



Star of the South

Submission: Victorian Renewable Energy Zones Development Plan Directions Paper 2021

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Submitted via email to: REZDevelopment@delwp.vic.gov.au

About Star of the South

Star of the South is Australia's first proposed offshore wind project off the south coast of Gippsland in Victoria. We are a private company comprised of Australian founders and Copenhagen Infrastructure Partners (CIP), who are a global leader in offshore wind.

Offshore wind is one of the fastest-growing renewable energy technologies globally, helping to transition energy systems to a consistent and reliable form of renewable power while creating jobs and economic investment in regional coastal towns around the world.

We have made strong progress on our feasibility project since receiving a Commonwealth Government licence to test the conditions out at sea – we are actively monitoring wind and wave conditions, have commenced formal planning and environmental assessment processes and undertaken extensive community and stakeholder engagement to inform our approach to date.

We welcome the opportunity to provide feedback and share our knowledge to inform aspects of the Victorian Renewable Energy Zones (REZ) Development Plan. We have focussed our feedback on the proposed Gippsland REZ, noting our experience over several years understanding the issues and opportunities associated with progressing renewable energy developments in Gippsland.

REZ Development Plan (RDP)

We support the development of the RDP to assist in Victoria's renewable energy transition. Australia's National Electricity Market (NEM) is undergoing rapid transformation and change amongst a backdrop of uncertain policy conditions over several years.

New investment in power generation projects, storage and supporting infrastructure is needed to offset the loss of existing generators, with 20GW of coal-fired generation forecast to exit the NEM over the next 20 years. We therefore support and agree with the creation of REZs to meet the Victorian Government's stated objectives to:

- ensure that communities, including Traditional Owners, are engaged in the process
- provide for the orderly, planned development of renewable energy resources
- efficiently and effectively expand the grid and connect new generation
- reduce network congestion and costs.

Gippsland REZ

We support the creation of a Gippsland REZ to help smooth the variability in Victoria's future electricity supply, make use of existing assets in the region and create long-term jobs and economic opportunities for its people.

Gippsland offers one of the strongest connection points in the NEM, with a significant transmission network already designed to transport electricity from the Latrobe Valley into Melbourne and beyond. Despite this, we note that recently completed and proposed renewable energy projects are largely concentrated in the State's west and north, leading to connection challenges and creating a dependence on a largely co-located renewable fleet.

Renewable energy development in Gippsland would help to address some of these issues, leading to a more balanced system using different weather patterns to smooth out intermittency issues associated with a more renewable fleet and to improve energy reliability outcomes.

Proposed Stage 2 project for the Gippsland REZ

The RDP Directions Paper proposes a Stage 2 project for the Gippsland REZ - a new 500kv double circuit overhead line from Loy Yang or Hazelwood to Gippsland. It is currently unclear as to whether the proposed transmission line would travel east as shown in the diagram in the supporting appendix to the Directions Paper, or if it would travel south as described under the environmental risks to delivery.

We would welcome further clarity on the proposed location of this Stage 2 project for the Gippsland REZ to understand any potential conflicts or synergies with Star of the South's proposed transmission route (see Figure 1).

This transmission route was selected following several years of site investigations and using an evidence-based Multi-Criteria Analysis to balance environmental, stakeholder, technical and commercial considerations. We would be pleased to provide further details on these investigations and community and stakeholder feedback collected as part of the decision-making process for our selected transmission route.

Community and stakeholder engagement and sentiment

We have undertaken extensive community and stakeholder engagement in the Gippsland region, including direct landholder engagement to discuss transmission route options, hundreds of local conversations and nearly 3,000 recorded stakeholder interactions in our consultation manager database.

We believe in involving Traditional Owners, local communities and stakeholders early in a project's development to ensure that it is better accepted and developed in line with community expectations and needs.

Independent market research conducted throughout Gippsland in May 2020 found that 86 percent of respondents see big investments in renewable energy as part of a positive future for the region, with 81 percent agreeing that new jobs in the energy sector are urgently required.

Despite strong support for renewable energy projects, concerns remain about direct impacts for surrounding landholders and local communities. We have heard clear feedback from landholders and local communities in Gippsland that overhead powerlines are not supported and would face significant local opposition. This is the primary reason we have committed to underground cables.

