

LET'S EMPOWER **THE GREAT SOUTH COAST**



Submission to the Australian Energy Regulator (AER)

Response to Powercor Revised Proposal 2021 - 2026:

Three-phase Power Upgrade in Tyrendarra, Strathdownie, Cape Bridgewater and Gorae West

January 2021

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Executive Summary

Tyrendarra, Strathdownie, Cape Bridgewater and Gorae West in Victoria's Great South Coast region have an urgent and critical need for existing single phase feeders to be enhanced to three phase supply. Upgrading less than 100kms of single phase line directly supplying 1,130 customers is essential to capitalise on the region's competitive advantages for economic growth and social value.

Food and Fibre Great South Coast, as a peak representative body in the Great South Coast, want to shed light on the regional benefits flowing from the upgrade of single phase power infrastructure to three phase in Tyrendarra, Strathdownie, Cape Bridgewater and Gorae West and implore the Australian Energy Regulator (AER) to re-instate Powercor's regional upgrade proposal. In addition to reiterating the upgrade's direct benefits accruing to 1000-plus customers and the food and fibre sector – the most significant contributor to the Great South Coast economy (especially in light of the impacts of Covid19), we want to direct AER's attention to the pivotal role of the upgrade proposal to:

- Catalyse significant investments in renewables, irrigation, high tech applications and machinery, Internet of Things, and smart farming;
- Create new jobs, upskill our workforce, better service customers, and enhance the functionality of social, education and community facilities in the Great South Coast;
- Generate flow-on effects to affiliated industries such as tourism.

The Great South Coast is a leader in renewable energy. Our region includes renewable energy projects worth around \$2 billion and we are building on our early adoption of renewable energy with a purposeful intent to embrace renewable technology adoption further. We recognise clean energy is a pathway for energy cost-savings and long-term environmental sustainability, whilst enhancing our ability to innovate and compete as a high-tech food and fibre sector with global reach. As a result, numerous high-value renewables projects are in various stages of planning and development across the region. These projects include Hycel (hydrogen fuel cells), solar PV and wind farms (including the proposed Kentbruck Windfarm Project).

Food and Fibre Great South Coast is fully committed to environmental sustainability. While we are proud of our sustainability credentials, we aim to further reduce our emissions footprint. This is vital for continuous improvement of our natural resource stewardship, as well as to drive whole-of-region prosperity through the benefits accrued to affiliated industries such as tourism, where food provenance and the preservation of our natural environment play vital roles. We are poised to actively promote Victorian Government initiatives¹ such as the Agriculture and Energy Investment Plan¹ and the Barwon South West Renewable Energy Roadmap². A strong and dependable power infrastructure is critical to delivering these projects.

Infrastructure Victoria released its Draft 30-year Infrastructure Strategy in December 2020. The strategy aims to identify investment priorities that build on each region's unique economic advantages to activate regional growth opportunities and seeks to rectify regional disadvantage by identifying infrastructure that can improve access to services, increase social inclusion or improve economic outcomes. The draft priorities, holistically, form a critical roadmap to support regional communities by improving economic, health, education and social inclusion outcomes and addressing relative disadvantage.

¹ Agriculture Victoria, 'Agriculture Energy Investment Plan', State Government of Victoria, Department of Economic Development, Jobs, Transport and Resources, 2020, <https://agriculture.vic.gov.au/support-and-resources/funds-grants-programs/agriculture-energy-investment-plan>, accessed 22 December 2020.

² Victoria State Government, 'Barwon South West Renewable Energy Roadmap', State Government of Victoria, Department of Environment, Land, Water and Planning, December 2019, https://www.energy.vic.gov.au/__data/assets/pdf_file/0026/464723/Roadmap-BarwonSouthWestFinal.pdf, accessed 22 December 2020.

The draft infrastructure priorities for the Great South Coast include a focus on removing infrastructure barriers to investment, recommending upgraded power supply infrastructure for agriculture and regional manufacturing and calls for the co-funding of outdated power supply infrastructure upgrades.

