

To: Department of Energy, Environment and Climate Action

1 July 2025

## Draft 2025 Victorian Transmission Plan

We are pleased to provide feedback on the Draft 2025 Victorian Transmission Plan (VTP).

### About Environment Victoria

Environment Victoria is the leading not-for-profit environmental advocacy organisation in Victoria. With 96 grassroots member groups and over 200,000 individual supporters, we've been representing Victorian communities on environmental matters for over 55 years. Through advocacy, education and empowerment, Environment Victoria seeks significant and enduring solutions that will safeguard the environment and future wellbeing of all Victorians.

### Introduction

The VTP is intended as a long-term plan for renewable energy zones (REZ) and transmission to deliver for Victoria's future energy needs. The VTP will be updated in 2027 and then every four years thereafter. It needs to both provide the certainty for infrastructure to be built on time, as well as be sufficiently responsive as needs change and become clearer over time. Equally, it must have the support of affected First Nations, protect nature, and respond to the concerns and priorities of local communities. This is a significant and complex task and the establishment of VicGrid to oversee REZ and transmission planning has been a welcome development.

In 2024, the global surface temperature was 1.52 °C warmer relative to 1850-1900, of which 1.36 °C was human induced, based on best estimates.<sup>1</sup> Greenhouse gas emissions are still increasing globally, although the rate of increase may now be slowing.<sup>2</sup> On this basis there are only around three years of remaining carbon budget before we reach 1.5 °C of human-induced global warming.<sup>3</sup>

Our collective transition away from fossil fuels is an incredibly complex beast. It is unpredictable and constantly changing across multiple scales and dimensions, including the global climate and economy, the power grid stretching from Queensland to South Australia and Tasmania, rules and markets, households and businesses, farms and towns, First Nations, ecosystems and species.

The build-out of renewable energy and transmission, and crucially the closure and cessation of fossil fuel combustion, is by nature a non-linear process full of constant challenges both foreseeable and emergent. There is a need to simplify the transition in order to communicate it, but we also have a tendency to underestimate its complexity and continually kick cans down the road.

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<sup>1</sup> Piers M. Forster et al., 'Indicators of Global Climate Change 2024: Annual Update of Key Indicators of the State of the Climate System and Human Influence', *Earth System Science Data* 17, no. 6 (19 June 2025): 2641–80, <https://doi.org/10.5194/essd-17-2641-2025>.

<sup>2</sup> Forster et al.

<sup>3</sup> Forster et al.

Victoria has made rapid progress in decarbonising its electricity grid and is now 40 percent renewable from practically a standing start only a decade ago.<sup>4</sup> However, every year of the 2020s is critical, including the two years covered by the Draft VTP. The bottom line is that the VTP must facilitate the closure of Yallourn Power Station by 1 July 2028, and Loy Yang A and B in the 2030s.

### **The VTP plots a narrow path forward without accounting for uncertainties**

In order to meet legislated targets, the state needs to jump from 40 percent renewable generation today to 65 percent in 2030. However, only 3 percent of projects in Victoria's pipeline of large renewable energy projects are currently proceeding or likely to proceed.<sup>5</sup> Major transmission projects such as VNI West and the Western Renewables Link (WRL) have suffered serious delays and it has been years since a wind farm was approved in Victoria.

The VTP will make it harder for some onshore wind farms to proceed. Five of the seven REZs have been assigned a hosting capacity of less than 500 MW, which might accommodate two wind farms. This can affect economies of scale or block projects entirely. It is a bad outcome if projects that are ready to build cannot go forward because the VTP does not cater to good projects outside of REZs.

A further concern is that too much reliance has been placed on offshore wind, an industry that is still in its infancy in Victoria. The VTP assumes offshore wind targets will be met on time and works back from there. While it is essential to maximise investor confidence in offshore wind, particularly leading up to the first offshore wind auction, it is worrying that the VTP includes no alternative scenarios that will ensure Loy Yang A and B close on time or earlier if offshore wind is delayed.

### **Delays building out wind, solar and storage risks greater reliance on gas-powered generation**

Victoria's coal power stations are old and unreliable – Yallourn had an unplanned outage rate of 32 percent in 2024.<sup>6</sup> Poor coal power reliability and an insufficient build rate of renewables risks greater reliance on gas-powered generation (GPG), which in turn increases emissions, making it harder for Victoria to meet its legislated climate change and renewable energy targets.

Greater reliance on GPG also risks higher energy prices, driven by international gas prices and export overcommitments by gas exporters.<sup>7</sup> Analysts have estimated that the threatened disruption of liquefied natural gas (LNG) shipments in the Persian Gulf would impact LNG prices at a similar scale to the Russian invasion of Ukraine in 2022<sup>8</sup> when the gas prices coupled with coal outages quadrupled wholesale electricity prices in the NEM.<sup>9</sup>

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<sup>4</sup> Common Capital, 'States of Transition: Renewable Energy Progress across Australian Jurisdictions', June 2025, <https://drive.google.com/file/d/1DX4m6m5LyVfAirLOzlx4rYSAz0Ased93/view>.

<sup>5</sup> Common Capital.

<sup>6</sup> Jordan Ferrari, 'Coal Performance in the NEM: Yallourn Power Station', *Nexa Advisory* (blog), 14 May 2025, <https://nexaadvisory.com.au/coal-performance-in-the-nem-yallourn-power-station/>.

<sup>7</sup> Australian Competition and Consumer Commission, 'Gas Inquiry 2017-2030: Interim Update on East Coast Gas Market' (ACCC, June 2025), <https://www.accc.gov.au/system/files/gas-inquiry-interim-june-2025.pdf>.

