

National Electricity (Victoria) Act 2005
MINISTERIAL ORDER UNDER SECTION 63
South West Renewable Energy Zone

I, Lily D'Ambrosio, Minister for Energy and Resources and Minister responsible for administering the **National Electricity (Victoria) Act 2005** (the 'Act'), make the following Order pursuant to section 63 of that Act.

PRELIMINARY

1. Commencement

This Order commences on the day it is published in the Government Gazette.

2. Definitions and interpretation

In this Order, unless the context otherwise requires, the following words have the following definitions:

Act means the **National Electricity (Victoria) Act 2005**.

CESV Documentation means information and documentation that demonstrates how the Eligible Project is applying, or will apply, the Victorian Government's Community Engagement and Social Value Guidelines for Renewable Energy and Transmission Projects.

Declared Transmission System has the same meaning as in the Law.

Note: See Ministerial Order under section 30 of the Act made 26 June 2009, published in Special Gazette No. S 222 on 30 June 2009, which defines the Declared Transmission System.

Law means the National Electricity (Victoria) Law.

REZ means a renewable energy zone declared under section 63 of the Act and, in this Order, means the South West Renewable Energy Zone.

Rules means the National Electricity Rules made under Part 7 of the Law, as amended or modified from time to time in accordance with Part 7 of the Law or the Act.

Transmission Hosting Capacity means the amount of Variable Renewable Generation (in megawatts) which can be connected to the Declared Transmission System by the end of the Victorian Transmission Plan planning horizon to a specified level of curtailment due to network constraints forecast within the REZ.

Transmission Project Areas of Interest means the transmission project(s) specified in clause 4(a).

Variable Renewable Generation means generation systems that produce electricity from renewable energy sources, such as solar and wind, whose output varies due to environmental conditions and cannot be precisely controlled or scheduled.

Victorian Transmission Plan planning horizon means the time period set out in section 59(1)(a) or (b) of the Act (as applicable).

3. Declaration of the South West Renewable Energy Zone

The South West Renewable Energy Zone is declared to be the area within the boundaries marked in blue in Schedule 1.

4. Transmission Project Areas of Interest

- a) The preferred Transmission Project Area of Interest constitutes the region surrounding the proposed new build transmission line (project 4.2 in the 2025 Victorian Transmission Plan) which involves constructing a new Tarrone Terminal Station to Moorabool Terminal Station 500 kV double circuit transmission line, through the Mortlake Terminal Station, approximately 200 km in length. It also includes the cut in of the existing Heywood Terminal Station to Mortlake Terminal Station 500kV transmission line at the existing Tarrone Terminal Station.

- b) Subject to sections 63 and 64 of the Act, this Order does not preclude further refinement or replacement of the preferred Transmission Project Areas of Interest following further investigation or regulatory approvals.
- c) Inclusion of the preferred Transmission Project Areas of Interest in this Order does not constitute regulatory approval of any kind for the location of specific transmission infrastructure, if any.

5. Transmission Hosting Capacity

The intended Transmission Hosting Capacity for the South West REZ is 3.6 gigawatts (GW).

6. Engagement requirements and expectations of project proponents during project development

A person who intends to apply for a REZ scheme authority for the South West REZ must submit documentation to VicGrid in accordance with the engagement requirements and expectations of project proponents during project development under section 63 of the Act, in accordance with the requirements of section 33K of the Act (including any CESV Documentation), and any requirements set out by VicGrid.

