VRET 2017 Reverse Auction Outcomes Question and Answers

The VRET Reverse Auction

1. **Q. What is the VRET Reverse Auction?**
   A. The Victorian Renewable Energy Target (VRET) is the Victorian government's legislated target for renewable energy generation to be 25% of electricity generation by 2020 and 40% by 2025. The VRET Reverse Auction called for bids from renewable energy projects through a formal Request for Proposal to support achievement of these targets. This included up to 550 MW of large scale, technology neutral renewable energy, and up to 100 MW of large scale solar-specific renewable energy.

2. **Q. Why was the VRET Reverse Auction held?**
   A. The Victorian Government is committed to showing leadership in recognising the need for a modern renewable energy system to support our economy. The 2017 Reverse Auction was held to provide certainty for the private sector to invest in Victoria's renewable energy industry by guaranteeing up to 650MW of new renewable energy. It was held as an auction to encourage competition between project proponents, ensuring that Victoria was getting the best value from the support offered to successful projects.

Successful projects

3. **Q. Who has been successful in the first VRET Reverse Auction?**
   A. Six new renewable energy generation facilities have been successful in the auction, and have been awarded with a 15 year support agreement with the State. Three wind farms and three solar farms have been successful. These projects include the:

   - Berrybank Wind Farm (180 MW) by Global Power Generation, west of Geelong;
   - Carwarp Solar Farm (122 MW) by Canadian Solar, south of Mildura;
   - Cohuna Solar Farm (34 MW) by Enel Green Power Australia, east of Kerang;
   - Dundonnell Wind Farm (336 MW) by Tilt Renewables, north-east of Warrnambool;
   - Mortlake South Wind Farm (158 MW) by Acciona, south of Mortlake; and
   - Winton Solar Farm (99 MW) by Fotowatio Renewable Ventures, east of Benalla.

   A detailed fact sheet on each project including size (number of turbines and panels), location, developer, expected jobs created, local investments, local supply and community engagement is available on the auction website.

4. **Q. How were the auction winners selected?**
   A. The successful projects were required to make a submission following the launch of the Request for Proposal (RFP) in November 2017. All correctly submitted proposals that complied with the eligibility criteria were assessed based on value for money and satisfaction of five evaluation criteria. These criteria were: Financial capability and commercial viability; Technical capability and viability; Economic development; Community engagement and shared benefits; Impact on existing electrical network infrastructure. The auction winners are those that provided the best value for money and best satisfied the evaluation criteria.

5. **Q. How big are these projects, and much energy will they generate?**
   A. Each project differs in scale. The three wind farms are between 35 to 80 turbines each, and the solar farms have between 80,000 and 330,000 panels. Combined, the projects have total installed capacity of 928 MW from 158 new wind turbines and approximately 670,000 new solar panels. This will generate nearly 3 million megawatt hours (MWh) of new renewable energy per year. This is the equivalent to power 646,273 homes.

6. **Q. Is it definite that all the projects will be built? When will these projects be constructed?**
   A. Successful projects must achieve a number of milestones in the VRET Support Agreement prior to the commencement of construction. For example, the proponent must reach 'Financial Close,' and deliver final drafts of their; Safety, Health and Environment (SH&E) plan; Community Engagement and Benefits Sharing plan; Industrial Relations Management plan; and Wildlife Management plan for review by the State. Failure to achieve these milestones may be classified as a default of the contract, which may impact the construction and completion of the project. Assuming that all projects meet these conditions, construction is expected to commence in the early 2019. The State expects that the successful solar projects will be operational by early 2020, and the successful wind farms will be operational before the end of September 2020.

7. **Q. Why are the winning projects in similar areas?**
   A. Large-scale renewable energy projects have a number of requirements that relate to areas of the State that are most suitable, being a high concentration of solar or wind resources. Wind is most consistent in western Victoria, particularly south west Victoria. Solar radiation is strongest in the north of Victoria. Generators need to be connected to a local substation. Victoria has 59 substations. 24 are within the Greater Melbourne and Geelong areas and another 9 support Victoria's existing generation in the Latrobe Valley. This leaves 26 substations, largely in Victoria's north and west for new solar farms and wind farms to connect to the transmission network.