<sup>8</sup> Mike Fulwood, 'Closing the Strait of Hormuz: Impact on the Global Gas Market' (The Oxford Institute for Energy Studies, June 2025), <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2025/06/Comment-Closing-the-Strait-of-Hormuz-impact-on-the-Global-Gas-Market.pdf>.

<sup>9</sup> 'Australia Has Opportunities to Protect Itself from Global Energy Price Shocks', accessed 25 June 2025, <https://ieefa.org/resources/australia-has-opportunities-protect-itself-global-energy-price-shocks>.

## **More can be done to build local support and trust for renewable energy and transmission**

It can be difficult to engage non-opponents in public consultation processes. It is useful to note that multiple surveys have found most regional Australians support renewables.<sup>10</sup> Consistent with these survey results, nuclear power was emphatically rejected as an alternative to renewables at the recent federal election. Research has shown that there is no significant opinion divide between Australian urban and regional communities across a range of issues, including climate change and renewable energy, but there is a strong *perception* that there is difference.<sup>11</sup>

However, communities hosting renewable energy infrastructure need to see that energy policy and planning is in their interests. It is difficult for people to trust a profit-driven energy system built on markets and competition, whether or not it delivers the best outcome for energy customers. VicGrid needs to continually build trust in order to cultivate support and fill the empty spaces where disinformation and fearmongering thrive.

Progress could be made by:

- Support for distribution-scale renewable energy and storage projects with community benefits, particularly in areas within REZs with poor energy reliability and telecommunications
- Ongoing investment in building community understanding and support in areas slated to host critical transmission infrastructure including WRL, VNI West and connection points for offshore wind in Gippsland
- Working with the Commonwealth government to fund Local Energy Hubs in Victoria.<sup>12</sup>

## **First Nations benefit most when they have power and resources**

Treaty negotiations between the First People's Assembly and the Victorian government commenced in late 2024, the first of what will be multiple treaties across the state. Treaty is about First Nations communities having the right to determine their own future and to make decisions about their people, lands and waters.

Environment Victoria supports Free, Prior and Informed Consent (FPIC) in accordance with the the United Nations (UN) Declaration on the Rights of Indigenous People. Where First Nations people have leverage to negotiate a strong agreement, such as a right of veto, the opportunities for benefit-sharing from renewable energy projects are materially improved.<sup>13</sup> In addition, First Nations groups require resources to access or acquire expertise so that they can participate in the energy transition

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<sup>10</sup> Essential Media, 'Taking Renewables to the Regions', July 2024, [https://essentialmedia.com.au/wp-content/uploads/2024/07/Talking-Renewables-to-the-Regions\\_170724.pdf](https://essentialmedia.com.au/wp-content/uploads/2024/07/Talking-Renewables-to-the-Regions_170724.pdf); CSIRO, 'Australian Attitudes toward the Renewable Energy Transition' (CSIRO), accessed 25 June 2025, <https://www.csiro.au/en/research/environmental-impacts/decarbonisation/energy-transition>; Paul Stark, 'Australians in Renewable Energy Zones Support the Energy Shift', 25 November 2024, <https://farmersforclimateaction.org.au/blog/2024/11/26/the-quiet-majority-australians-in-renewable-energy-zones-support-the-energy-shift/>.

<sup>11</sup> R. M. Colvin, Frank Jotzo, and Kelly S. Fielding, 'Is Australia's Urban-Regional Schism on Climate Reality or Rhetoric?', *Journal of Rural Studies* 112 (1 December 2024): 103446, <https://doi.org/10.1016/j.jrurstud.2024.103446>.

<sup>12</sup> 'Local Energy Hubs', accessed 30 June 2025, <https://www.localenergyhubs.org.au/>.

<sup>13</sup> Brad Riley et al., 'Why Aboriginal People Have Little Say over Energy Projects on Their Land', *The Conversation*, 10 August 2020, <http://theconversation.com/why-aboriginal-people-have-little-say-over-energy-projects-on-their-land-139119>; Sangeetha Chandrashekeran, 'Rent and Reparation: How the Law Shapes Indigenous Opportunities from Large Renewable Energy Projects', *Local Environment* 26, no. 3 (4 March 2021): 379–96, <https://doi.org/10.1080/13549839.2020.1861590>.

successfully.<sup>14</sup> There is no clarity in the Draft VTP about protecting Country, Treaty, FPIC or resourcing.

### **Nature protection is the most important factor for social license**

Protection of Victoria's natural environment was ranked as the most important factor in land selection for renewable generation and transmission. Consideration of nature in the Draft VTP occurred via the strategic land use assessment, which was used to identify the REZ study area published in 2024. The assessment flagged certain areas as "Avoidance" and deprioritised or removed them from consideration. However, we note that some compromises have been made, for example some areas with high habitat biodiversity value but not within other nature categories were not excluded.

Other government initiatives are aimed the protection of nature. The recently released *Handbook for the development of renewable energy in Victoria* is based on high quality research and identifies promising new mitigation measures. However, the protection of nature faces ongoing, systemic barriers due to a severe lack of funding, inadequate legislation and a lack of population level assessments.

This is outside the scope of the VTP but is of central interest to community acceptance of the VTP because nature protection is of such high importance. We recommend that VicGrid advocate to the Victorian government for stronger nature funding and frameworks. The Parliamentary Inquiry into Ecosystem Decline recommended increasing funding for parks and reserves to 1% of gross state product.

We would be pleased to discuss any aspects of this submission in more detail should you wish.

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<sup>14</sup> Lily O'Neill and Kathryn Thorburn, 'First Nations at the Forefront: The Changing Landscape of Clean Energy Agreements in Australia', *Energy Research & Social Science* 127 (1 September 2025): 104183, <https://doi.org/10.1016/j.erss.2025.104183>.