

21 June 2024

Alister Parker, CEO
VicGrid, GPO Box 527, Melbourne, VIC, 3001
Via email: vicgrid@deeca.vic.gov.au

RE: Consultation on Draft Renewable Energy Zone Community Benefits Plan

Dear Mr Parker,

Squadron Energy welcomes the opportunity to respond to VicGrid's Draft Renewable Energy Zone (REZ) Community Benefits Plan and commend VicGrid on its efforts to foster community engagement and ensure the equitable distribution of benefits from new transmission and renewable energy infrastructure in Victoria.

Squadron Energy is Australia's leading renewable energy company that develops, operates, and owns renewable energy assets in Australia. We have 1.1 gigawatts (GW) of renewable energy in operation and 900MW in construction, and we are committed to launching 14GW of projects by 2030, powering the equivalent of six million homes. This will deliver about one third of the renewable energy required for Australia to meet its 2030 renewable energy target of 82%. Victoria, with a target of 65% renewables by 2030, is a key area of investment focus. Our development pipeline has projects at differing stages of development and includes wind, solar and firming capacity such as batteries and gas peaking plants with dual fuel capability. With proven experience and expertise across the project lifecycle, we work with local communities and our customers to lead the transition to Australia's clean energy future.

We are supportive of the Victorian Government's commitment to providing positive outcomes for all Victorians as part of the transition to renewable energy. Our focus is on developing, delivering, owning and operating renewable energy projects where we can share value and benefits with local communities. The fact that we own projects through their entire lifecycle means we are fully committed to the communities we serve and invest in delivering lasting social and economic benefits to these communities. We continue to develop new ways to do this through community engagement, community feedback and understanding communities' evolving expectations. In this submission, our feedback focuses on the importance of:

- community benefit sharing programs and opportunities to enhance the proposed approach, including through its application to a broader range of generation owners and having fit for purpose governance arrangements;
- establish a partnership approach that involves a co-design process for benefit sharing with Traditional Owners;
- flexibility in the approach to allocating regional benefit funding to ensure the diverse range of community priorities and needs can be considered; and
- clarity on how impact on visual amenity is measured, assessed, and mitigated.

Community benefit sharing helps communities meet their aspirations and mitigate project impacts

Squadron Energy is committed to providing a positive legacy in the communities in which it operates, and we recognise how vital regional communities are to how quickly we can transition. Proponent led community benefit sharing programs when done well, can enhance the relationship between communities and developers. Our community benefit program is constantly evolving, and we are working with local councils and communities to understand their strategic needs in areas we have identified for potential new

projects. In addition to Council Rates/annual payments under the Payment In Lieu of Rates (PiLoR) framework, the program includes:

- Sponsorships, which we develop with communities based on their needs;
- Educational activities and scholarships;
- Dedicated economic development and indigenous engagement staff in regions to maximize business and employment opportunities in local communities, contributing to community capacity;
- Community Investment Schemes, where community members can share in the ownership of our projects, with a generous rate of return on their investment;
- City-speed Wi-Fi networks for farmers and neighbours to address connectivity blackspots and improve farm productivity through new AgTech opportunities; and
- One-off infrastructure financial support where there is a demonstrated need (and a project may exacerbate the need), e.g., water infrastructure.

An important progression in approaches to community benefit sharing is a focus on the benefits to a whole region and/or neighbouring properties not directly impacted by transmission or generation infrastructure. This broader approach to benefits sharing has also been reflected in the practices of mature developers and more recently in other jurisdictional REZ programs through requirements for contributions to community and regional funds. This is often treated as separate, and in addition, to developers' own community contributions. The initiative to pool funds to achieve greater outcomes around community/regional benefits provides an opportunity to strengthen relationships with communities across regional Australia. However, it is also important that there remains a balance between the level of contribution provided through pooled benefits programs/jurisdictional schemes and those provided directly by renewable energy developers. Ultimately, additional requirements will impact the end cost of electricity seen by all customers. A related consideration is whether the proposed benefits framework should be applied more broadly to all forms of generation, including incumbent generators, on a like for like basis. This would increase the benefits communities see through the transition and not disadvantage renewable technologies relative to others.

Ensuring governance arrangements are streamlined and localised will see communities realise benefits and will support healthy relationships with infrastructure providers

Regarding the allocation of funding, we support the proposed governance structure in principle. While establishing a community reference group with representatives from existing committees of community and local government representatives is suitable, it is important that a process to add additional members is in place so that committees can be established that are reflective of the often diverse and varied need of regions.

Establishing a cross-government reference group presents an added layer of complexity to the decision-making process. We consider that VicGrid, as the ultimate decision maker, is perhaps best placed to engage with cross-government representatives throughout the funding allocation as a "sense check" rather than building this reference group into the governance process.

We strongly support establishing a co-design model of dedicated benefits for Traditional Owners

At the scale of development that we are now seeing and anticipate in future, it is critical that energy infrastructure providers and regulatory frameworks reflect best practice engagement with Traditional Owners. The proposal to establish a partnership approach that involves a co-design process as the basis for decision making on how funds are utilised is crucial. This aligns with Squadron's First Nations engagement strategy and is industry leading. We have established a dedicated First Nations team that employs a place-based approach to its engagements and consultations. This approach ensures that we identify and respect the cultural and communication protocols specific to each community and location. We commend VicGrid

on this initiative and look forward to supporting the development of this strategy when more information is released.

Eligibility requirements may be too narrow for projects seeking funding under REZ Community Energy Funds

The proposed eligibility requirement for funding under the REZ Community Energy Funds are currently linked to initiatives that are closely linked to energy supply and/or related transition enabling areas (e.g. energy supply chain, energy jobs or research and development). We consider that this may unintentionally limit the scope of the fund and limits the ability for the benefits scheme to be responsive to the unique needs and interests of communities in each region hosting a REZ. Similarly, the criteria for ineligible projects may be overly restrictive and discount potential community priorities in the types of benefits communities would like to see. Establishing robust governance arrangements for the community reference group and the cross-government reference group (if pursued) would provide a means for suitable and high priority projects (including what is eligible and ineligible) to be decided by those most impacted by the renewable energy development.

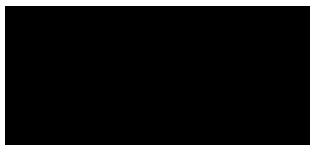
Further clarity is needed on how impact on visual amenity is measured and assessed

Regarding eligibility for significantly impacted neighbour benefits, we consider that there are several areas that require further consideration and/or changes for the overall approach to assessment to be appropriate, and these should align with the methodologies and criteria used in the planning system. It is important that more detail is provided on how the eligibility criteria will be measured, particularly for visual amenity and the efficacy/mitigation measures. For example, the visual amenity criteria proposes to measure impact based on infrastructure being "clearly visible from the point of the dwelling". This measure remains too ambiguous and further consideration needs to be given to how this will be practically measured. Ambiguity around what is defined as an acceptable level of mitigation also remains a concern. Mitigation measures should be identified to be more certain e.g. vegetation screening.

We look forward to the opportunity to continue to support the rapid uptake of renewable generation and transmission infrastructure in Victoria and welcome the opportunity for further engagement with VicGrid about the continued development and implementation of this important plan.

If you would like to discuss this submission or any related content, please contact Rupert Doney, Director - Policy at rdoney@squadronenergy.com

Yours sincerely,



Dan Newlan
EGM - Corporate Affairs
For and behalf of Squadron Energy Services Pty Ltd