8. **Q. What will happen to the Large-scale Generation Certificates (LGCs) created by the projects?**
   A. Following expensive evaluation of the proposals and determination of value for money, it has been determined that proponents will transfer the LGCs created by the project to the State. During the period in which the VRET is complimentary to the Federal RET, any value recouped from LGCs transferred to Government and re-sold into the market will contribute to the State's revenue. The Treasury Corporation of Victoria (TCV) will be responsible for trading any LGCs received by the Victorian Government.

9. **Q. What planning approval processes have the successful projects gone through?**
   A. One of the key eligibility criteria for the auction was that each project has a 'live' planning permit covering the project. Planning permits and Cultural Heritage Management Plans (CHMP) were also requested for the transmission lines, any removal of native vegetation where applicable.

Employment

10. **Q. How many jobs will these projects create?**
    A. As a part of their submission to the auction, all projects were required to provide the State with a Local Industry Development Plan (LIDP) and a Major Project Skills Guarantee (MPSG) to provide evidence of how many local jobs will be created by the projects. Based on the documents submitted by proponents, the projects will create an additional 900 jobs, including over 600 retained jobs. This includes jobs for approximately 270 apprentices and trainees through the MPSG.

11. **Who do I contact if I want to find out about jobs on these projects?**
    A. In order to find out about potential job opportunities, you should contact the developers of the projects in the first instance. There will be also be a significant amount of new jobs created throughout the supply chain for renewable energy. Whether you're looking for workers or looking for work, Jobs Victoria is a useful resource. It helps support and connect jobseekers and employers, offering Victorian businesses access to a source of quality candidates, and helping jobseekers find meaningful, ongoing employment.

Governance

12. **Q. Who has signed the Support Agreements issued under the 2017 auction? Who will administer the Support Agreements?**
    A. The Support Agreement has been signed by the successful proponents and the Minister for Energy, Environment and Climate Change, on behalf of the State of Victoria. The Support Agreement will be administered by the Department of Environment, Water, Land and Planning (DELWP). Any trading of LGCs will be administered by the Treasury Corporation of Victoria (TCV).

13. **Q. When do we expect another auction of this size to occur again?**
    A. The Government will not be releasing a full schedule of auctions at this stage, and will determine whether further auctions are required to meet these minimum capacities based on market and national policy conditions.

14. **Q. Is there a minimum 'local content' requirement for projects to be successful under the auctions?**
    A. The Victorian Industry Participation Policy (VIPP) applied to the auction. For this auction, local content target of 64% for was set for all projects, as well as target of 90% for local operations and 90% for local steel. Projects that exceed the threshold were scored higher than those that only met the minimum threshold.

15. **Q. Why does 'local content' also include New Zealand content?**
    A. The Victorian Industry Participation Policy (VIPP) relates to local content, which is currently defined as Australia and New Zealand value added activity. Australia and New Zealand are treated as a single market for government procurement under the Australia and New Zealand Government Procurement Agreement. All other jurisdictions are considered 'international'. In addition, items imported into New Zealand as part of New Zealand-sourced goods and services are considered international.

Community benefits

16. **How can our community benefit from this development?**
A: As part of the auction process, DELWP recognised the importance of community engagement and benefits sharing. Each proponent was required to submit a detailed plan explaining how they would engage with and share benefits with the community. Furthermore, proponents were required attempt to meet a minimum local content target, submit a local industry development plan, a local investment plan and a major project skills guarantee. For more information on the benefits to the community of a project, you can directly contact the project developer. All commitments made in these plans are contractually enforced.

17. **Will DELWP assist the community in realising any proposed benefits of these projects?**
A: Yes. The community engagement and benefits sharing plans, local industry development plans and local investment plans are contractually enforced. To ensure they are realised, DELWP will be conducting regular monitoring of proponents' progress toward achieving proposed benefits.

