

Mr Sebastian Roberts
General Manager Transmission and Gas
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001
Email: sebastian.roberts@aer.gov.au

17 February 2021

Dear Mr Roberts,

Re: Western Victoria Transmission Network Project – Local Economic Impact Assessment

Moorabool Shire Council (Council) is earmarked to house approximately 60km of new 500kV transmission lines as part of the proposed Western Victoria Transmission Network Project (WVTNP).

The Regulatory Investment Test for Transmission (RiT-T) was carried out by the Australian Energy Market Operator (AEMO) between 2017-2019. The RiT-T is an economic cost-benefit analysis to assess and rank different investment options. Importantly, its key purpose is to identify the preferred option as the credible option with the highest expected net economic benefit.

During Council's involvement in this process, it has become apparent that the RIT-T does not appear to consider costs or benefits outside the electricity market. In this sense, the RiT-T process selects a preferred option purely on the basis of net direct electricity market benefit and does not take into account any local, indirect or non-market impacts.

Therefore, the true cost of the option assessed cannot be known until a comparison of social, environmental and economic – both market and non-market – has been carried out.

To better understand what costs and benefits may arise from this project, Council commissioned an independent local economic impact assessment. The report is attached for your information.

The report compares the key elements and scope of the RIT-T process with the Victorian Department of Treasury and Finance's (DTF) Cost Benefit Analysis (CBA) guidelines, the key differences between the two approaches are:

- The RIT-T considers electricity market stakeholders only. A CBA requires identification of all stakeholders who will be affected.
- The RIT-T only considers economic effects. A CBA considers economic, social and environmental effects.
- A CBA considers a much broader range of costs and benefits.



A CBA involves a systematic evaluation of the impacts of a regulatory proposal, accounting for all the effects on the community and economy, not just the immediate or direct effects, financial effects or effects on one group.

Given the size and significance of the transmission projects that will path the future of renewable energy, surely there is a need to consider social, environmental and economic aspects from the outset of the options analysis.

Can you please advise whether the options review in the RiT-T will be revisited in light of these significant omissions?

It is important to note that Council does not dispute the importance of this significant renewable energy infrastructure project, and we are supportive of the transition to renewable energy. However, Council insists on achieving long-term sustainable outcomes where the impact to our community and the natural environment is not compromised by the project.

We are calling on all levels of Government to request the project not only review alternative options, but most importantly alternative technologies and construction techniques that would allow for a flexible option that minimises environmental and social impacts.

The long-term impacts of the multiple transmission upgrades that are forecast across the country needs to be considered to ensure a best practice approach is deployed in all cases. It is vital to minimise and plan for common issues that may delay, and in some cases prevent, the much-needed transmission infrastructure.

We thank you for taking the time to consider this report and strongly urge all decision-makers to be world leaders in the transmission sector, set the path for future projects, and make the Western Victoria Transmission Network Project a legacy of which we can all be proud.

If you have any queries please do not hesitate to contact Vanessa Osborn, Major Developments Co-ordinator, Moorabool Shire Council on 5366 7100 or vosborn@moorabool.vic.gov.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Derek Madden', with a stylized flourish at the end.

Derek Madden
Chief Executive Officer