

## **Re: Victorian Government's *Offshore Wind Policy Directions Paper – the development of the offshore wind sector***

The Committee for Gippsland (C4G) welcomes the opportunity to provide a submission into the Victorian Government's *Offshore Wind Policy Directions Paper*.

C4G acknowledges the important work undertaken by the Victorian Government in attracting and supporting investment into new energy opportunities in transmission, generation and storage infrastructure across Gippsland, which will also support the development of Australia's first offshore wind industry, here in our region.

The Victorian Government is to be commended for setting ambitious targets for offshore wind at 9GW of energy by 2040. Further support in developing transmission networks and supply chains as well as reducing any legislative and regulatory barriers are required to achieve these ambitious targets in a timely and coordinated manner.

Offshore wind generation will play an integral role in Gippsland's clean energy future, create jobs for the future while enabling our region to continue to play a leading role in the future of Victoria's energy generation and supply. The offshore wind industry will help drive economic growth, provide opportunities for business and industry as our region transitions while strengthening and supporting our local communities.

### **About the Committee for Gippsland**

The Committee for Gippsland is a positive and influential voice for Gippsland helping to create a thriving and sustainable future for our region.

As the region's lead voice to government, C4G represent business and industry views and interests to collaborate on regional priorities and outcomes which bring broader benefit to Gippsland communities. C4G's membership is diverse. It includes well established industry, emerging sectors, organisations which provide support services, education, tourism and professional advice as well as small-to-medium Gippsland businesses.

Following a thorough review in 2020 and in developing our Strategic Plan 2021-2024, C4G has identified a transition to a clean energy future as one of its key priorities.

### **About Gippsland**

Gippsland is a diverse and resource driven region. It is 4.2 million hectares in size, with a population of 283,039 people. By 2026, this is forecast to grow to over 346,000 people.

Gippsland is serviced by freeway and V/Line rail. It is one of Victoria's eight key regional growth areas, along with Ballarat, Geelong and Bendigo. The region produces 60 per cent of Victoria's electricity, 70 per cent of Victoria's gas (40 per cent of Eastern Australia's domestic gas), around 23 per cent of Australia's milk output, and about 26 per cent of Victoria's beef production.

Mining and agriculture are primary industries and a key driver of a vibrant supply chain, however, in Gippsland energy production is a large driver of economic activity due to the high concentration of power generators in the region. Gippsland has a reasonably well diversified economy with health care and social assistance, education, tourism, and public administration being the largest areas of economic activity which may be an outcome of government spending in response to closures.

When you consider the investment made by Gippsland power stations, year in year out, they play a significant role in the region's economic performance and it will take a considered strategy of industry investment, social license, and government intervention (policy, regulation, and investment) to replace this economic stimulus. Yallourn power station is the next planned closure with 500 permanent jobs and significant crews (up to 500 workers during scheduled maintenance). In terms of its local economic contribution, scheduled maintenance is an investment of \$70 million per event, with each unit having a major upgrade every 4-6 years, with the station having an annual operating cost exceeding \$200 million.

The region is positioning itself to transition away from geothermal power production and embracing new clean energy technologies. Local investment continues in solar, hydrogen and battery storage with the region's competitive wind advantage likely to secure Australia's first offshore windfarm.

The region also has a vibrant tourism industry, from snow peaks of Baw Baw National Park, the stunning beaches of Wilsons Promontory National Park to largest inland lakes system in the southern hemisphere; Gippsland boasts countless bed and breakfasts and wineries. It also includes Phillip Island and the Phillip Island Nature Park, which are not only a national icon, but an international draw card attracting millions of international visitors to Victoria each year.

### **Gippsland's Clean Energy Future**

The Committee for Gippsland is highly supportive of the creation of an offshore wind energy zone, which as mentioned earlier, will help deliver on a priority identified in C4G's Strategic Plan 2021-2024 in developing *Gippsland's Clean Energy Future – Through investment and growth*.