18. **I have heard that wind farms can be noisy. Will I be able to hear the wind farms at night?**
A: Being able to hear a wind farm is obviously dependent on a number of factors including the sensitivity to noise of the listener, distance, speed of the turbine, level of other noises and environmental conditions. At the distance of most neighbouring residents – for example, 500–1,000 m – the level of sound (decibels) from wind farms is lower than that from many other sources of environmental noise. A wind farm operating in moderate wind produces on average between 35-45 decibels. For context, rural night-time background noise is between 20-40 decibels, and the average office is 60 decibels.

19. **Are there any health risks associated with windfarms/solar farms?**
A: The top Australian authority on health issues, the National Health and Medical Research Council (NHMRC), conducted a review into wind farms and potential health issues in 2009, and is currently undertaking a more detailed review of the evidence. A 2010 NHMRC report concluded: "This review of the available evidence, including journal articles, surveys, literature reviews and government reports, supports the statement that: There are no direct pathological effects from wind farms and that any potential impact on humans can be minimised by following existing planning guidelines."

    The NHMRC also released a draft information paper on wind farms and human health for public consultation in early 2014. The paper summarised the evidence on whether wind farms cause health effects in humans. That information also found that: "There is no reliable or consistent evidence that wind farms directly cause adverse health effects in humans."

Electricity supply and pricing

20. **Will this development make power supplies more reliable?**
A: Diversity of supply is expected to improve Victoria's energy system reliability. Victoria's renewable energy targets will see a major proportion of the State's electricity coming from large-scale wind and solar by 2025. By complementing a portfolio consisting of existing renewables (wind, large and small scale solar), gas, brown coal, and legacy hydro generation, electricity supply is expected to remain diverse. Additionally, Victoria has multiple interconnections with other jurisdictions (Tasmania, New South Wales, South Australia).

21. **How will this scheme make my electricity pricing cheaper and when can I expect experience this?**
A: Expanding the supply of lowest cost generation for the wholesale electricity market places downward pressure on prices. The 2017 VRET reverse auction was intended to introduce a 650 MW of new generation. As previously noted, the auction will deliver 928 MW of new renewable energy, approximately 278 MW more than anticipated. It was forecast that the Victorian Renewable Energy Targets would cut the average cost of power for Victorians by around $30 a year for households, $2,500 a year for medium businesses and $140,000 a year for large companies.

Environmental and biodiversity impacts

22. **Q. Will these new facilities lead to a reduction in carbon emissions?**
A. As previously mentioned, these facilities will generate nearly 3 million MWh of emissions free, renewable energy per year. If the equivalent amount of energy was to be generated from a coal fired power station, this would require around 1.1 million tonnes of coal, which would create 1.5 million metric tonnes of greenhouse gas emissions.

23. **Q. What are the key species affected by the successful windfarm?**

    Ecological studies completed for the project assessed impacts on all native plants and animals potentially affected, including the following conservation-listed species:

Dundonnell Wind Farm:

- Spiny Rice-flower, Basalt Greenhood, Button Wrinklewort, Fragrant Leek Orchid, Small Golden Moths Orchid and Clover Glycine;
- Brolga, Latham's Snipe, Corangamite Water Skink, Growling Grass Frog, Striped Legless Lizard, Southern Bent-wing Bat and Yellow-bellied Sheathtail Bat.

Berrybank Wind Farm:

- Spiny Rice-flower, Trailing Hop-bush, Brolga and Growling Grass Frog.

Mortlake South Wind Farm:

- Brolga and Southern Bent-wing Bat.

In accordance with the DELWP-published '*Policy and Planning Guidelines: Development of Wind Energy Facilities in Victoria'*, known and potential impacts of the wind farms have been quantified, minimised, and where necessary offset.

24. **Q. How is decision making for renewable energy project approvals informed by risks to key species?**
A. Wind energy facilities are assessed in accordance with State and Commonwealth legislation and policy. As a minimum, and regardless of approval requirements under the Victorian Environment Effects Act 1978 or Commonwealth Environment Projection and Biodiversity Conservation Act 1999 (EPBC Act), wind farm proposals are required to address the Victorian Planning Provisions and referenced documents, including the DELWP-published 'Policy and Planning Guidelines: Development of Wind Energy Facilities in Victoria'. The decision guidelines at Clause 52.32 of all Planning Schemes direct the Responsible Authority to consider the impacts of a wind energy facility on the natural environment and natural systems. This process is informed by comprehensive ecological studies. In reviewing ecological studies and providing advice to inform the Responsible Authority's decision, DELWP acknowledge and address the inherent limitations of flora and fauna surveys and associated risk assessments. This is informed by survey standards, expert knowledge, and in some instances impact guidelines. In instances of uncertainty regarding the risk and potential impacts on native plants and animals, the precautionary principle is adopted, whereby impacts are assumed and mitigated or offset.