We note that the original Powercor proposal is specifically referenced in the infrastructure strategy as driving regional competitive advantage, notwithstanding that there has been no attempt to capture the flow-on benefits beyond the immediate productivity, efficiency, and market access benefits. We submit that the beneficiaries of the investment in upgrading the current outdated infrastructure to three-phase will not only be the food and fibre sector, but many industries beyond it.

Business and residences beyond the 1000-plus directly impacted by the upgrade will be more resilient to economic shocks such as the pandemic and climate change events, gain the ability to unlock new industry growth chances and improve macro-economic outcomes by increasing access to jobs and upskilling, and provide infrastructure that enables investment to reduce the cost of energy long-term. In the same vein, the community, sporting, and education users of this network will have an enhanced capacity to deliver positive social outcomes.

We also note that other recommendations are intrinsically reliant on upgraded power infrastructure. These include strengthening agricultural water security by modernising irrigation to better prepare the region for the impacts of climate change, and improving resilience of regional telecommunications infrastructure, such as through back-up power supply. Back-up power supply is critical in times of emergency, as we have seen in the St. Patrick Day fires.

We have seen that food and fibre has been intrinsic to maintaining our regional economy during the pandemic, particularly in light of our world-class tourism economy being severely impacted. Food and Fibre Great South Coast urges the AER and/or government to examine the economic and social value of the Tyrendarra and surrounds upgrade proposal in the context of COVID-19 impacts on the state economy, and the significant role these regions have and will continue to play in driving our economy and preserving supply chain integrity – particularly in the food and fibre sector.

Finally, the consideration of population density in the AER evaluation process for proposed power infrastructure upgrades constitutes an unintended weighting against regional Australia. For this reason, we do not consider that the existing process constitutes a true and fair valuation of the economic and social benefits of investing in regional Victoria. We would welcome the opportunity to work with government, the AER, and other stakeholders to establish a framework to fairly appraise infrastructure value in the regional context. We note also that, once approved, the user-pays co-investment model sees regional Australians contributing a disproportionate amount towards infrastructure compared to their city counterparts. It is important to us that this is also considered in the review. For the context of this project, we submit that it is entirely appropriate for government to fund the upgrade given the significant, immediate, long-term return on investment to the state economy.

We stand ready to work with you to ensure we do not miss this essential opportunity to empower Victoria's Great South Coast businesses, residents, and wider community to invest, build resilience and take advantage of opportunities to strengthen supply chains and local manufacturing.

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Response to 2021 Powercor Revised Proposal 2026

2 Introduction

We welcome the opportunity to lodge this submission in support of the Powercor regional upgrade proposal for existing single phase feeders supplying 1,130 customers to be enhanced to three phase supply in Tyrendarra, Strathdownie, Cape Bridgewater and Gorae West.

We note this regional upgrade proposal is not included in the Powercor 2021-2026 Revised Proposal and that, based on analysis received, the Australian Energy Regulator (AER) September 2020 Draft Decision did not recommend that the Powercor regional upgrade proposal proceed.

Notwithstanding this decision, on 8 December 2020, Infrastructure Victoria specifically referenced (as part of recommendation 81) Powercor's original regional upgrade proposal in its Draft 30-year Infrastructure Strategy as necessary to remove infrastructure barriers to investment, reflecting the importance of this project.³ Furthermore, we, as the peak representative body of the Great South Coast and as a long-standing advocate for this upgrade, include in this submission, additional reasons for supporting for this proposal.

- **Tyrendarra**

a 37.4 kilometre single phase line between Yambuk and Narrawong supplying 497 customers;

- **Strathdownie**

a 28.5 kilometre line supplying 220 single phase and SWER customers;

- **Cape Bridgewater**

a 20 kilometre single phase line supplying 285 single phase and SWER customers;

- **Gorae West**

a feeder in Gorae West (near Portland) supplying 128 single phase and SWER customers.

