

25 June 2024

Mr Alistair Parker
CEO
VicGrid
8 Nicholson Street
EAST MELBOURNE VIC 3002



By email: vicgrid@deeca.vic.gov.au

Dear Mr Parker,

RE: Submission to Draft Renewable Energy Zone Community Benefits Plan May 2024

Thank you for the opportunity to provide feedback on the Victorian Government's draft Renewable Energy Zone Community Benefits Plan. We appreciate the effort put into this document, however, the VFF believes there are critical issues that need to be addressed to ensure it meets the needs of the community effectively.

Firstly, the document is challenging for the community to engage with due to the lack of clear guidance on whether fair compensation for the ongoing impacts of transmission on farm production will be provided. Our observation of existing processes demonstrates that neither the *Land Acquisition and Compensation Act* or Environmental Effects Statement (EES) process considers the direct impact of transmission on individual farm businesses and farm production.

If farmers are not seeing that they will be compensated for all impacts to their business, a community benefit document causes distrust. Farmers recognise that this payment system is not comparable to the current annual payments that are made for renewable energy generation. They know the proposed host payment in this Plan is only one-tenth of the average payment to host renewable energy and is only payable for less than half of the expected life of the asset.

The VFF has long advocated for rural Victoria to be placed on a level playing field in terms of the distribution network to facilitate the transition to or generation of renewable energy. It is disappointing that this is not a primary aim of the community benefit scheme. The draft document appears to focus on regionalising benefits rather than targeting the most impacted communities. This approach overlooks areas which already have substantial renewable energy generation such as the Moyne Shire, which suffer from unreliable and expensive energy due to the current distribution network.

The VFF provides the following responses and recommendations directly to the contents of the draft plan:

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The voice of Victorian farmers and
rural communities since 1979.

Section A – Introduction

Directly impacted parties and their neighbours should be the primary decision-making group for regional benefits, with the focus on network upgrades to their district and projects that will help boost productivity, including research in ensuring all machinery and tools are available for farmers who host or are near renewable energy and transmission.

Local government can play a role in supporting impacted communities to determine their priorities and voice these to government. Local government however should not be the decision maker.

Section B – Introducing the new REZ Community Benefits Plan

The VFF believes the statement that '*LACA is designed to fully compensate landholders for the establishment of easements on their land, including the impact on farming and business operations*' is misleading given current practice. The Land Acquisition and Compensation processes focus on the decrease in land value and the EES and other approvals processes do not identify ongoing impacts on farm production as impacts to be compensated. It is critical that VicGrid ensures the work it is undertaking with the Valuer General is rescoped to adequately encompass the impact of transmission infrastructure on farm production and 'business operations'.

Section C – Designing the REZ Community Benefits Plan with the community

The VFF believes any impacted community located within a REZ should receive a direct dividend through upgrades to their local energy network in exchange for hosting energy infrastructure. Impacted landholders need to be a key part of the decision-making process to ensure that any community benefit projects meet their energy needs rather than supporting projects that benefit communities (such as urban communities) who are not directly impacted by hosting energy infrastructure.

Section D – Community Benefits – landholders

Eligibility – The eligibility criteria needs to be rescoped in relation to licensed riverfronts and unconstructed (paper) roads. There are different lengths of crown licenses, and these areas are integral to farm operations and business output. It should not be assumed that there is any lesser impact on farm operations from infrastructure on these linear reserves.

Payment period - The cessation of payments after 25 years is questioned. If generation and transmission is in operation after 25 years, then there will still be both a strategic benefit being generated and there is likely to still be ongoing operational issues for hosts. If these payments are a representation of a share of the benefit delivered to the end users from the infrastructure that benefit does not cease while the asset is still operating.

Section E – Community Benefits - regional communities

The VFF supports projects that improve energy supply, reliability, efficiency and affordability for businesses, communities and households in directly impacted localities.

The VFF believes supporting energy sector and renewable energy investment needs to be redefined. The primary purpose of this should be to ensure a benefit to the most impacted communities. As these communities are predominantly farming communities there needs to be specific programs identified to support farming communities – for example farm energy audits and infrastructure grants. This may support shed top solar and battery storage to improve on farm resilience to network outages.

