

1 December 2023

Stephanie Jolly
A/Executive General Manager – Consumer, Policy and Markets
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601



By email: [REDACTED]

Dear Mr Jolly,

RE: Directions Paper – Social License for Electricity Transmission Projects

The Victorian Farmers Federation (VFF) is the peak body for agriculture in Victoria. Since 2019 the VFF has been involved with four transmission projects with four proponents, as well as the emergence of two new entities (VicGrid and Transmission Company Victoria) due to significant social license issues relating to transmission.

The VFF has much experience in working with regulators to improve the regulatory processes and oversight of entities who require access to agricultural land. We develop policy positions, guidelines, and codes of practice to ensure landholders rights are protected and aim to see that they do not suffer economic loss from being forced to host infrastructure on their farms.

For example, the minerals legislation in Victoria includes trigger points for consideration of impacts on agriculture (including the ability to determine that an area cannot be mined); and includes requirements for land access agreements, compensation agreements, rehabilitation agreements and bonds. There are clear opportunities to seek independent mediation or enforcement, options that are not currently available in Victoria. The VFF also produces a guide to understanding the legislation in partnership with the Minerals Council.

While we believe the Directions Paper is a step in the right direction, it still fails to fully comprehend that landholder rights should be a key consideration in transmission development. By calling landholder impacts that include the potential for farmers to lose their livelihood and the flow-on consequences to the community a 'social license' issue, is confirmation that these issues are not treated seriously by regulators.

The VFF is a member of both the Agriculture Energy Taskforce and the National Farmers Federation. We endorse the submission of these bodies as identifying the issues that need to be addressed to deliver a fairer transition to renewable energy that does not reduce agricultural productivity.

In addition, we wish to highlight some key issues for Victoria:

Renewable Energy Zones and planning

The VFF submitted to the concept three years ago and has had no meaningful engagement since. The AEMO REZ areas are in direct conflict with existing land use planning zones and policy directions and the directions paper contained no discussion as how this could be addressed.

What we mean by planning in this context is that there are areas where renewable energy generation will have significant impacts on production and will be unable to gain commercial consent or will have a significant broad economic impact – e.g., the loss of an irrigation district or processing economies. There will be areas where a type or energy project will have significant impact on ongoing operations, such as restricting the use of machinery or essential technology or impacting on the ability to irrigate.

These issues should be known before the process of identifying potential sites commence and must be factored into route selection and project evaluation. Regulatory Investment Tests must take these impacts into account, or it incentivises the transfer of project costs to private landholders.

Land access and compensation

For any project there must be enforceable land access codes and general regulatory support for how companies operate on private land. Landholders must be able to set the content of land access plans, including in relation to biosecurity, how and when access is made, how impacts are made good, safety induction and requirements, consent to products used and timely provision on information to allow for animal welfare and accurate vendor declarations to be made.

Currently there is no requirement for access agreements. Companies have a very poor record of contractor management or compliance with the guarantees given when easements were acquired. AEMO and its RIT-t process is blind to the costs of transmission lines to ongoing production. These can change by the type of transmission, the type of production systems, the topography, soils and climate. Failing to maintain lines so that permits are required for all trucks and tractors is leading to individual farms requiring more than 15 permits per month, and the potential of a permit not being granted in summer which is harvest. The system has no ability to ensure that transmission companies are respectful to the land they enter.

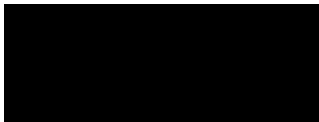
The compensation packages being offered are for land value and construction impacts only. A benefit sharing payment should not replace the need to compensate for the ongoing impacts on a farm business. The restriction on machinery that increases your production costs in relation to your neighbours. The impact of the land take on production of high value crops such as horticulture can be 5 to 10 times the 'benefit sharing' payment per annum. These costs will be ongoing for decades past the cessation of any benefit sharing payment. For there to be landholder acceptance it is critical that an annual payment is made to reflect the losses and additional costs to farming along the route. This will

ensure that Transmission companies properly plan routes so that sites are selected where there are minimal impacts on production.

The VFF believes that transmission routes should use *commercial consent*. Wind and solar operators must strike a commercial deal with a landholder, including an annual payment. This ensures that the landholder is not worse off and has a say on how operations occur. While there is a need to improve the accuracy and transparency of information provided to allow landholders to fully quantify the costs on production, commercial consent is a fair way to ensure that project costs are not transferred to individuals.

The VFF is currently drafting a Code of Practice for Transmission Companies which we will use as the basis of further advocacy. We would be happy to discuss what is needed to deliver an enforceable code to govern the activities of transmission and renewable energy developments on agricultural land.

Yours sincerely,



Emma Germano
President
Victorian Farmers Federation