Dated 26 May 2026

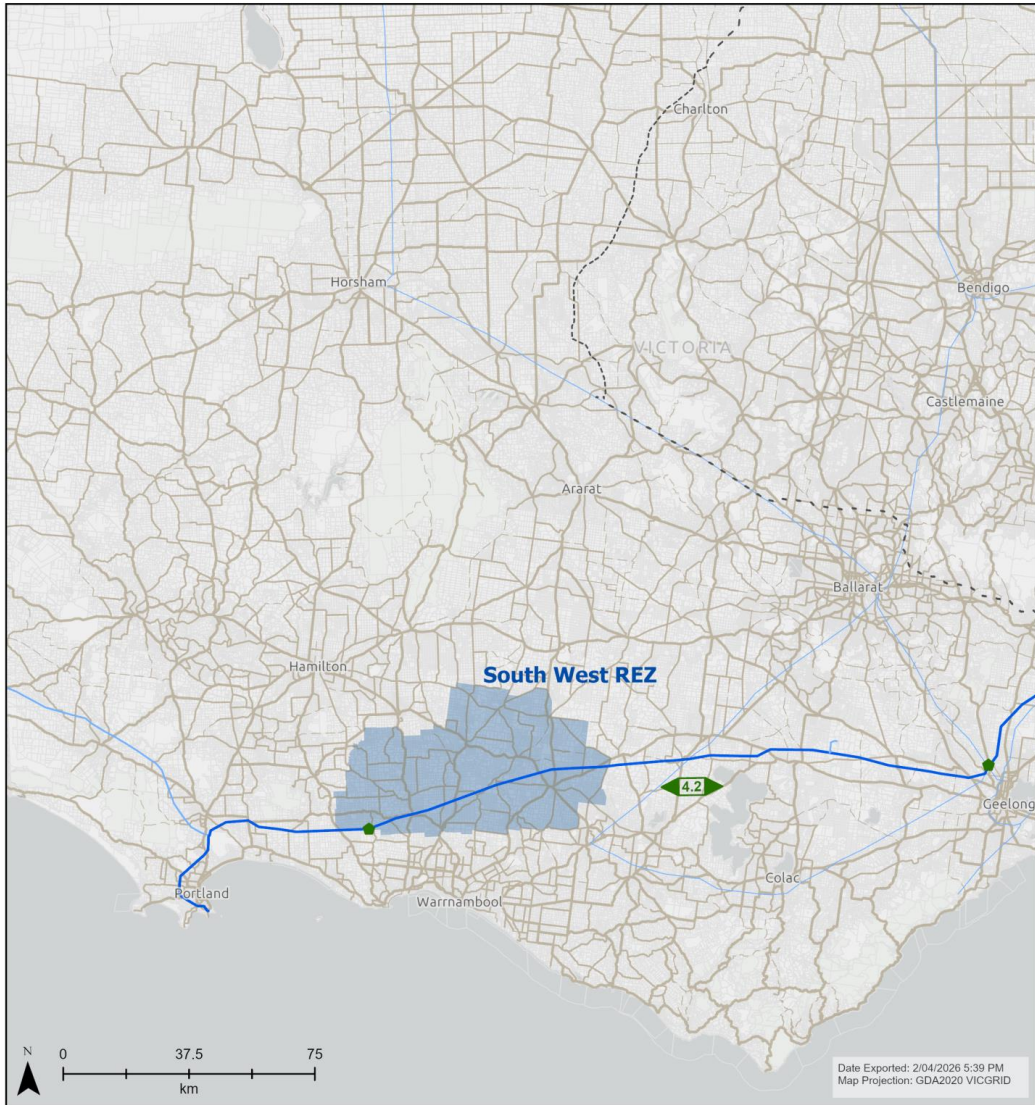
HON. LILY D'AMBROSIO MP
Minister for Energy and Resources

SCHEDULE 1

Figure 1 delineates the geographical boundaries of the South West Renewable Energy Zone. Access to the corresponding shape file, REZ_2026, dated 29 May 2026, version 1, is available via the following link: <https://datashare.maps.vic.gov.au>

Transmission networks: existing high-voltage transmission lines and routes, compiled by VicGrid are from Geoscience Australia, National Electricity Infrastructure, <https://ecat.ga.gov.au/geonetwork/srv/api/records/3844c10c-ecfd-44a9-94f5-29222bb6d36d>

Figure 1: South West REZ



South West REZ

Victorian Transmission Plan program** number

4: South West expansion program

4.2 New 500 kV double circuit line from Tarrone to Mortlake to Moorabool and Tarrone 500 kV turn in

South West REZ

New Infrastructure

- New transmission connection point
- Transmission projects under development*

Existing transmission network

System Capacity

- 220 KV
- 275 KV
- 500 KV

Property Parcel

Roads

- Highway
- Major Road
- Minor Road
- Local Road



Sources: Vicmap, ESRI, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community

*This includes transmission projects defined as Committed and Anticipated or Actionable under the Australian Energy Market Operator's 2024 Integrated System Plan.

** Please refer to the 2025 Victorian Transmission Plan Appendix A for further details about proposed works included in each program. Each program includes multiple transmission projects.