³ Infrastructure Victoria, 'Victoria's Draft 30-Year Infrastructure Strategy - Great South Coast Summary', Infrastructure Victoria, 2020, <https://www.infrastructurevictoria.com.au/wp-content/uploads/2020/12/Great-South-Coast-regional-brochure.pdf>, accessed 22 December 2020.

About Food and Fibre Great South Coast Inc.

Food & Fibre Great South Coast is the representative body for food and fibre on the Great South Coast.

The Great South Coast is Victoria's largest food and fibre region, producing \$2.3 billion in agricultural output annually. The food and fibre industry accounts for 60% of the region's GDP and 21.6% of total jobs in the region.

Our region spans south west Victoria, taking in the beautiful coastlines of the Great Ocean Road to the inland majesty of the Southern Grampians. We are the people, natural environment and industries of Corangamite Shire, Glenelg Shire, Moyne Shire, Southern Grampians Shire, and the City of Warrnambool – collectively a population of 103,900 people, over 11,000 businesses, achieving a gross regional product of \$5.5 billion.

Our purpose is to grow the value of regional food and fibre production to improve the prosperity and resilience of our local communities. We do this by collaborating to drive regional value-add, investment and sustainability, realise the untapped water opportunity, nurturing food and fibre careers, and championing a positive industry image.

Our vision is for the Great South Coast to be Australia's most productive, innovative, and sustainable food and fibre production region.

In our approach we strive to grow our collective regional future through:

- Open-minded collaboration
- Passionate advocacy
- Innovative and lean operations
- Transparency and integrity

Our strategic direction is guided by the Great South Coast Food and Fibre Action Plan⁴ and is intrinsically aligned with the Great South Coast Economic Futures Report 2020.⁵ In 2020-21 and beyond, we are focusing our resources on optimising impact and unlocking the opportunities to grow the value and capacity of the Great South Coast's food and fibre industry.

We will do so by concentrating on four Strategic Platforms to foster regional growth and capacity:

1. Drive Regional Value-Add, Investment and Sustainability
2. Realise the Water Opportunity
3. Nurture Food and Fibre Careers
4. Champion Food and Fibre Advocacy

⁴ McKINNA et al, 'Great South Coast Group Food & Fibre Strategy & Action Plan 2015', Great South Coast Group, November 2015, http://www.greatsouthcoast.com.au/wp-content/uploads/2018/04/McKINNA-et-al_Doc-1-Project-Summary-FINAL_131115.pdf, accessed 22 December 2020.

⁵ D. Downey & L. Fraser, 'Great South Coast Economic Futures - Final Report', Juturna Infrastructure, May 2020, <https://www.juturna.com.au/wp-content/uploads/2020/06/211219-Geelong-South-Coast-Eco-Report-FINAL-email.pdf>, accessed 22 December 2020.

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SUBMISSION CONTEXT

First and foremost, we are independent business owners and operators, committed not just to striving to achieve the most successful and sustainable businesses we can for ourselves, but also for fostering the prosperity and wellbeing of our communities and region. Typically, we contribute not only through significant economic investment, job creation and downstream value-creation, but also through active volunteering – investing our time, skills, and energy to a range of activities to strengthen and support our communities. For instance, through local sporting groups, associations to address social barriers and disadvantages, business-focused associations, and indeed Food and Fibre Great South Coast itself, which is led by voluntary board and committee members.

Over the last five years, we have consistently advocated for the upgrade of single phase infrastructure to three phase power in the Tyrendarra area of the Great South Coast. As a group, we have convened community meetings, engaged with community leaders and non-food and fibre sector businesses and residents to understand the impacts and value of upgrading this infrastructure.

Our community consultation and research on the need for three-phase power in Tyrendarra was led by a group of committed farmers who were directly impacted by the change. We also leveraged dairy industry data to create a business case to demonstrate the outstanding benefits the upgrade would reap. This business case was sufficiently strong to attract Powercor's own analysis and ultimate recommendation to the AER for a three-phase power upgrade not just in Tyrendarra as requested, but extended to include Strathdownie, Cape Bridgewater, and Gorae West. However, on reflection, we consider that our business case omitted to make the broader regional case for the infrastructure upgrade – particularly for the economic and social benefits that accrue to the region through other businesses, hobbyists, community groups and the broader Great South Coast community.