It is important all levels of government, particularly state and federal governments, work closely with industry and project proponents within the emerging offshore wind industry to ensure that investment in these Gippsland projects can be prioritised and secured.

### **Feedback into the draft Offshore Wind Policy Directions Paper**

The Offshore Wind Policy Directions Paper is welcomed by industry across Gippsland with the following feedback provided as part of the Committee for Gippsland submission.

## **Procurement timeframes**

Victoria is an emerging market for offshore wind, with local procurement required to be in place around 2023 to achieve first power by 2028.

In order to deliver local procurement, timing is essential. There are a number of benefits in ensuring the efficient timing of local procurement, including:

- i. Mobilising the local and international supply chain and labour markets more effectively to respond to demand in constructions and delivery of offshore wind projects,
- ii. Enabling investment into development activities which provide critical information to finalise approvals, detailed design and engineering, and procurement in order to deliver first power by 2028.

## **Leading the way by approving a first project**

Significant work in understanding offshore wind potential in Victoria and working through potential challenges has already been undertaken by some project proponents, particularly those further progressed in their planning and regulatory processes. By working towards approving Australia's first project, the State Government can help pave the way for a smoother and more successful assessment and delivery of subsequent offshore wind projects.

Given the industry is developing, complex offshore wind projects may be challenging for some regulators in new markets, where standard approaches and timeframes for assessment can fail to anticipate, assess and address unique considerations such as technology advancements, multi-jurisdictional issues and requirements, varying methods for baseline surveys and what they require, methods of mitigation as well as the lack of data or expert knowledge within the offshore environment.

State and federal governments are encouraged to work with leading project proponents to help deliver a first project which should streamline the process for subsequent projects.

## **Streamlined approvals process at state and federal level**

For projects to be delivered in an efficient and effective manner, close collaboration and engagement between government and industry is essential. This is particularly the case with the development of first projects in establishing pathways, testing practicality, seeking advice, and engaging with local communities and supply chains.

If multiple and diverse range of government departments and agencies, across all levels of government, are involved in the assessment and regulation of offshore wind in Australia, then the approvals process may be made more complex and lead to unnecessary delays and be prohibitive for new projects being approved. Greater consideration needs to be made in ensuring the approvals process is streamlined and practical.

### **A clear long-term strategy**

The Victorian Government's offshore wind targets provide a very positive market signal, however efforts to mobilise global and local supply chains would benefit from visibility in the Implementation Statement on the long-term procurement strategy to achieve the 9GW target.

The global offshore wind market is expanding rapidly, with the industry forecast to reach 270GW by 2030. Considering the rapid growth of offshore wind globally, an understanding of procurement timing would increase supplier confidence in the long-term opportunity that Victorian offshore wind presents.

### **Clear guidance on project parameters and size**

Projects would benefit from clear guidance on project parameters and size in the Implementation Statement, particularly for the first planned offshore wind procurement, particularly given the higher fixed costs incurred as the first project/s to be established.

The significant size of offshore wind projects has both an energy market and commercial impact. Large scale projects are able to capitalise on economies of scale and attract supply chain interest in a highly competitive global market, while reducing the cost of energy and provide significant supply to the grid that should help stabilise energy prices as transition away from traditional energy generating occurs and stations close.

### **Investing in transmission infrastructure**

Given Gippsland's historical role in energy generation, our region is best placed to support new energy investment. There is however, significant investment in transmission assets required to connect an offshore wind farm to the grid.

The model applied for financing, owning, building, and operating a transmission system should consider who can best manage each role with consideration given to global offshore wind industries as examples of both publicly and privately owned and operated transmission assets.

### **Look at global lessons when delivering local procurement**

When considering opportunities for local procurement, it is pertinent to look at global experience in developing a new offshore wind farm. The World Bank in 2021 considered what was required to successfully develop an offshore wind industry in their "*Key Factors for successful Development of Offshore Wind in Emerging Markets*" report and governments at all levels are encouraged to consider this report in line with local experiences.