REASONS FOR MAKING THE SOUTH WEST
RENEWABLE ENERGY ZONE MINISTERIAL ORDER UNDER SECTION 63 OF THE
NATIONAL ELECTRICITY (VICTORIA) ACT 2005

In accordance with section 63(1) of the **National Electricity (Victoria) Act 2005** (NEVA), I, Lily D’Ambrosio, Minister for Energy and Resources, am authorised to declare an area of Victoria as a renewable energy zone (REZ) by making a REZ Order.

I make this statement of reasons for my decision to make the South West REZ Order in accordance with section 63(4) of the NEVA.

In this statement of reasons, **South West REZ Order** means the REZ Order which declares the area within the boundaries marked in blue in Schedule 1 of attached REZ Order to be the South West REZ.

Background

As acknowledged in the 2025 Victorian Transmission Plan (2025 VTP), Victoria’s transition away from coal-fired power requires new renewable energy, storage and transmission infrastructure to maintain a reliable and affordable electricity system as coal power stations close (pages 10 and 25). The 2025 VTP also identifies that many areas with strong renewable energy potential are constrained by limited transmission capacity, highlighting the need for coordinated transmission planning and development (page 28).

A REZ is an area identified as suitable to host renewable energy infrastructure, designed to coordinate generation development, and minimise the extent and inefficiency of required transmission network upgrades (2025 VTP, page 28). The 2025 VTP identifies REZs as a key mechanism to support Victoria’s orderly transition from coal-fired power to renewable energy (pages 10 and 25).

By prioritising areas with existing grid infrastructure (2025 VTP, page 28) and planning targeted upgrades only where needed, REZs enable more efficient use of the transmission network and help reduce congestion (2025 VTP, page 18). This coordinated approach avoids higher costs from uncoordinated and duplicative infrastructure, while supporting a more cost-effective, reliable energy system and delivering regional economic benefits (2025 VTP, pages 21 and 28).

Currently, an ‘open’ access regime applies in Victoria under the National Electricity Market (NEM). In the NEM there are currently no restrictions on where generators can connect to the Declared Transmission System (DTS). Victoria is delivering a new access regime in which there will be an introduction of ‘physical’ access arrangements for projects seeking to connect to the DTS. Under the new Victorian Access Regime, a generating system or integrated resource system may apply to VicGrid to access the DTS through:

- a. a REZ scheme authority, where the project is an eligible technology and is inside a REZ; or
- b. a grid impact authority, where the project is not an eligible technology and/or is outside a REZ.

The Victorian Government’s expectations for developers to engage with and create social value for communities, Traditional Owners and landholders will apply to all projects under both processes.

The Renewable Energy Zone scheme declarations is the mechanism that coordinates the new access regime for eligible generation and storage facilities within declared REZs.

A REZ Order declares the geographic area of the REZ. That declared area provides the foundation for the relevant REZ scheme declaration under the NEVA, and for VicGrid to grant and administer REZ scheme authorities under that REZ scheme declaration. This process governs how eligible projects obtain rights to access and connect to the DTS within the declared REZ.

Declaring a REZ Order

As part of the 2025 VTP, a South West REZ was proposed with two sections. One section is north-west of Hamilton between Casterton and Balmoral. The second section is south-east of Hamilton between Macarthur and Darlington. The draft REZ was split into two sections following consideration of feedback received during consultation on the draft 2025 VTP about potential impacts on agricultural land and environmental and cultural values south-west of Hamilton, and submissions calling for land near Coleraine to be considered for inclusion.

The draft South West REZ includes parts of the Moyne and Southern Grampians local government area. Small portions of the draft REZ are within Glenelg, Corangamite and West Wimmera local government areas.

The South West REZ sits within the Registered Aboriginal Party boundaries of Eastern Maar Aboriginal Corporation and the Gunditj Mirring Traditional Owners Aboriginal Corporation. In making the REZ Order, I have considered information provided by Traditional Owners and First Peoples about Aboriginal cultural heritage, cultural values and related matters under section 64(2)(b) of the NEVA.

In developing the 2025 VTP and proposed REZs, VicGrid's 2024 VTP Guidelines emphasise partnering with First Peoples and treat cultural heritage and cultural values as key considerations, including through VicGrid's strategic land use assessment. The 2024 VTP Guidelines also note that Aboriginal cultural heritage information used at this strategic planning stage is limited to publicly available datasets and does not capture all known values, and that detailed regulatory requirements (including under the **Aboriginal Heritage Act 2006** (Vic.)) continue to apply to any future works and I took this into account in making this Order.

