GIA approval – success or failure after years of development expenditure – remains the primary investor concern, and eligibility criteria must be objective and consistently applied whenever the regime commences. Clear pathways under the regime for altering an existing generating system (including adding BESS to existing plant) are also needed, recognising brownfield status. Addressing these issues is important to managing the sovereign-risk perceptions that affect the cost and availability of capital for Victoria's transition.

CEIG thanks the Victorian Government and VicGrid for the opportunity to provide feedback on the Draft 2026 Victorian Transmission Plan Guidelines and looks forward to continued engagement as the methodology is finalised ahead of the 2027 VTP. Our Head of Policy and Advocacy can be contacted at nicholas.aberle@ceig.org.au if you would like to discuss any element of this submission.

Yours sincerely,

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