Victorian Farmers Federation

SUBMISSION

Victorian Transmission Investment Framework Preliminary Design

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Victorian Farmers Federation | ABN: 67 079 980 304 | 24 Collins Street Melbourne
p: 1300 882 833 | f: 03 9207 5500 | e: vff@vff.org.au | w: www.vff.org.au

OUR POSITION

The VFF welcomes the opportunity to reaffirm its position of February 2019 that there is an urgent need for a state-wide strategic plan for renewable energy, including transmission and distribution.

We believe this plan should not be a once in a generation timeframe, each generation making cosmetic changes to the Monash Plan is no longer appropriate. Our energy systems are changing. New technology is providing new opportunities which a plan for the future should be based on.

The Monash Plan for Victoria stems from the 1920s. Our electricity network was based around centralised generation and a transmission and distribution network, elements of which (such as Single Wire Earth Return (SWER) lines) are still present. The network was planned and managed by a government body who was motivated by providing services to the community and economy rather than corporate profit.

Our energy systems are changing. Not only are we using distributed generation, we have a series of private entities overseeing our networks. Areas such as South West Victoria that are now key generators of renewable energy, have farming areas that are still reliant on SWER networks. There is no incentive to companies to improve distribution networks in these areas.

By not considering the need to modernise distribution networks there will be further inequities created for farmers on SWER lines, being unable to sell energy they generate off farm, or be able to benefit for distributed generation around them.

The VFF is concerned that purely planning for transmission without understanding the broader systemic changes will lead to an inefficient and uneconomical system. The issues the VFF seeks to resolve in its 2022 Victorian state election platform and relevant policies are in general accordance with the transmission and Renewable Energy Zones (REZ) issues outlined by the Australian Energy Infrastructure Commissioner's (AEIC) 2021 Annual Report.

Strategic context

The VFF agrees there is a need to plan for renewable energy but believes that renewable energy zones built around 20th century transmission models will not deliver an energy transformation that will see us through the next century.

The consultation document will not achieve the desired outcomes until there is a clearer direction on the strategic land use and development parameters required to establish the selection and performance criteria for this infrastructure.

What is needed as a first step is the creation of a state-wide strategic plan for renewable energy. This needs to look at land use considerations, a vision for what the transmission and distribution network of the coming century looks like and a clear process to get there. This is a key element of our Renewable Energy position since early 2019.

The plan needs to consider Victoria's land use planning system and ensure processes have been designed with human rights considerations central to the process. Victorian Planning Policy seeks to protect

agricultural land use from unplanned losses. It is important that Renewable Energy Zones do not lead to the loss of land from agricultural production.

The VFF would be pleased to work with Government to outline the benefits of preparing such a plan in conjunction with key stakeholders and the wider community.

Recommendation 1

That prior to finalising the Victorian Transmission Investment Framework the government prepares a state-wide strategic plan for renewable energy to guide the process. This plan should include:

- **That new transmission infrastructure will be underground and primarily along linear transport corridors.**
- **That in the long term, all transmission will be underground and primarily along linear transport corridors.**
- **Assessments of strategic agricultural land resources and their identification in the planning policy framework.**
- **Avoidance of renewable energy generation or transmission infrastructure development on strategic agricultural land.**
- **Revision of renewable energy VPP content and guidelines to better outline how proposals will be considered in relation to avoiding impact on agricultural land uses**
- **Energy transmission and distribution models into the next century that ensures all Victorians have access to phased power.**

Missing Viewpoint

The VFF is concerned that the Framework document seems to take a very narrow view of stakeholders and key issues. The primary audience of the framework document is energy companies. In that respect, it is akin to an AEMO document, rather than a holistic Victorian Government view that takes into account the views of the whole community.

Our traditional model of delivering energy was based on government acquired coal reserves and power stations. The model we are transitioning to is a model of generation predominantly occurring on private land zoned for other purposes -predominantly farming.

By having the document talk generally about the needs of the companies generating and transmitting power and community as being the end beneficiary, the process fails to understand that the most impacted landholders and community members are farmers.

Failing to consider commercial consent, land access and impacts on third parties is a key deficiency in the framework which must be addressed.

The consultation document seems to focus more on the generation sector and their access rather than planning for transition to renewable energy that avoids impacts on private land, and where this cannot be avoided ensures fair compensation and land access arrangements, including rehabilitation of land, so that no landholders are worse off. These are also critical issues identified by the Australian Energy Infrastructure Commissioner (AEIC) for resolution.

Commercial Consent vs Compensation

Currently the great majority of renewable energy is generated on farmland where there is commercial consent between the landowner and the generator. That means the land holder can refuse development.

Even then, VFF members understand that not all impacts on farm business are disclosed prior time development is consented to.