It is hard to overstate the positive reaction generated in our community by the inclusion of the proposed regional upgrade in Powercor's draft determination for 2021-2026. As a region, we felt valued and assured that the benefits of this upgrade on all 1,130 customers directly impacted, as well as the compelling flow-on benefits to the region in terms of jobs, local spending, investment in upskilling and innovation, and community and social benefits, was well understood. Mistakenly, we failed to realise that it was incumbent upon ourselves to ensure these benefits were fully considered in the evaluation process.

Our objective in providing this submission is to rectify that omission. We hope by doing so, it will be possible to work in partnership with you to have this proposal reconsidered and recommended at the earliest opportunity.



4

CONSIDERATION

**Regional Benefits
of the Proposed Regional Upgrade**

The 2019-2020 Victorian Food and Fibre Export Performance Report showed that Victoria delivered a record \$14.5 billion in exports and is well on track to reach its target of \$20 billion food and fibre exports by 2030. A positive milestone for farmers and Victoria, which produces over a quarter of Australia's food and fibre exports, with most of this production generated within the Great South Coast. This result and growth projection demonstrate the strength of our region; however, it is contingent on the infrastructure being in place to enable investment, diversification, and innovation.

**empower
the****great south coast**

4.1. Sustainability & Innovation

As a regional peak representative body, we are fully committed to environmental sustainability. While we are proud of our current sustainability credentials, we are striving to reduce our footprint, and further improve our natural resource stewardship. Key strategic priorities we are directly or collaboratively taking action to deliver are outlined below.

Hydrogen Energy, specifically Hydrogen Fuel Cells

Increasing our region's understanding of this new clean, renewable technology and building social license so that food and fibre is positioned to embrace this technology as an early adopter is a top priority for Food and Fibre Great South Coast. We recognise the opportunity the Hycel unit in Deakin University represents for our region and sector to demonstrate leadership in emissions-reduction and building the economy of scale to attract new jobs, investment, and affordable innovation for other sectors. We are building a collaborative partnership with Hycel to grow social licence and consideration of opportunities for commercial hydrogen fuel cell adoption in the food and fibre sector.

Renewable Energy – PV Solar Penetration

The Great South Coast is an acknowledged leader in renewable energy. We recognise clean energy as a pathway for energy cost-savings and long-term sustainability both in terms of the environment and with respect to the high-tech industry food and fibre is increasingly embodying. We are building on our early adoption of renewable energy (with some of Victoria's first wind farms located in the region) with a purposeful intent to take renewable technology adoption further. As a result, numerous high-value renewables projects are already in various stages of planning and development across the region.

Food and Fibre Great South Coast is playing our role in advocating for these projects, supporting Councils and communicating to our stakeholders. Furthermore, guided by stakeholder feedback, we are growing our engagement with councils, peak bodies, and renewable companies to improve community engagement and promote the sustainable, effective, and responsible retirement of end-of-life renewable projects.

More recently, we have welcomed the Victorian Government's announcement of a further \$30 million for the Agriculture Energy Investment Plan (AEIP) and have plans in place to work with government to actively promote the program in our region. The AEIP aligns strongly with our own strategic goals as it helps farmers reduce their energy costs, be more energy efficient and productive.

In announcing the plan, the Minister stated, *"The Plan has been extremely popular, with farmers across Victoria benefitting from more than \$11 million in grants awarded this year for energy efficiency investments and own-generation technology. This Government is continuing to support the industry as it recovers from the coronavirus pandemic, drought and bushfires. Through the strategy, farmers and businesses will be helped to build resilience and take advantage of opportunities to strengthen supply chains and local manufacturing. The strategy will build on existing work including Victoria's world-class agricultural research capacity, the On-Farm Internet of Things trials, new SmartFarms and Small-Scale and Craft Program."*⁶

Regretfully, our region is undersubscribed to the first round of the AEIP program and we consider this may be partially due to poor electricity infrastructure serving as a deterrent to co-investing in innovation such as PV solar panels.