The Directions Paper notes the proposed Stage 2 project for Gippsland as a high-risk development. We agree with this assessment based on the feedback we have collected over several years and precedent case studies such as Basslink, the Victorian Desalination Plant’s cable and a recent decision by the Marinus Link to prioritise underground cables for its transmission in Gippsland.

We would be pleased to share our knowledge and input on community matters with the Victorian Government, including feedback received to date and preferred consultation methods.

Figure 1: Star of the South transmission corridor



Offshore wind in Gippsland

It is important for the Gippsland REZ to allow connections for all technologies available in the region, increasing competition and generation variability while driving down prices for consumers. While the proposed Gippsland REZ unlocks battery, onshore wind, and solar projects, it does not appear to currently consider initiatives or projects that would unlock offshore wind.

Gippsland has a strong offshore wind resource which has the potential to play a critical role in Victoria's energy transition and ambition to reach net-zero emissions by 2050, as well as interim emissions targets, once released, already this decade.

In connection with its 2020-21 Budget the Victorian Government announced it would start assessing transmission infrastructure requirements and consider the regulation and investment settings to support a major offshore wind industry. We understand work has commenced on assessing the benefits of and planning for an offshore wind sector in Victoria.

We encourage the Victorian Government to coordinate the findings of its assessment into Victoria's future offshore wind sector with broader REZ development planning to fast-track investment and attract energy innovation into the State. This is particularly important for the Gippsland REZ, where there is a strong offshore wind resource that could support multiple projects into the future.

Questions:

- *Are there alternative medium-term investments to the above that should be considered in the RDP?*

Star of the South response:

We encourage the Victorian Government to consider how it might attract and coordinate offshore wind developments into Victoria's REZs. This may include medium-term investments into supporting infrastructure such as ports and harbours or transmission connections to integrate offshore wind into the grid.

Establishing VicGrid

Australia's energy transition is complex, with a complete transformation of the system required to meet Victoria's renewable energy, emissions reduction and regional economic development goals. Therefore, we provide in principle support for the development of a single entity with a dedicated focus on Victoria's energy sector transformation.

While we are supportive of the creation of VicGrid, the private sector must maintain a degree of flexibility and control in bringing new investment and projects to the market. Industry engagement will be crucial in identifying opportunities, understanding barriers to investment and capturing innovation to improve outcomes.

Questions:

- *How best should VicGrid engage with local communities, businesses and local governments to ensure appropriate and beneficial REZ development?*
- *Victoria is contributing to national market and regulatory reforms in REZ development and careful consideration will be given to these arrangements. What features are important for consideration in the establishment of VicGrid to support complementarity of these reforms and effective outcomes in Victorian renewable energy development?*

Star of the South response:

We note there is strong interest from local communities and stakeholders in being involved in REZ Development. Early engagement should be prioritised to understand relevant issues and opportunities at a local level so this can be incorporated into decision-making processes (where appropriate).

Many landholders and community members are experiencing 'consultation fatigue' so we encourage VicGrid to tap into existing processes and networks as it forms its community and engagement strategy to learn the lessons of past consultation exercises and ensure any new consultation is fit-for-purpose.

We would welcome the REZ Development Team / VicGrid to make a presentation to the Star of the South Community Advisory Group (CAG) which is independently chaired and includes representation from across the region with a diverse range of interests. More information about the CAG, its members and previous meetings are available on the [Star of the South website](#).

With respect to the important features of VicGrid's operation, we consider there is a need for cooperation and good coordination and communication, to ensure current and future energy challenges can be effectively addressed. We make this comment based on the significant reform being undertaken by various regulatory bodies in the NEM, which presents challenges for industry.

In addition, we are supportive of VicGrid taking an active role in understanding and participating in broader regulatory, approvals and assessment processes with the aim of reducing barriers and complexities for private sector developers. While comprehensive planning and environmental assessment processes are an important and necessary aspect of any major project, blockages can occur, particularly for offshore wind projects which span numerous regulators and legislative frameworks across both State and Commonwealth jurisdictions.

Conclusion

Thank you for this opportunity to make a submission into the RDP. We look forward to following the outcomes of this consultation process and would be pleased to participate in further discussions in support of our submission. For further information, please contact Erin Coldham, Chief Development Officer at ecoldham@starofthesouth.com.au or on (03) 9108 4000.