I also note that in accordance with section 4B of the **Flora and Fauna Guarantee Act 1988** (Vic.), in performing any of my functions that may reasonably be expected to impact on biodiversity in Victoria, I must give proper consideration to the objectives of that Act and instruments made under that Act, so far as is consistent with the proper exercising of my functions. I note the REZ Order establishes a strategic area for renewable energy development and that REZs will contain some sensitive areas that are not suitable for development. Declaring an area to be a REZ does not remove or otherwise diminish the need for future projects to comply with applicable environmental assessment, approval and offset requirements, such as the requirement to obtain approvals under the **Planning and Environment Act 1987** (Vic.) and, where applicable, the **Environment Effects Act 1978** (Vic.). A more detailed assessment of impacts of any future energy infrastructure will necessarily depend on the location, scale and design, and are more appropriately assessed at the project level. Any proposed development will continue to be subject to applicable planning approvals, environmental impact assessments and compliance with relevant legislation. Where issues related to biodiversity have been raised through the REZ development process, 2025 VTP process, and draft REZ Order consultation, these issues have been considered as part of any relevant decisions to amend or not amend REZ boundaries, to strike a balance between differing objectives of the **Flora and Fauna Guarantee Act 1988** and objectives of the NEVA.

Consistent with the 2025 VTP, I expect that declaring the South West REZ will support a more coordinated approach to generator access and connection to the DTS. This is expected to reduce the risk of inefficient or duplicative transmission investment and support efficient use of existing and planned transmission infrastructure, noting that the detailed access and connection arrangements will be established and administered through the relevant REZ scheme declaration.

Matters required to be addressed in a REZ Order

Section 63(2) of the NEVA requires a REZ Order to set out specific matters. These requirements have been addressed as follows:

- a. The boundaries of the REZ, including a map of the REZ. The South West REZ Order includes an appended map that shows the boundaries of the South West REZ within Victoria. In defining the boundaries of the South West REZ, I considered the submissions received on the draft REZ Order to the extent they raised issues relevant to the boundaries of the REZ.
- b. The intended transmission hosting capacity within the REZ. The South West REZ Order specifies the intended transmission hosting capacity within the REZ. The intended transmission hosting capacity describes, at a high level, the amount of renewable generation that the South West REZ is intended to accommodate through the coordinated access regime, having regard to the capability of the DTS and the transmission development identified in the current 2025 VTP. I specified the intended transmission hosting capacity on the expert advice of the Department of Energy, Environment and Climate Action (DEECA) and VicGrid based on energy market modelling and planned transmission capacity. In setting this value, I also considered the submissions received on the draft REZ Order to the extent they raised issues relevant to intended hosting capacity.

- c. Engagement requirements and expectations of project proponents during project development. Engagement requirements have been addressed by requiring that project proponents submit documentation in accordance with the requirements for a REZ scheme authority application under section 33K of the NEVA, including demonstrating how they meet the expectations set out in the Victorian Community Engagement and Social Value Guidelines for Renewable Energy and Transmission Projects. These guidelines set out minimum expectations of project proponents in relation to community engagement and the creation of social and economic benefits for communities, Traditional Owners and landholders in Victoria, and provide a consistent benchmark for engagement and social value expectations for renewable energy and transmission projects in Victoria. I consider this appropriately fulfils engagement requirements and expectations of project proponents during project development.

The REZ Order may also, in accordance with section 63(3)(a) of the NEVA, contain the preferred transmission project areas of interest:

- a. within the REZs for the development of major electricity transmission infrastructure; and
- b. between the REZ and the location of the DTS, or a part of that system, for the development of major electricity transmission infrastructure.

The REZ Order includes the preferred transmission project areas of interest to provide transparency to the community and industry on how the REZ is intended to be supported by future transmission infrastructure. These areas of interest identify broad locations where future major transmission infrastructure may be developed to support connections within the REZ and are intended to inform strategic planning and engagement rather than determine a final route or project design. I have included these areas of interest on the advice of DEECA and VicGrid, having regard to the Victorian transmission planning objective (VTPO) and the 2025 VTP, to indicate the most plausible transmission development pathways that could support the REZ over a 15 year planning horizon.

The REZ Order may also, in accordance with section 63(3)(b) of the NEVA, contain any other matters I consider appropriate. I have not included any other matters in the South West REZ Order.

Matters the Minister must consider when declaring a REZ

Section 64(2)(a) of the NEVA requires that, in making a REZ Order, I must have regard to:

- a. the VTPO; and
- b. the current VTP.