Certainly, within the Tyrendarra region, we are aware that the use of solar panels has been severely limited to enable compatibility with the single-phase feeder infrastructure. We are disappointed at the possibility of the poor network infrastructure negatively impacting our region's ability to invest in renewables. We are also concerned that its flow-on effect may be our reduced ability to access government incentive schemes and programs, which we strongly support and recognise as needed and aligned to our growth and sustainability objectives.

The AER Chair, in consideration of Powercor's 2021–2026 submission (not specifically related to the regional upgrade project), stated, *"All of the draft determinations provide sufficient revenue to support integration of renewable energy. This is important with more households installing solar panels as the Victorian Government's Solar Homes Program ramps up"*.⁷

While we have plans in place to actively promote the AEIP to encourage our stakeholders to participate and co-invest, we are concerned about the network barriers to participation and the impact this may have on our ability as a region to recover, grow and future-proof as intended by this outstanding government program.

⁶ Victoria State Government, 'Backing Agriculture for Victoria's Strong Future', Victoria State Government [Media Releases], 20 November 2020, <https://www.premier.vic.gov.au/sites/default/files/2020-11/201120%20-%20Backing%20Agriculture%20For%20Victoria's%20Strong%20Future.pdf>, accessed 22 December 2020.

⁷ Australian Energy Regulator, 'AER issues draft determinations for Victorian electricity distributors', Australian Energy Regulator [News Release], 30 September 2020, para. 10, <https://www.aer.gov.au/news-release/aer-issues-draft-determinations-for-victorian-electricity-distributors>, accessed 22 December 2020.

Emission-intensity

Unfortunately, the reality of single phase power in the Tyrendarra and surrounding region has resulted in an over-reliance on generators to augment single phase electricity infrastructure. This not only limits economic growth, business functionality and social amenity, but also increases emissions-intensity and limits the size of solar PV installations in the area. This will not change without the introduction of three-phase power infrastructure.

Innovation

We also express concern about our ability to adopt innovations such as the Internet of Things (on farm and in community generally), small-scale and craft programs. We have received feedbacks from community members regarding a local school in the area (Narrawong) not being able to install the most efficient and effective air conditioning unit due to infrastructure limitations, woodworking, pottery crafts and hobbies not being viable for residents due to energy impacts, and a local engineering business not being able to invest in new machinery or deliver existing contracts efficiently due to the inability to run existing machinery concurrently (despite investment in generators). We would be pleased to expand on these claims further.



4.2. Regional Value-Add & Investment

In December 2020, Infrastructure Victoria released its Draft 30-year Infrastructure Strategy for feedback. The strategy contains 95 draft recommendations. The strategy aims to identify investment priorities that build on each regions' unique economic advantages to activate regional growth opportunities (comparative advantage framework). It also seeks to rectify regional disadvantage by identifying infrastructure that can improve access to services, increase social inclusion or improve economic outcomes. Taken as a whole, the infrastructure priorities are effectively a critical roadmap to support regional communities by improving economic, health, education and social inclusion outcomes and addressing relative disadvantage.

The draft infrastructure priorities for the Great South Coast includes a focus on removing infrastructure barriers to investment. Under this category, draft recommendation 81 proposes to upgrade power supply infrastructure for agriculture and regional manufacturing. "In the next five years, contribute toward strategic power supply infrastructure upgrades for agriculture and regional manufacturing, where an independent assessment demonstrates significant potential for increased productivity, competitiveness and growth."⁸

The draft clearly identifies the inhibitions caused by the outdated power infrastructure and the benefits of its upgrading.

“Changing industry practices, with more energy intensive farming equipment, are leading to capacity constraints which are limiting production and stopping farms from expanding. The benefits of better power supply can be significant, allowing businesses to expand, to attract new investment and support local communities.

