

Draft Victorian Transmission Plan

July 2025



The voice for
local government

No one understands the challenges and opportunities facing Victoria in the 21st century better than local councils. From rapidly evolving technology to social changes, shifting economies to environmental pressures, our local communities and the governments that represent them—are at the forefront of multiple transformations happening simultaneously.

As the peak body for the Victorian local government sector, the Municipal Association of Victoria (MAV) offers councils a one-stop shop of services and support to help them serve their communities.



ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the traditional custodians of the land on which we live. We recognise their continuing connection to land, waters and culture and pay our respects to their Elders past, present and emerging.

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1 Executive Summary

The Municipal Association of Victoria (MAV) welcomes the opportunity to provide feedback on VicGrid's draft Victorian Transmission Plan (VTP).

The MAV is the peak body for Victoria's 79 councils with the purpose to mobilise action that supports Victorian councils to create cities, regions, and towns that are thriving, resilient and inclusive communities.

The MAV vision is to be a nation-leading thought leader, partner and resource hub for the Victorian local government sector in strategic foresight, policy and research, leadership and governance, service design and advocacy impact.

Long-term planning for renewable energy will have significant consequences for regional and rural councils and communities across Victoria. The MAV acknowledges that renewable energy development forms a critical part of reducing our greenhouse gas emissions. Achieving Victoria's net zero targets will require real acceleration in renewable energy generation, transmission and storage.

Councils are already supporting their communities to engage in the energy transition. This includes navigating the impacts of increased development and brokering community benefit sharing arrangements.

The MAV encourages VicGrid and industry to recognise local government as a key partner in the implementation of the Victorian Transmission Plan through the following key recommendations:

Recognise local government as a key partner

1. As the closest connection point to community, recognise that local government is uniquely positioned to build the social license in the transition to renewable energy.

Mandate community benefit sharing arrangements

2. Clarify the governance and administrative mechanisms for delivering community benefit sharing arrangements within and outside of renewable energy zones, including the role of local government.

Building trust in the energy transition

3. Resource councils to support their role in information sharing, education and engagement to help ensure communities are prepared for the declaration of renewable energy zones.
4. Provide centralised, publicly available information on the location and status of renewable energy transmission, generation and storage projects across Victoria.

Independent, State-funded readiness and impact studies

5. Provide all councils in renewable energy zones with the opportunity to participate in independent, State-funded readiness and impact studies to understand the strategic opportunities and challenges of renewable energy transition to better support communities.

2 Introduction

The draft VTP sets out Victoria's long-term plan for renewable energy zones and transmission infrastructure including 7 draft proposed renewable energy zones and the draft proposed Gippsland Shoreline Renewable Energy Zone to support offshore wind generation. It also outlines proposed new transmission projects and upgrades to existing transmission lines.

The Government's long-term plan for transition to renewable energy will have significant consequences for regional and rural councils and communities across Victoria.

Councils are looking for the State Government to lead a coordinated, consistent approach to transmission planning now and into the future. Our members are seeking clarity around transmission planning beyond the 2040 timeframe set out in the draft VTP, demonstrating interest in understanding long-term energy planning.

The MAV also understands that the draft VTP should be read in conjunction with the 2024 Victorian Transmission Plan Guidelines. The guidelines note that all proposed projects both within and outside REZ areas will continue to be assessed on a case by case basis and subject to planning and environmental approvals. Councils stress the importance of maintaining a flexible approach that allows transmission planning to adapt to evolving community needs and technological advancements.

The MAV acknowledges individual councils will make separate submissions on the draft VTP regarding the proposed renewable energy zones and optimal development pathway.

This submission provides a pathway for the Victorian local government sector to be a critical partner in getting transmission planning right.

3 Clarifying community benefit funding arrangements

Community benefit sharing involves the sharing of benefits with communities that host renewable energy generation, transmission and storage projects. It acknowledges that hosting such projects comes with social and environmental changes. The equitable distribution of benefits and impacts is a key method for gaining and maintaining social license. Community benefits should address community needs, mitigate impacts and deliver tangible, lasting outcomes where disruption occurs.

In 2024, VicGrid consulted on the draft Renewable Energy Zone Community Benefits Plan. We understand these funds will be used to support projects that improve energy supply and affordability for communities, alongside economic development initiatives.

As the final Renewable Energy Zone Community Benefits Plan has not yet been released, the amount and types of benefits on the table for host communities is unclear. This can make it difficult for councils and communities to comment fully on the proposed renewable energy zones and optimal development pathway. There are open questions around whether the Renewable Energy Zone Community Benefits Plan will extend to include essential local priorities.

Victorian councils are already involved in the governance of community benefit sharing in a variety of ways. This includes supporting community engagement, advising developers on opportunities to meet community needs, assessing grant applications and administering funding.

While we wait for the publication of the final Renewable Energy Zone Community Benefits Plan, councils are looking for clarification around the governance and administrative mechanisms that will guide benefit funds – both inside and outside of renewable energy zones.

Victorian councils do not support a third party managing community benefit funds. Many councils would like to play a direct role in the administration and distribution of these arrangements to ensure the community receives the largest possible share of funding.

Clear advice is needed around the potential role of local government in the administration of these funds. This is particularly important given the established role of some councils in regions of high development.

As noted in the draft VTP, VicGrid 'is committed to working together with REZ communities to realise these opportunities and build long-term, community wide benefits from the renewable energy transition'. We have heard there is strong interest from councils in community benefit arrangements that support intergenerational outcomes for communities. This extends to models of regional collaboration where developers are required to pool funds from multiple projects. With the right support, host councils have a significant opportunity to obtain once-in-a-generation investments for their communities.