The situation is very different in relation to transmission infrastructure across farmland. There is no commercial arrangement with the landholder and the EES process does not consider impacts from the asset on production / individual farm businesses. These costs are not considered in compensation payments.

In economic terms this is a market failure at it means the true costs (externalities) of the infrastructure development are not accounted for, with these costs transferred to the landholders. The VFF is concerned that the framework does not address any landholder land access issues, only access to the grid.

Recommendation 2

That government considers ensuring that there is commercial consent required for land access for transmission.

Where land access is granted on private land used for production of food and fibre the landholder should receive an annual commercial payment to compensate for impacts on farm operations.

If the current compensation model is maintained for land access, a minimum solatium payment of 20 per cent should be paid for all land access to ensure farm businesses are fairly compensated for intangible and unforeseen impacts.

Proponents for energy infrastructure on private land should ensure landholders are paid reasonable costs to understand the impacts of the project on their operations, including legal and technical advice.

Land Access / Private Land considerations for REZ and transmission

The VFF is concerned that at no stage are landholders actively considered in the Framework. Whilst there is discussion regarding community consultation and engagement, the VFF is concerned that those directly impacted by developments are not being actively and directly considered.

Without understanding land access issues, the process cannot deliver an efficient or fair outcome. By not directly considering the impact on landholders the Framework does not address the Australian Government's Principle 7 of Best Practice Regulation.

The process of identifying REZ and transmission parameters also needs a landholder centric view of the following Principle 7 considerations:

- *ensuring that both those affected by regulation, and the actioning agencies, have a good understanding of what the problem is;*
- *providing perspectives and suggestions, on alternative options to address the problem, from those parties that will be affected by the government action;*
- *helping regulators assess competing interests;*
- *providing a check on the regulator's assessment of costs (including compliance costs) and benefits and whether/how the proposed option will work in practice, thus reducing the risk of unintended consequences if a particular option is adopted;*
- *identifying interactions between different types of regulations; and*

- *possibly enhancing voluntary compliance through greater understanding and acceptance of a proposal, thereby reducing reliance on enforcement and sanctions.*[i]

Recommendation3

That Government designs a program for renewable energy infrastructure on private land based on the VFF's Managing Entry to Farm Policy Statement and AEIC 2021 Annual Report recommendations.

Rejection of AEMO Renewable Energy Zones

The VFF is concerned that the AEMO REZ areas are being accepted as the basis for our energy future. AEMO is not a land use planning authority and they cannot take into account broader considerations under their enabling legislation. Most other jurisdictions maintain the corridor selection process so that key considerations such as undergrounding, using existing linear transport routes or avoiding strategic agricultural land can be considered prior to an AEMO Regulatory Investment Test for Transmission (Rit -T) process.

The REZ covering current Western Transmission Network development contains volcanic soils around Ballarat where key vegetable (potatoes) production is based. An assessment based on the area being less than 1% of Victoria's agricultural land does not take into consideration that the soil, climate and water access of this area is not available elsewhere and is ideal for horticultural production that supports local processing jobs at McCain's and Mars.

Similarly, the REZs are applied to highly productive land in South Gippsland and the Shepparton Irrigation District where there is a significant concentration of food manufacturing industries that depend on locally grown product.

These are issues that DELWP's Strategic Agricultural Land / Green Wedges and Agricultural Land project sighted as elements needed to protect land from non-agricultural uses[ii]. It is essential that these issues are considered in a higher order strategic document which are then considered in detailed planning for renewable energy facilities and transmission infrastructure.

The VFF lobbied to have irrigation districts identified in the Victoria Planning Provisions. While irrigation districts have had significant investment for a 50-to-100-year framework, individual farmers have made similar private investments in areas with reliable river or groundwater supply. VFF calls on renewable energy zones build on the Solar Energy Guidelines and provide clear guidance to avoid land use conflict / loss of agricultural land on any irrigated land holding.

The Ausnet transmission process has highlighted the need for regulators and decision makers to have information about agricultural land and the differing impacts their proposals may have on the use of the land.

Recommendation 4

The VFF believes that the issues outlined in our Renewable Energy and Managing Entry to Farms Policy Statements will assist in identifying the processes that must be addressed to ensure that the regulatory and operational frameworks are fit for purpose and properly consider property rights and the regulatory principle of public benefit at public cost.

This should be supported by implementing VFFs recommendations to recognise the importance of agriculture to the Victorian economy into the Planning Policy Framework and ensuring that planning and environmental approvals properly consider the impact of proposal on individual farm businesses.