Victorian Transmission Planning Objective

The VTPO is set out in section 56(1) of the NEVA. The VTPO is:

- a. to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:
 - i. the price, quality, safety, reliability and security of supply of electricity; and
 - ii. the reliability, safety and security of the national electricity system.
- b. the delivery of transmission services, consistent with a least-regrets development pathway; and
- c. the achievement of targets set by Victorian legislation for reducing, or that are likely to contribute to reducing, Victoria's greenhouse gas emissions.

Victorian Transmission Plan

The VTP is developed under section 59 of the NEVA. The VTP sets out an optimal set of projects that address the planning and development needs over 15 years for the first VTP, and 25 years for each subsequent VTP related to new major electricity transmission infrastructure to facilitate connection of renewable energy zones to the DTS.

Other relevant information

Section 64(2)(b) of the NEVA permits me to have regard to any other information I consider relevant. In having regard to submissions and other information under section 64(2)(b) of the NEVA, I note that opposition to the declaration of a REZ, concerns about social licence, or a lack

of willingness by some landholders or community members to host renewable energy infrastructure do not, of themselves, prevent the declaration of a REZ. Those matters are nonetheless relevant considerations that I have weighed together with the VTPO, the 2025 VTP and the long-term interests of Victorian electricity consumers.

Steps taken to develop the REZs

In developing the 2025 VTP under section 59 of the NEVA, VicGrid was required to comply with section 60(2) of the NEVA. In identifying the proposed REZs in the 2025 VTP (including the proposed South West REZ), VicGrid was required to undertake the strategic land use assessment, multi-criteria analysis, robustness analysis and cost-benefit analysis required by section 60(2) of the NEVA, and to undertake any consultation required by the 2024 VTP Guidelines and consider the results of that consultation (section 60(2)(d) of the NEVA). The steps described below summarise how VicGrid undertook these analyses and consultation in developing the proposed REZs in the 2025 VTP.

Consistent with this, the NEVA requires the VTP to include maps setting out the boundaries of each REZ and each proposed REZ. Accordingly, VicGrid's development of the 2025 VTP necessarily included identifying proposed REZs and settling proposed REZ boundaries for inclusion in the 2025 VTP.

First, VicGrid undertook the statewide strategic land use assessment required by section 60(2) of the NEVA, which incorporated community feedback alongside information about agriculture, land use, biodiversity, cultural and social factors. To gather early information about community values and preferences, VicGrid undertook a renewable energy planning survey and opened an interactive mapping activity in 2023 to help inform the identification of REZ study areas. VicGrid sought further community feedback on the REZ study areas and the draft VTP Guidelines in 2024, which was reflected in the draft 2025 VTP.

In developing the 2025 VTP, VicGrid undertook further analysis to narrow and develop REZ candidate areas, including energy market modelling and related calibration checks, spatial multi-criteria analysis (a mapping-based assessment that considers and compares multiple factors across different locations to help identify areas that are relatively more suitable or constrained), and preliminary generation resource planning. These steps informed VicGrid's consideration of proposed REZs and associated transmission pathways in finalising the 2025 VTP, consistent with the analysis requirements in section 60(2) of the NEVA.

VicGrid released the draft 2025 VTP for public consultation in May 2025 and invited feedback (including submissions) on the proposed REZs, modelling assumptions and transmission pathways. VicGrid considered the feedback received in finalising the 2025 VTP, released in August 2025, which includes six proposed onshore REZs and the Gippsland Shoreline REZ, and the proposed transmission projects needed from 2025–2040.

What VicGrid heard during the 2025 VTP consultation and adjustment to REZ boundaries

During consultation on the draft 2025 VTP, VicGrid received feedback on the size of the draft proposed South West REZ. Some community members and landholders called for a reduction in the size of the REZ, emphasising the significant role this region has already played in Victoria's energy transition to date. Feedback focused on an area of the draft proposed REZ around Hamilton and Peshurst that was associated with agricultural productivity, environmental and cultural values, including potential impacts on birds of prey and other bird species, bat species and associated habitat.

At the same time, industry stakeholders and some community members called for an increase in the size of the REZ to include land near Coleraine with stronger wind access.

