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Level 37, 2 Lonsdale Street  
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Via e-submission: <https://engage.vic.gov.au/vtif-rez-community-benefits>

To whom it may concern,

**Re. Victorian Transmission Investment Framework Draft Renewable Energy Zone Community Benefits Plan**

On behalf of our members, the Central Victorian Greenhouse Alliance (CVGA) and the Gippsland Alliance for Climate Action (GACA) are pleased to provide this submission in response to the draft Renewable Energy Zone (REZ) Community Benefits Plan ('the Plan').

The Victorian Greenhouse Alliances are formal partnerships of local government and statutory authorities working collaboratively to drive climate action for emissions reduction and community resilience across 70 of Victoria's 79 municipalities. GACA is comprised of five member councils in the Gippsland region, encompassing the Gippsland REZ. CVGA is comprised of 13 member councils across the Loddon Mallee and Grampians regions of Victoria, encompassing the Western and Murray River REZs.

We are broadly supportive of the proposed goals in the draft Plan to:

- achieve better outcomes for communities hosting new renewable energy infrastructure;
- share benefits of the energy transition fairly with all Victorians;
- deliver projects that make long-term positive contributions to host communities and are responsive to communities' needs and priorities; and
- identify opportunities for improving energy reliability, efficiency, and affordability for host communities.

We also support the proposal for transmission companies and renewable energy developers to make benefits available to landholders and other Victorians whose land is near to or significantly impacted by new transmission infrastructure, and the proposal to co-design benefit sharing mechanisms with Traditional Owners that recognise their rights and support self-determination in the clean energy transition.

Our submission focuses on the plan to create REZ Community Energy Funds and the following consultation questions:

- The proposed REZ Community Energy Fund approach, and what types of projects and groups should be eligible and ineligible for funding.
- How decisions will be made about allocating funding from each REZ Community Energy Fund to local priorities.
- The model of using regional community reference groups to guide decisions about each REZ Community Energy Fund, and which individuals and organisations should be members.

In response to these questions, we have highlighted several recommendations to strengthen the proposed Plan.

**Recommendation 1. Adopt a co-design approach to identify the focus of each REZ Community Energy Fund and the types of projects supported, including but not limited to transformative energy projects.**

We support the concept of REZ community benefits funds with the capacity to support substantial, long-term, and transformative projects that deliver tangible benefits to REZ communities. However, we believe

that community benefits funds should be flexible and respond to the locally identified strategic needs and priorities of regional communities hosting REZs, including but not limited to support for transformative energy projects. The clean energy transition represents a new industrial revolution in regional Victoria and a unique opportunity to invest in the revitalisation, prosperity and sustainability of rural and regional communities. Communities expect to be involved in setting the direction of, and making decisions about, community benefits funds. This is critical to achieving the Plan's stated goal to deliver projects that are responsive to communities' needs and priorities, and broader social licence for REZs.

While energy reliability and affordability are key challenges in regional areas, these challenges can and should also be addressed by state government and distribution network service providers through regulatory reform, network maintenance and upgrades, and more equitable, targeted, accessible, and affordable government-sponsored energy programs and services.

REZ community benefits funds may prioritise support for energy projects in their eligibility guidelines, but this should not be to the exclusion of other legacy projects that regional communities care about, such as initiatives with the potential to deliver transformative, long-term outcomes for regional health, biodiversity, climate resilience, housing, tourism, economic development, mental health, and young people. We recommend that a co-design approach is used to determine the focus of each REZ community benefits fund and the types of projects supported, in consultation with Community Reference Groups and a diverse range of stakeholders in each region. We also recommend that the name of the "Community Energy Funds" be changed to "Community Benefits Funds" to reflect this broader strategic focus.

**Recommendations 2. Clarify the definition and scope of 'regions hosting Renewable Energy Zones' for the purpose of determining projects eligible for funding under the REZ community benefit funds, and ensure a broader interpretation which acknowledges connectivity of impact across the region**

It is important that each REZ community benefits fund supports strategic projects in the wider region hosting a REZ. The way that local communities understand and interact with their region may or may not align with the defined borders of declared REZs. Developments in REZs are also likely to impact communities in neighbouring local government areas, for example, with increased pressure on housing, roads, local workforce, and services. Within this context, it is still important to ensure that the distribution of community benefits matches the impact, and that the fund supports those communities most affected by developments.

The Plan proposes that organisations applying for funding must have a presence in a Victorian REZ or be actively working and delivering services within a Victorian REZ. It also states that "*Eligible projects must occur in regions hosting Victorian Renewable Energy Zones.*" This boundary and scope of the 'regions hosting' the REZ needs to be clarified, as to whether it is the REZ boundary only or includes surrounding areas. We recommend an inclusive interpretation of the eligibility criteria, to include projects with a broader scope, impact, or delivery model that may extend beyond the defined REZ boundary to neighbouring or nearby LGAs with strong economic and service connections, where this is critical to achieving genuine and strategic legacy outcomes for the region.

**Recommendation 3. Ensure that the eligibility criteria for REZ Community Energy Funds enables communities to leverage multiple sources of funding for ambitious legacy projects and partnerships.**

We support the principle that REZ community benefits funds should help to deliver existing regional priorities and must not duplicate existing programs. The Plan proposes that projects typically funded by other state, Commonwealth, or local government sources will be ineligible for funding. In the application of this criteria, it is important to ensure that regional communities are not prevented from leveraging funds from multiple sources for the delivery of ambitious legacy projects, or to expand the reach or impact of successful programs where existing funding sources are not ongoing, or do not support this expansion.