4 Building trust in the energy transition

Councils face multiple barriers when supporting their communities to navigate the complexity of the energy transition. On the one hand, they are seen as a trusted source of information ready to fill the public information gap. On the other hand, there is community confusion about the regulatory role of council in approving renewable development projects.

In 2025, misinformation and disinformation have been named the top global risks of the immediate term by the World Economic Forum. We have seen many examples of disinformation campaigns undermining public confidence in, and progress towards, climate action. Misinformation and disinformation, alongside the absence of meaningful consultation, can contribute to local opposition to new developments.

As the closest connection point to community, local government is uniquely positioned to provide independent, fact based information to their communities on the energy transition. In NSW, EnergyCo has provided \$250,000 per annum for each council in the proposed New England Renewable Energy Zones to help coordinate activities associated with the roll out of REZ and to proactively work with communities to plan for their future as part of the transition.

Councils are ready to partner with State Government and industry to implement local approaches to reducing misinformation and strengthening information provision. The MAV recommends VicGrid resource Victorian councils to support their role in information sharing, education and engagement that helps communities prepare for the declaration of renewable energy zones.

We have seen recent examples in Victoria of community confusion around the role of local government in approving renewable energy developments. This had led some councils to find ways to fill the information gap. For example, Yarriambiack Shire Council released a statement in early 2025 noting ‘council is not responsible for the approval of energy and mineral sands (large scale) mining projects and is only a stakeholder in the environmental effects statement process’.

In this next phase of transmission planning, the MAV anticipates that councils will come under continued pressure to weigh in on proposed developments. It is critical that state and federal governments provide funding to councils to support clear information about their role in the approval of renewable energy transmission, generation, and storage.

Many Victorian councils lack a line of sight over upcoming projects in their region. Information provided to the community needs to demonstrate how the project fits within the larger transition process. We believe councils and their communities are looking for centralised, publicly available information on renewable energy projects. In NSW, EnergyCo hosts an interactive map on NSW Renewable Energy Zones and priority transmission infrastructure. A renewable energy project tracker also allows the public to monitor the status of projects across transmission, generation and storage. The MAV recommends a similar approach be undertaken in Victoria following the publication of the final VTP.

Finally, the MAV understands the State Government is also consulting on potential amendments to the Payment in Lieu of Rates (PILOT) to clarify the treatment of energy storage systems under the scheme. This may include the introduction of a new methodology guiding PILOT for energy storage projects. We urge the State Government to consider the potential impacts for councils that already host, or have been approved to host, large-scale battery energy storage systems.

5 Encouraging best-practice engagement in renewable energy development

The implementation of the Victorian Transmission Plan will result in an influx of renewable energy developers operating across the regions. In Victoria, there are no legislative requirements for developers to consult local governments on renewable energy transmission, generation and storage. None the less, councils expect developers to uphold best-practice models of engagement, consultation and community benefits.

We are seeing local governments across Australia driving unique approaches to encouraging best-practice in industry. In 2023, Swan Hill Rural City Council and the Gannawarra Shire Council signed an MOU with VHM Exploration on the Goschen Rare Earths and Mineral Sands project. The MOU provides a framework for workforce, training and development, infrastructure planning and economic opportunities. In NSW, the six mayors of the New England Renewable Energy Zone published a statement of expectations for developers to set a standardised contribution for regional legacy benefits.

The MAV is pleased to see VicGrid is adopting a place-based approach to community engagement in the planning process. The draft VTP outlines the six objectives of VicGrid’s community engagement model. Many of these objectives – including raising community awareness, supporting the delivery of community benefits, unlocking regional development opportunities and facilitating a multi-level

governance response to issues – align with the role of local government in supporting the transition.

Victorian councils are actively participating in the creation of the Renewable Energy Developer Rating Scheme being led by the Federal Department of Climate Change, Energy, the Environment and Water. We urge the State Government to implement mechanisms to further encourage industry best practice in community consultation and benefit sharing ahead of the rollout of renewable energy zones in Victoria.

6 Supporting councils to strategically engage in the transition

We know that the influx of renewable energy projects may impact local roads, water supply, wastewater systems, housing and workforce markets. Genuine engagement with local government throughout the entire lifecycle of transmission planning is essential to ensure that renewable energy developers are considering the unique local footprint of a community and region.

The MAV is calling for the State Government to provide funding for all councils in renewable energy zones to participate in independent readiness and impact studies. A coordinated and consistent approach to funding these studies would allow councils to fully understand the strategic opportunities and challenges of renewable energy transmission, generation and storage in their area.

7 Recommendations

Recognise local government as a key partner

1. As the closest connection point to community, recognise that local government is uniquely positioned to build the social license in the transition to renewable energy.

Mandate community benefit sharing arrangements

2. Clarify the governance and administrative mechanisms for delivering community benefit sharing arrangements within and outside of renewable energy zones, including the role of local government.

Building trust in the energy transition

3. Resource councils to support their role in information sharing, education and engagement to help ensure communities are prepared for the declaration of renewable energy zones.
4. Provide centralised, publicly available information on the location and status of renewable energy transmission, generation and storage projects across Victoria.

Independent, State-funded readiness and impact studies

5. Provide all councils in renewable energy zones with the opportunity to participate in independent, State-funded readiness and impact studies to understand the strategic opportunities and challenges of renewable energy transition to better support communities.

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