Omissions leading to poorly targeted regulation

The Productivity Commission Report *Regulation of Australian Agriculture* highlights some of the issues that poorly targeted and considered regulation can have on agriculture. This included finding many examples of:

- *regulatory impact assessments (RIAs) that failed to rigorously assess the costs or benefits of regulations*
- *RIA processes that did not adequately consider alternative options*
- *regulations that were put in place despite a finding that the regulation would impose a net cost on the community*
- *RIA processes that appear to have been disproportionally influenced by particular stakeholders.*[iii]

The VFF believes that unless the consideration of the role of private land in the transformation of our energy system is central to the transmission Framework, then the current regulatory failures will be repeated and increased as the program is implemented leading to loss of social license and budget overruns.

Recommendation 5

That the Government, in consultation with landholders, undertakes a review of:

- **the land access requirements of the Electrical Industries Act to require minimum standards for land access; compensation (commercial consent); rehabilitation and decommissioning;**
- **the appropriateness of the compensation methodology within the Land Acquisition and Compensation Act to farm businesses;**
- **the appropriateness of using desktop land use studies for considering impacts on farm businesses under the Environment Effects Act**
- **the ability of the Victoria Planning Provisions to ensure renewable energy projects on farming land are designed to minimise impacts on production of food and fibre.**

Missed opportunities

Distribution

The Framework fails to identify how areas still reliant on SWER lines will be identified and works undertaken to ensure all Victorians have access to phased power. A once in a generation reform should not leave regional Victorians behind, responsible for generating and transporting energy to cities but unable to access the power generated locally.

Landholder status

People who are directly impacted by renewable energy infrastructure should be a recognised stakeholder. While they are an element of the broader community, they have different issues and impacts in relation to generation and transmission of infrastructure and how the development impacts on their property and business.

Consideration of key land uses and agriculture

We are supportive of the concept of a process of looking at social, economic and environmental assets to inform site selection to minimise perverse outcomes. This should take place earlier in the process as it is likely to highlight that the REZs and transmission alignments are in locations where they will have major impacts.

Having these key issues addressed late in the process leads to the potential waste of public funds as projects need to be rerouted or redesigned to avoid impacts identified in the approvals process.

For the last 30 years state planning policy has identified the need to map and protect high quality and productive agricultural land. To date there has been little progress towards achieving this outcome. The VFF is willing to work with DELWP to understand what information could help inform this mapping which is critical to achieving an appropriate outcome. This can include:

- regional growth plan content
- irrigable land – including land with groundwater licenses and within existing irrigation districts
- land capability projects
- climate change versatility projects
- mapping from the former Geological Survey of Victoria and Soil Conservation Authority
- mapping of key commodity production types
- access to markets and processors
- consideration of guidance on potential impacts of infrastructure on commodity operations

Broader benefits of underground alignments

For many years there has been a consistent approach to not only new poles and wires being underground but programs to encourage the undergrounding of existing lines for a range of reasons – fire risk, landscape values, public safety (assets as hazards) and reduction in power outages from damage to lines from weather and impact.

Technology is reducing the cost of undergrounding. Government strategies should look to consider life of asset costs and benefits. Avoiding impact on agricultural production and cultural landscapes that underpin regional economies should not be seen as gold plating.

Precautionary Principle – substations

There is concern regarding the impacts on human health and well being around substations. Current proposals have these substations proposed in close proximity to many dwellings. This infrastructure is industrial in nature and should be located in industrial zoned land.

Supporting HVDC underground transmission along key transport corridors would facilitate transmission infrastructure in industrial zones as a much smaller area would be required. This could be housed in a structure.

Recommendation 6

That the VFF be involved in designing the range of data that needs to be collected and analysed in relation to energy infrastructure on land used for farming.

Consideration of failures in existing regulatory framework

The AEIC has recently released its 2021 Annual Report. We are pleased that their observations relating to transmission projects correspond to many of the concerns expressed by the VFF. These include:

It has been several decades since new, long-distance, large-scale transmission projects have been planned and deployed. Industry (and regulators) will likely have a steep learning curve as well as challenges in regaining and retaining the appropriate skills and expertise, including skills related to community and landholder engagement.

…

There should be careful consideration of design and route implications resulting from technology choices to deliver the project. Emerging and maturing technologies, such as underground cable options and large-scale storage solutions, may have a material impact and benefit in reducing the impact of the overall project on landholders and community.

There is a need for updated contemporary planning processes and guidelines to assist with the design and assessment of projects. Guidelines need to consider a range of parameters – as an example, minimum setback distances for above ground transmission lines and towers from residences, property boundaries, public facilities, state and national parks, airfields and runways, and public roads. Landholder cooperation is a vital element in enabling a smooth process through the various development stages of the project. It is important that sufficient time and funding is dedicated by industry proponents to developing effective working relationships with landholders in the initial stages of project investigation.