25. **Q. What are you doing to mitigate the impact on brolgas, where the development takes place in a brolga habitat?**
A. Wind energy facilities within the known distribution range of Brolga are assessed in accordance with the Interim Brolga Guidelines, which recommend default turbine-free buffers from breeding and flocking wetlands. Any proposals involving reduced turbine set-backs are required to be supported by robust data and analysis. Risks to Brolga during the construction phase are managed in accordance with an endorsed Environmental Management Plan. Projects are required to quantify the residual 'unavoidable' risk to Brolga and offset that measured risk to achieve a zero-net impact to the Victorian Brolga population. Offsets may be achieved by reducing mortality through power line marking or recruiting additional adult birds to the Brolga population by reinstating, protecting and enhancing breeding habitats. Any confirmed impacts on Brolga during the operational phase of a wind energy facility are managed in accordance with a Bird and Avifauna Management (BAM) Plan, which directs the completion of mortality monitoring and implementation of responsive measures in the event of Brolga mortality.

26. **Q. What are you doing to mitigate the impact on Wedge-tailed Eagles and other birds and bats, when there are so many wind farms in the one area?**
A. Wind energy facilities within the known distribution range of Wedge-tailed Eagle are assessed in accordance with the DELWP-published 'Policy and Planning Guidelines: Development of Wind Energy Facilities in Victoria'. Wedge-tailed Eagles are not listed under the Flora and Fauna Guarantee Act as threatened in Victoria. Concerns for Wedge-tailed Eagles are based on their significance to Victorians as a totem or iconic species, and their ecological role as an apex predator. DELWP can make recommendations rather than direct developers to quantify and minimise impacts for non-threatened species of birds and bats. On the whole developers have been cooperative in taking measures to protect Wedge-tailed Eagles post construction. The mortality of Wedge-tailed Eagle and other species of birds and bats during the operating phase of a wind energy facility is monitored and managed in accordance with a Bird and Avifauna Management (BAM) Plan developed for that facility.

27. **Q. What are you doing to mitigate the impact on Southern Bent-wing Bats, where the development takes place in a Southern Bent-wing Bat habitat?**
A. Southern Bent-wing Bat is listed as threatened under both State and Commonwealth legislation. Ecological studies completed for wind energy facilities within the known distribution range of Southern Bent-wing Bat are required to identify known and potential impacts on this species. The Commonwealth have developed prescribed survey standards for this species and DELWP directs proponents to comply with internal unpublished standards which exceed these requirements. In assessing a wind energy facility, DELWP also consider opportunities for impact avoidance and minimisation, including turbine set-backs from key habitat features, including waterbodies and treed remnants. Any confirmed impacts on Southern Bent-wing Bat during the operational phase are managed in

accordance with a Bird and Avifauna Management (BAM) Plan, which directs the completion of mortality monitoring and implementation of responsive measures in the event of species mortality.

28. **Q. Will native vegetation be removed? How is this managed?**
A. Native vegetation removal is regulated in Victoria within the Victoria Planning Provisions. A permit is required to remove native vegetation. Native vegetation that is proposed to be removed must be assessed, and where it is removed, compensated. Windfarms have typically been located on cleared farming land, with relatively smaller areas of native vegetation remaining. In wind farms, native vegetation is often required to be removed to enable construction of turbines, roads, and other onsite infrastructure, and to enable roads to be upgraded to facilitate long load transport requirements. Native vegetation may also be removed as a result of transmission line construction. In each case, the planning permit details the native vegetation offsets that are required to compensate for the losses. Additionally, where the works require flora that is protected under the Flora and Fauna Guarantee Act 1988 to be removed from public land, including roadsides, a permit is also required under that Act.