A proposal to upgrade a single-wire earth return backbone to three phase power in Tyrendarra, Strathdownie, Cape Bridgewater and Gorae West is estimated to cost \$8.7 million and deliver benefits of over \$2 million each year in gross regional product.”⁹

WE NOTE THAT:

Infrastructure Victoria specifically included Powercor's regional upgrade proposal in the infrastructure strategy as driving regional competitive advantage, notwithstanding that there has been no attempt to capture the flow on benefits beyond the immediate productivity, efficiency, and market access benefits.

Other recommendations are intrinsically reliant on upgraded power infrastructure. These include Draft Recommendation 14, to strengthen agricultural water security by modernising irrigation to better prepare the region for the impacts of climate change, and Draft Recommendation 86, improve resilience of regional telecommunications infrastructure, including through back-up power supply, especially essential to increase the region's resilience in times of crises, for instance, the recent summer bushfires when communication loss was experienced by 38 towns.¹⁰

⁸ Infrastructure Victoria, 'Victoria's Draft 30-Year Infrastructure Strategy - Great South Coast Summary', Infrastructure Victoria, 2020, <https://www.infrastructurevictoria.com.au/wp-content/uploads/2020/12/Great-South-Coast-regional-brochure.pdf>, accessed 22 December 2020.

⁹ Infrastructure Victoria, 'Victoria's Draft 30-Year Infrastructure Strategy - Great South Coast Summary', accessed 22 December 2020.

¹⁰ Infrastructure Victoria, 'Victoria's Draft 30-Year Infrastructure Strategy - Great South Coast Summary', accessed 22 December 2020.

Thus, we submit that an investment in upgrading the current outdated infrastructure to three-phase will support many industries, including but not limited to the food and fibre industry. Businesses and residences beyond the 1000-plus directly impacted by the upgrade will be more resilient to economic shocks such as the pandemic and climate change events, gain the ability to unlock new industry growth opportunities and improve macro-economic outcomes by increasing access to jobs and upskilling, and provide infrastructure that enables investment to reduce the cost of energy long-term. In the same vein, the community, sporting, and education users of this network will have an enhanced capacity to deliver positive social outcomes.

Economic multiplier effect

Great South Coast is a major food producer, with the largest agricultural output of any Victorian region. Great South Coast farms produce more than one quarter of Victoria's beef and around one third of Victoria's dairy and sheep. Broadacre cropping, food processing, aquaculture and forestry are additional regional strengths. The town of Portland contains an aluminium smelter and western Victoria's main port, the Port of Portland, through which the region's agricultural, forestry and mining products are exported. There is a strong evidence that our food and fibre industry has a significant economic multiplier effect on the regional community. For example, in 2014/15, the Australian Dairy Industry Council submitted data from Econ Analysis in a government submission that noted the economic multiplier effect of dairy in south west Victoria as 1.84 in total output and 6.06 in total job creation.

Careers – Creating an Attractive and Investable Region

It is well documented that agriculture in Australia is a growing industry, facing a significant skills shortage. Our research shows that in south west Victoria, the demand for food and fibre workers is expected to be greater than supply, with predicted shortfalls for the next 15 years.

There are currently 8,200 food and fibre jobs in our region, accounting for around 20% of the regional workforce. Our research indicates there will be a 30% increase in food and fibre jobs by 2035, with around 39% of these jobs requiring a TAFE qualification and around 19% requiring a university qualification.

To attract new entrants to our industry, we are working hard to promote food and fibre careers and study pathways. We recognise that to deliver on these goals, we must have access to reliable energy (amongst other factors) to ensure accessible remote learning, residential accommodation, training, and apprenticeship opportunities, and be attractive to invest capital and update equipment.

4.3. COVID-19 Recovery and Resilience

We have seen that food and fibre has been intrinsic to maintaining our regional economy during the pandemic, particularly in light of our world-class tourism economy being severely impacted.

consideration

As a region, we have challenged ourselves to step up to the challenge of the pandemic, just as we have when faced with drought, flood and other forces that impact our economy and community wellbeing. We have worked together, collaborating across local government, commercial operators, and non-profit bodies such as ourselves. As a result, we have moved with agility to innovate and serve and support our community in new ways.