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Current compensation arrangements for landholders hosting transmission and related infrastructure may be perceived be inequitable when compared with landholder arrangements for hosting wind farms and solar farms, which could affect the success rate of negotiated agreements for hosting transmission lines and harm the ability to engender good will.

The need for clear and consistent protocols for working with landholders, such as land access protocols that must be followed by proponents when accessing landowner properties for surveys/investigations, the process to negotiate and obtain easements from landholders, through to publishing consistent guidelines that clarify what activities a landholder can and cannot do near or within a transmission line easement.

Other key issues of concern that have been raised community members and landholders include:

- *o effectiveness, or otherwise, of current community/landholder engagement programs, including skills and abilities of landholder liaison personnel o perceived potential for increased bushfire risk and decreased firefighting capability due to the presence of above ground transmission assets*
- *o impacts of the transmission lines to visual amenity and the natural environment*
- *o the potential for new grid and substations to attract prospectors for new solar and wind farm deployments, which may lead to further concentrations of renewable assets*
- *o potential loss of property value, and*
- *o reduction of productive agricultural land and impact on farm and industry economics.*

Recommendation 7

That DELWP organise a meeting with the AIEC and VFF to discuss how the learnings from existing transmission projects could be utilised to ensure the transition to renewable energy is fair, efficient and effective.

Attachments

VFF Managing Entry to Farm Policy

VFF Renewable Energy Policy

2021 Annual Report Australian Energy Infrastructure Commissioner.

VFF 2022 State Election Platform

Endnotes

[i] https://www.pmc.gov.au/ria-mooc/coag/principles-best-practice-regulation

[ii] Final criteria – DEWLP

Proposed criteria

LAND CAPABILITY	
Naturally fertile land with minimal constraints and highly capable for intensive, soil-based agriculture	Land identified as highly capable for intensive, soil-based agriculture, taking into account the following characteristics: • **High quality soil:** soils that are high value due to their year-round and multi-purpose properties. • **Niche soil:** soils that are particularly good for certain crops and support niche industries. • **Suitable terrain and landscapes:** land with minimal slope, rock outcrop, and no presence of coastal acid sulfate soils, salinity or other noxious components. • **Reliable rainfall:** areas with reliable long-term natural rainfall that provides adequate supply for agricultural production. • **Low risk of land degradation:** Land with very low risk of land degradation such as flooding risk, inundation, land slips and erosion hazard.
WATER ACCESS	
Farmland with access to a secure water supply	**Access to irrigation infrastructure:** access to existing irrigation infrastructure that provides a reliable water source for agricultural regions. Green wedge and peri-urban irrigated areas include Werribee and Bacchus March irrigation districts.
	High potential for access to alternative water sources: Areas identified through the Metro Melbourne Integrated Water Management Forums as having potential future alternative water access. These include Bunyip Food Belt, Western Irrigation Network, Coldstream, Whittlesea Community Farm
	Access to good quality groundwater: access to a significant source of good quality groundwater. In green wedge and peri-urban areas Groundwater Management Areas that provide a verified source of groundwater resources include....
RESILIENCE AND ADAPTABILITY	
Land that is resilient to the potential impacts of climate change	**Climate resilience:** Highly versatile agricultural areas suitable for producing a greater range of cropping, horticulture and pasture purposes both currently and under forecast climate scenarios for 2030, 2050 and 2070.
EXISTING LAND USE & INTEGRATION WITH INDUSTRY	
Land that is currently used for intensive agricultural purposes or supports the viability of an agricultural area	**Existing intensive higher-value agricultural land use:** Areas that currently support intensive soil-based agricultural industries including dairy, horticulture, viticulture and general cropping.
	Post-farm-gate processing and value adding: Areas that support industries with critical links including processing plants and major packing houses.
	Industry clusters: areas where industries have successfully clustered to achieve significant efficiencies.
OTHER CONSIDERATIONS - EXCLUSIONS	
Factors that may prevent land from being classified as Strategic Agricultural Land	**Limited size and extent of area:** The size and extent of the area identified as potential Strategic Agricultural Land is a scale and size that is unlikely to support sustainable agricultural production.
	Poor Access: locations that are too remote to existing markets, labour and transport, including airports and logistics facilities.
	Land set aside for other purposes or land use values: Land already allocated for another defined use in planning schemes or set aside for conservation purposes. Only Zones with an agricultural purpose are eligible to be included in SAL (i.e. Farming Zone, Rural Activity Zone, Green Wedge Zone, some Special Use Zones (Cardinia), and the Rural Conservation Zone).

2019

[iii] Productivity Commission *Regulation of Australian Agriculture p14*