As a result of feedback on the draft 2025 VTP, the area of the draft proposed South West REZ around Hamilton and Peshurst was removed. To replace the removed area, a new section was identified north of Coleraine with access to higher quality wind resource than the area removed. The updated REZ boundaries in the final 2025 VTP avoided nationally and regionally significant landscapes including Budj Bim World Heritage Site, the Grampians (Gariwerd) National Park, Lake Corangamite, Great Otway National Park and coastal areas, as well as areas of higher agricultural sensitivity.

The REZ Order consultation process

Consultation relevant to identifying and declaring the REZ occurred in three stages. The first stage occurred during VicGrid's statewide strategic land use assessment in 2024, the second stage when VicGrid released the draft 2025 VTP for public consultation, and the third stage when I published the draft REZ Order and invited submissions under section 64(1) of the NEVA.

Under section 64(1) of the NEVA, I am required to publish a draft of the REZ Order and invite submissions to be made within a period of not less than six weeks. A draft South West REZ Order was published on 20 November 2025. The end of the consultation period was extended from 22 February 2026 to 15 March 2026 to accommodate stakeholders impacted by the 2026 bushfires. In total, this consultation period ran for more than 16 weeks.

How feedback was considered and addressed

Consultation feedback received in response to the draft REZ Order was collated and assessed by VicGrid, in partnership with DEECA, to inform my decision. In making the REZ Order, I had regard to the matters set out in section 64(2)(a) of the NEVA, including the VTPO and the current 2025 VTP, and I also had regard to other information I consider relevant (section 64(2)(b) NEVA), including issues raised in submissions about potential impacts on Traditional Owners, the environment, land use and local communities and the efficient use of existing and planned transmission infrastructure. Some of the information provided by Traditional Owners and First Peoples was provided to VicGrid and to me on a confidential basis and is not for public disclosure. I have nonetheless had regard to that information to the extent I considered it relevant to my decision under section 64(2)(b) of the NEVA. I considered and weighed that information thematically together with the other submissions and information received through the consultation process.

VicGrid and DEECA assessed consultation feedback received in response to the draft REZ Order against the factors considered in determining the location of proposed REZs in the 2025 VTP, including agricultural land use, land use and landscape values, energy generation projects in planning, modelled generation build, transmission network requirements, engagement feedback, consultation with Traditional Owners, and regional development considerations.

In assessing any proposed boundary adjustments, VicGrid and DEECA applied a clear and consistent methodology to the assessment of all submissions received through the consultation period. This included applying consistent boundary change principles, undertaking objective analysis, and adopting a statewide approach where appropriate. Advice from DEECA and VicGrid on the proposed changes was provided to me for my consideration.

VicGrid documented submissions and feedback that, while noted, were not relevant to the matters that a REZ Order is required or permitted to deal with under sections 63(2) and 63(3) of the NEVA (including the setting of REZ boundaries, intended transmission hosting capacity and engagement requirements). This included matters better addressed through broader system planning processes (such as the VTP), transmission project design, environmental assessment and planning approval processes, or matters requiring longer-term analysis. VicGrid will carry that feedback forward to the development of the 2027 VTP. Matters raised in submissions that are relevant to any REZ scheme declaration or the granting of REZ scheme authorities will be considered as part of the design of those instruments and, where applicable, any public consultation processes.

Response to feedback

A total of 233 submissions relating to the draft South West REZ were received in this consultation phase.

Submissions were organised by VicGrid into key common themes identified through a structured decision-making framework. These themes represent the vast majority of submissions and are:

- a. impacts on biodiversity and natural environment;
- b. impacts on agriculture and land use;
- c. engagement concerns;
- d. impacts on the region and infrastructure;

- e. impacts on fire risk and firefighting; and
- f. boundary adjustments for individual projects and REZ hosting capacity.

A summary of these submissions, together with responses to the issues raised, are organised thematically and set out below.

In making the REZ Order, I have considered all of the submissions received and had regard to the matters set out in section 64(2) of the NEVA, including the VTPO and the current 2025 VTP, and other relevant information under section 64(2)(b).

Impacts on biodiversity and the natural environment

Submissions relating to the northern section of the draft South West REZ raised a range of environmental, landscape and biodiversity considerations. Submissions identified the Dundas Tablelands as an area containing extensive remnant native vegetation, mature river red gum trees, wetlands, waterways, and habitat corridors that support a variety of species, including several listed as threatened or endangered at State and Commonwealth levels.

Reference was made to birds of prey and other bird species, waterbirds, bats and other fauna associated with the region. Submissions noted that many wildlife records cited were drawn from local observations and publicly available databases, including the Atlas of Living Australia, Birddata and eBird. There were concerns raised about reliance on high-level spatial modelling that overlooks the region's unique landscapes and interconnected ecosystems.