The Plan also proposes that projects that are part of councils' core business will be ineligible for funding. We agree that funds must not be used to deliver programs or services that are the responsibility of government, but in the context of significant service gaps, market failures, and cost shifting from other levels of government, councils in regional and rural areas are frequently required to step in to deliver programs and services outside of their core business. It is critical that this is well understood in the application of the proposed eligibility criteria so that councils, as potentially valuable partners in the delivery of legacy projects with and on behalf of their communities, are not excluded from applying.

**Recommendation 4. Clarify how REZ community benefits funds may interact with and support the strategic coordination of local benefit sharing from individual proponents with host communities.**

We support the approach that has been taken by VicGrid to determine mandatory contribution rates in a way that encourages and enables industry to continue making contributions to host communities through discretionary local benefit sharing programs, rather than channelling all funds into a centralised regional pool. To establish and maintain positive social licence for REZs and individual energy projects, regional benefit sharing must not replace local community engagement and benefit sharing by developers with host communities. This local relationship building and investment by developers is critical to a fast and fair transition.

The Renewable Energy Zone Community Benefits Plan should include mechanisms to support and encourage this local benefit sharing in ways that meet or exceed established industry and Victorian government guidelines (such as the Clean Energy Council's Guide to Benefit Sharing for Renewable Energy Projects and the Victorian Government's Community Engagement and Benefit Sharing Guide), and reduce administrative and engagement fatigue for communities experiencing the cumulative impacts of multiple projects. For example, access arrangements for generation, storage, and hybrid projects should include social merit criteria requiring proponents to demonstrate excellent community engagement and benefit sharing with host communities and First Nations (which may include community co-investment or co-ownership models), and efforts to coordinate with other developers to mitigate the cumulative impact of projects on communities.

Coordination between developers will be critical to managing the negative impact of projects on communities in REZs and should include proactive and targeted investment in local infrastructure to cater to increased numbers of workers in some areas.

**Recommendation 5. Broaden representation on Community Reference Groups to increase legitimacy and social licence and ensure that decision-making processes are clear and transparent.**

The legitimacy and transparency of governance and decision-making arrangements for REZ community benefits funds is critical to meeting the goals of the Renewable Energy Zone Community Benefits Plan. We support the model of establishing Community Reference Groups to guide decisions about how each REZ community benefits fund is used, but caution that these groups must be sufficiently representative, with strong community engagement strategies, and transparent decision-making process to gain legitimacy and community support.

The Plan proposes that Regional Partnerships will form the core of Community Reference Groups, supplemented with representatives from other sector-specific organisations. In many regional and rural communities, the role and work of Regional Partnerships is not well known and their reach into and engagement with regional and rural townships is limited. Without broader engagement with and representation from a diverse range of sub-regional, sector-specific, and community groups and individuals, there is a risk that Community Reference Groups will not be sufficiently representative to gain community support or to guide strategic investment decisions on behalf of the region.

A critical consideration is the make-up and structure of Community Reference Groups when it comes to sub-regional community interests. For example, if there are multiple communities within a REZ who have

different priorities, it is important that the Community Reference Groups support this local nuance, whilst maintaining a regionally significant viewpoint for projects.

There should also be opportunities for individuals to nominate as members of the Community Reference Group to ensure diverse representation outside of established community leaders and organisations. Importantly, this requires an active effort to broadly promote the opportunity to nominate, to reach community members who may not typically see VicGrid promotions. Existing community networks should be utilised for this purpose, as well as local media channels.

Some regions have existing groups that have been established to support community engagement and benefit sharing in the renewable energy transition, such as the Gippsland Community Benefit Sharing Working Group convened by Latrobe Valley Authority, and Community Power Hubs that remain active (but unfunded) in parts of the state. Several councils are also working with their communities to develop Statements of Expectation on renewable energy development and benefit sharing, and care should be taken to build on and engage with these existing groups and local initiatives.

Decision making processes also need to be made clear and transparent. The language in the draft Plan is insufficiently clear regarding final decision making. The Plan states that:

- VicGrid will have overall responsibility for each REZ Community Energy Fund and will work with regional and local stakeholders to coordinate decision-making, facilitate approvals, and monitoring, evaluation, and reporting.
- Community reference groups with broad community and industry representation will identify, review, and recommend appropriate funding opportunities from REZ Community Energy Funds.
- A cross-government reference group, consisting of senior regional and central public service executives, will provide decision-making guidance to the regional community reference groups, while VicGrid will provide overall statewide accountability.

The process for decision-making between these groups needs to be clearly articulated, particularly the role of Community Reference Groups in making recommendations and the weight that these recommendations will carry if decision making power sits at another level.

**Recommendation 6. Clarify the engagement strategy for Community Reference Groups and resource councils to support this engagement.**

If REZ community benefits funds and Community Reference Groups are to genuinely reflect and support the interests and priorities of diverse regional communities, and achieve the goals outlined in the Renewable Energy Zone Community Benefits Plan, a clear community engagement strategy will be needed. Proactive work is required to ensure that all Victorians living and working in REZs are aware of the clean energy transition, what this means for their community, and the opportunities that will be created, including opportunities through the REZ Community Energy Funds. Communities must be supported to participate through inclusive planning and decision-making processes to identify their vision for the transition in their region, priority projects, and the legacy outcomes they hope to see.

Councils can be valuable partners in information sharing, education, and engagement to help prepare communities for the declaration of REZs and the establishment of REZ Community Energy Funds. However, rural and regional councils in Victoria are not sufficiently resourced to facilitate or support communication and coordination activities in connection with the roll out of REZs. We recommend that the Victorian Government consider the approach that has been taken in NSW, where EnergyCo is funding councils in REZs to work with their communities to plan for their future as part of the renewable energy transition.

We would welcome the opportunity to discuss any aspects of this submission in further detail.

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*This submission has been approved through the Victorian Greenhouse Alliances approval processes but has not been formally adopted by individual members. The submission does not necessarily represent the views of all members.*