29. **Q. What environmental impact assessment work has been done for the successful projects?**
A. Environmental assessments inform the various approvals that a renewable energy project may require. All projects require a planning permit, and the Dundonnell Wind Farm also required an Environment Effects Statement to be prepared. Assessments for both planning permit and Environment Effects Statement processes include surveys of native vegetation to be removed, biodiversity, including Commonwealth and State listed threatened species using the site, waterways and cultural heritage and assessments of likely impacts. In relation to threatened species, landscape utilisation and breeding survey work may take several successive years to fully inform likely impacts to species. A public hearing has been held to consider these surveys and impact assessment, and to allow evidence presented by the developer, and other submitters to be reviewed and tested, and ensure the Minister for Planning is fully informed when making a decision to approve a project.

30. **Q. How have protracted timelines from initial approval to likely construction of wind farms influenced community responses and biodiversity impacts?**
A. The Berrybank and Mortlake South projects were initially issued permits in 2010, while Dundonnell was approved in 2017, each following several years of environmental assessment survey, and community engagement. The developers for all three applied to amend the turbine specifications during 2017, to enable fewer, larger turbines to be constructed. The extended timeframes may mean that circumstances have changed when a wind farm comes to be built. For example threatened species surveys may have been undertaken during a long run of dry years, without having the opportunity to gather evidence about patterns that emerge in wetter periods; and the listed conservation significance of a potentially affected species may change. Each time an approval is granted, it is based on the best available information that is current at that time. Many wind farms are required to implement bat and avifauna monitoring and management plans, to inform actual, as opposed to projected mortality, and management responses to minimise impacts. Communities' perspectives and perceptions may change, e.g. to cumulative development of several projects in an area, or to visible wildlife in the area. Changing circumstances or perceptions do not create circumstances where the initial permit can be challenged.

Powerlines and transmission infrastructure

31. **Q. What permits or planning approvals are needed to install transmission lines connecting wind farms in Victoria?**
A. All power lines in Victoria do not require a planning permit if they are designed to operate at less than 220,000 volts. However, planning permits may be required for removal of native vegetation to allow construction of the power line. Power lines that are designed to operate at 220,000 volts or more require a planning permit.

32. **Q. What community engagement do developers need to conduct prior to constructing transmission lines?**
A. At this stage, there is no requirement to conduct any community engagement. However, all developers are encouraged to work with the council and the local community to ensure that there is knowledge of a project, and what residents can expect to have built near them.

33. **Q. Do wind farm developers need to work together to share transmission lines?**
A. There is no current obligation for developers to work together, however there are significant economic incentives to share transmission infrastructure to avoid duplication of lines.

34. **Q. Can developers go onto people's private property to install transmission lines and their poles?**
A. Yes, many power lines are constructed on private land in agreement with the land owner.

35. **Q. Will all these new projects mean there are new transmission lines all over the state?**
A. The Planning group of the Department of Environment, Land, Water and Planning is currently working on on creating guidelines for how new generators can install transmission lines to attach to the grid.

Community concerns

36. **Q. Should neighbours of wind farms be concerned about audible noise emissions?**
A. Wind farms are subject to noise emissions regulations which wind farm proponents are responsible for controlling. A wind farm may have to operate certain turbines in ways that mitigate noise, such as not operating in certain wind speeds or directions. Wind farms are currently required to be set at least a kilometre from any residential areas

37. **Q. Should neighbours of wind farms be concerned about infrasound emissions?**
A. In a recent case relating to the Palmer Wind Farm, objectors raised concerns about the potential for adverse effects on health from infrasound. The Court accepted that some level of infrasound from wind turbines is to be expected, but that this is not greater than other non-natural or natural noise sources such as the breaking of waves. The Court relied on a recent study by Tobin, Brett and Colagiuri, on the effects of infrasound from windfarms, which indicates that low frequency noise or infrasound generated by wind farms is not a health concern.

38. **Q. Should neighbours of solar farms be concerned about increased dust and insects from the removal of grass and vegetation?**
A. Local councils manage the provisions in the planning permit issued to solar farms. Many councils set conditions that manage dust throughout construction phase of the project, through the project's construction management plan. You can contact your local authority if this is of concern to you.