There is also a gap in research into the impacts of renewable energy and transmission on farming systems, the VFF believes energy research and development should be focused on documenting issues experienced by hosts and identifying solutions to these challenges.

The VFF does not support community benefit projects being applied to a large region – e.g. the Grampians, unless it is a broad program focused on region wide energy disadvantage.

The VFF is disappointed that the case studies included focus only on benefits to townships. The directly impacted parties would receive no benefit from these types of programs.

The VFF believes that there needs to be criteria or scope of the requirement that a program does not have negative environmental impacts. Net community benefit of the proposal should be the consideration. Transmission projects have impacts on the environment – from concrete footings and soil compaction to removal of vegetation, yet these projects are seen as having a broader environmental and economic outcome. A similar approach is required to ensure funded projects have an environmental and economic improvement for the most impacted landholders.

Eligible organisations. As most of the generation, transmission and storage projects in REZ will be on farmland, the VFF believes the eligible organisation for projects on farmland must have a direct community of interest with the directly impacted landholders. Landholders need confidence that organisations with tenuous links to their land and businesses will not be able to secure funding for projects which may fail to provide the specific benefits required to deal with impacts.

The VFF is concerned that ‘community’ and ‘industry’ is not defined in forming broad community reference groups. Regional Partnership bodies and cross-government reference groups should not be responsible for setting the direction of these payment schemes. If this proceeds there needs to be very clear operational guidelines to ensure the impacted communities’ key issues are prioritised over organisational / government priorities.

Section G – Community Benefits - significantly impacted neighbours

The VFF is concerned that the content of significantly impacted neighbours is primarily limited to visual impacts.

If an easement is on a property boundary, then easement acquisition (compensation) is likely not to consider impacts outside of the easement. Ability to operate planes and drones extends

beyond the easement for transmission and can extend for over a kilometre in relation to tall wind turbines. There is a concern that there is no clear linkage between benefit sharing for neighbours and direct impact on land use operations. While landscape impacts are significant, they are often a secondary impact.

- *Ownership* – a farm should be seen as a sensitive land use in relation to potential of direct impact on land use and business operations.
- *Proximity* – the VFF is concerned an arbitrary number (set distance) does not reflect landscape or operational impacts. There are no distance thresholds for business operation impacts. In relation to landscape topography can impact on visual amenity. It can potentially block a view at a relatively small separation distance (e.g. the powerlines being on the other side of a hill) or create a significant visual obstruction on a long view of a significant feature (eg powerlines obscuring the view of the nine volcanic hills viewed from Clarkes Hil).
- *Visual amenity* – farming land (workplace) should be seen as a sensitive land use in relation to land use (operational) impacts as well as potential visual impacts. While secondary to direct business impact, transmission lines are a visual reminder of the project and its ongoing impacts on industry and community. Mental health and well-being are an impact on healthy and safe workplaces.
- *Efficacy of mitigation measures* – does not address operational impacts such as use of machinery and practices that can extend beyond the easement.

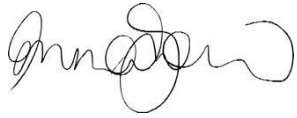
Conclusion

The VFF requests that VicGrid revises the Community Benefits Plan to address the issues outlined. We also recommend that to truly support the most impacted communities and ensure fair compensation, there needs to be information that places the Strategic Benefits Payment in context of the broader compensation and mitigation payment systems.

1. **Clear Guidance on Compensation:** Provide explicit details on how fair compensation for the ongoing impacts of transmission on farm production will be ensured, addressing both land value and individual farm business impacts.
2. **Annual Payments for Production Impacts:** Consider incorporating annual payments to farmers to offset the production impacts, aligning the compensation with the current practices for renewable energy generation access.
3. **Equitable Distribution of Benefits:** Ensure that the community benefit scheme prioritises the most impacted communities, particularly those contributing significantly to the renewable energy transition but facing challenges with the existing distribution network.
4. **Long-term Host Payments:** Reevaluate the host payment structure to be more in line with the lifespan of the asset, ensuring fair and sustained support for host communities.

By addressing these issues, the Community Benefits Plan and the renewable energy transition can better support the needs of the community, ensuring fair compensation and promoting a more equitable transition to renewable energy.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Emma Germano', with a large, stylized flourish at the end.

Emma Germano
President
Victorian Farmers Federation