Food and Fibre Great South Coast urges the AER and/or government to examine the economic and social value of the Tyrendarra and surrounds regional supply upgrade in the context of COVID19 impacts on the state economy, and the significant role regions have and will continue to play in driving our economy and preserving supply chain integrity – particularly in the food and fibre sector. Likewise, social infrastructure takes on increased importance in a post-pandemic environment, and the shared goal of ‘future-proofing’ the region and its people to rebound against this and future pandemics or other unforeseen business continuity interruptions. In this context, the economic and social benefits of the proposed upgrade can be seen to have immediate, and longer-term benefits shared beyond the region to the state.



4.4. Rebalance Decision-Making Framework for Regional Infrastructure

While all evaluations of the proposed regional upgrade upheld the contention that the upgrade to three-phase power would benefit consumers directly impacted, it has been acknowledged by the Consumer Challenge Panel, EMCa and the AER itself, that broader regional support and benefits were not considered in the evaluation process for the regional upgrade. As stated previously, we take responsibility for our part in not bringing this to the fore earlier in the process. We respectfully request that measures are taken to build in appropriate community benefit processes of regional upgrade requests in future, noting the current formula tends to work against regional investment due to low-population density. We note that there was no natural point of consideration of regional context in the process applied to date. Noting the economic and social value of the 1,000-plus customers that will benefit from the proposed upgrade, we urge the AER to consider Powercor's statement that:

We note also that, once approved, the user-pays co-investment model sees regional Australians contributing a disproportionate amount towards infrastructure compared to their city counterparts. It is important to us that this is also considered in the review. For the context of this project, we submit that it is entirely appropriate for government to fund the upgrade given the significant, immediate, long-term return on investment to the state economy.

We aim to operate in partnership and cooperation with all stakeholders involved in this process. We look forward to advice on how we can best engage with developing an appropriate decision-making framework for the region.

“Regional communities generate significant economic value for our economy that should not be overlooked in undertaking investment decisions. This could include changes to the approach for setting the value of customer reliability (VCR) to take account of location specific characteristics.

The current approach for setting VCR typically leaves regional customers with poorer supply outcomes due to low customer density.

We do not believe this is appropriate when it results in businesses that rely upon electricity supply and which generate significant benefits for our economy, without adequate supply.”¹¹

¹¹ Powercor, 2021-2026 Revised Proposal, 3 December 2020, p. 91

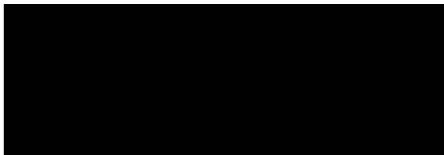
5 CONCLUSION

Ideally, we would welcome an immediate re-instatement of the original Powercor proposal to upgrade regional power supply in Tyrendarra, Strathdownie, Cape Bridgewater and Gorae West and a commitment to invest funds in the 2021-2026 period to support the continued economic and social development of regional Victoria.

In addition to this, we would welcome the opportunity to support you and/or the appropriate body to assist in developing a decision-matrix that appropriately captures the full benefit of infrastructure upgrades in regional Australia and facilitates responsible and wise investment decisions, without unduly (and unintentionally) disadvantaging regions, which have, by definition, lower population density than urban Australia.

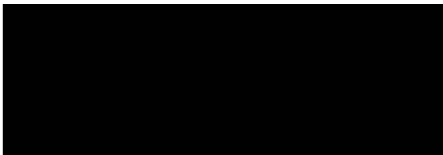
Yours Sincerely,

Georgina Gubbins



Chair
Food and Fibre Great South Coast Inc.

Natalie Collard



Executive Officer
Food and Fibre Great South Coast Inc.

Contact

Natalie Collard
Executive Officer
Food and Fibre Great South Coast Inc.