39. **Q. Should neighbours of solar farms be concerned about heat island effect from the solar farms?**
A. Research indicates that solar farms have very little temperature impact on the surrounding landscape. The observed temperature increases associated with solar farms are confined to the project sites themselves, and the effects quickly dissipate beyond the boundary of the site.

40. **Q. How will the benefits of these projects reach the local community?**
A. Community engagement and shared benefits were an evaluation criterion for the Reverse Auction.
Because of this, each of the VRET auction winners have created benefit sharing plans that they submitted with the Victorian Government in their application. To better understand the benefit sharing plan of a specific project, you should contact the project proponent and ask what how they are currently sharing their benefits with the local community and how they will continue to do so over the project lifespan.

41. **Q. Is there a conflict for DELWP by subsidising these projects through the auction?**
A. There has been no conflict cause through the evaluation of the proponents in the auction. The evaluation was undertaken by an Independent Assessment Panel who assessed information provided by the bidders, in consultation with all areas of DELWP.

42. **What consultation and communication can we expect from the developers?**
A. As part of the 2017 VRET Reverse Auction, DELWP recognised the importance of effective community engagement and benefits sharing. Consequently, this was placed at the heart of the evaluation process. Proponents were required to meet a minimum level of engagement and submit detailed plans as to how they would undertake this and distribute the benefits of the project among local communities. While these vary from project to project, all proponents have consulted extensively with the public in order to have been awarded support agreements with the State. Furthermore, DELWP has ensured that all commitments made by proponents in the regard are contractually binding, and will monitor their progress at regular intervals as the project develops.

43. **Q. What was the community consultation process when selecting these projects?**
A. The community engagement element has been led by the project proponents. Each proponent was requested to submit information about their Community Engagement and Shared Benefit plan, as well as engagement activities conducted to date for assessment. These elements formed the evaluation score for the successful proponents.

44. **Q. If there is a change of State Government, will these projects proceed?**
A. If a change of government occurs in the November 2018 election, and the incumbent government wishes to cancel the contract between the State and the successful proponents, then a 'Termination for Convenience' compensation regime has been mutually agreed in the VRET Support Agreement.

45. **Q. What will happen if the Renewable Energy (Jobs and Investment) Act 2017 (Vic), is repealed or amended?**
The Support Agreement is a commercial contract that is not directly reliant on the Act. The payment mechanism is incorporated into the Support Agreement and is not legislated or dependent on the Act. Support Agreements signed under the 2017 auction, are therefore intended to be protected from any repeal or amendments to the Act.

46. **If I want to make a complaint during construction or operation - who do I contact?**
A: In the first instance, contact the project developer directly. Most companies have internal complaints procedures which should be exhausted before proceeding further.

If satisfaction with the wind projects is not reached, you may contact the Office of the National Wind Farm Commissioner. A complaint form is also available at https://www.nwfc.gov.au/making-a-complaint if you wish to submit this to the Office:
Email: nwfc@environment.gov.au
Mail: National Wind Farm Commissioner, PO Box 24434, Melbourne VIC 3001
Telephone: 1800 656 395

47. **What is Councils role in community engagement and monitoring construction and operation of these projects?**
A. Council has no formal role in community engagement for these projects. Council does not monitor construction of the projects. However, they will be responsible for enforcement of any non-compliance with the planning permits.

Land and growth management

48. **Q. As an adjoining landowner, will I be compensated?**
A. Any compensation will be through private agreement with the developer. There is no government compensation scheme.

49. **Will this impact the residential growth of my community?**
A. The creation of new regional local jobs often leads to residential growth in the corresponding region.

50. **Will this development increase fire risk?**
A. The State's experience has shown that once constructed, a wind farm will reduce bush fire risk. This is because the access tracks for the wind farm can be used by firefighting crews to access the land.

51. **How will traffic be managed during the construction process?**
A. The local council will be responsible for managing their roads. Many approvals require construction to be undertaken in accordance with a traffic management plan.

52. **How will this impact on my roads?**
A. Many permits include the requirement for a road dilapidation survey, and for roads to be maintained and repaired by the developer.

Accessibility

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