Submissions on the northern section of the draft REZ highlighted the longstanding efforts by landholders, landcare groups and networks, and catchment management authorities in vegetation protection, erosion control, waterway restoration, and biodiversity enhancement, and raised questions about potential habitat fragmentation, collision risk, erosion, hydrological change and cumulative impacts associated with large scale infrastructure.

Submissions on the southern section of the draft REZ referred to Mount Rouse and the surrounding lava flow terrain as a landscape of recognised geological, ecological and community significance. Submissions highlighted the lava flows and stony rises as shaping distinctive landforms, hydrology and soil systems, including wetlands, springs and drainage patterns that support biodiversity and agricultural use.

Submissions also highlighted that development within the Mount Rouse lava flow landscape could affect established habitat connectivity, fire management and emergency response capacity. These submissions requested that these geological and environmental characteristics be carefully considered in strategic siting and assessment processes.

Response to impacts on biodiversity and the natural environment

I have considered these submissions and have had regard to the VTPO and the 2025 VTP. I note some of these submissions raise similar issues to matters raised during consultation on the 2025 VTP. These issues were reconsidered and where they did not, on balance, necessitate further change, the outcome of the VTP assessment has been maintained.

I acknowledge the concerns raised in submissions regarding the Dundas Tablelands, and the importance communities and landholders place on protecting the area's environmental, biodiversity and landscape values, including remnant native vegetation, threatened species, habitat connectivity as well as the distinctive geological and ecological characteristics of the Mount Rouse lava flow landscape.

For the northern section of the draft South West REZ, this consultation represented the first formal opportunity for public submissions. Having considered the range of matters raised, and the potential complexity for projects locating within this area, I have decided to remove the northern section of the draft South West REZ. In removing the northern section, I did not treat consultation timing or the absence of earlier engagement as the sole or determinative factor. The decision reflects my consideration of consultation feedback together with strategic planning considerations, environmental and land-use constraints and the application of the VTPO.

It is important to note, however, that the removal of the northern section from the REZ does not prevent landholders from hosting generation projects, such as wind and solar projects, seeking access and connection through the grid impact assessment. Participation in hosting generation infrastructure is voluntary and subject to landholder agreements with proponents.

Biodiversity values, environmental constraints and natural hazard vulnerabilities were integral considerations during the development of the proposed South West REZ, including through the application of avoidance principles in the strategic land use assessment. Where possible the assessment prioritised areas with comparatively fewer land use and environmental constraints. As such, biodiversity values and environmental constraints were therefore considered at a strategic level during the identification and refinement of the proposed REZ, including for the northern section of the REZ. For clarity, I note that the northern section of the draft South West REZ was initially found to be an area with potential for renewable energy resources with comparatively fewer constraints.

I acknowledge concerns about impacts on biodiversity and I have balanced those concerns raised in submissions with the VTPO. In this regard, I note the 2025 VTP identified the South West REZ as having some of the strongest wind resources in the state. Consistent with the 2025 VTP, in-service wind projects in the region account for a material proportion of Victoria's existing generation and renewable generation capacity.

The VTPO requires me to have regard to efficient investment in electricity services for the long-term interests of Victorian electricity consumers, the reliability and security of the electricity system, Victoria's emissions reduction targets, and the delivery of transmission services consistent with a least-regrets development pathway. The very high-quality wind resources in the South West REZ are critical to Victoria's energy transition and must be planned in a way that serves the long-term interests of all Victorians. The ability for a REZ to attract development to the region also presents the opportunity to provide additional jobs, improve services, boost local economies, facilitate payments to landholders and generate benefits for Traditional Owners and local communities.

I note as well that the declaration of a REZ does not remove or otherwise diminish the requirement for future projects to comply with applicable environmental assessment, approval and offset obligations. A REZ Order does not replace or override existing planning and environmental frameworks, including the requirement to obtain approvals under the **Planning and Environment Act 1987** (Vic.) and, where applicable, the **Environment Effects Act 1978** (Vic.). These frameworks provide for further detailed assessment, community consultation and mitigation of environmental impacts.

On balance, having regard to the matters raised in submissions and the strategic assessment undertaken through the 2025 VTP, I have decided to retain the southern section of the South West REZ boundary as proposed in the draft REZ Order in response to submissions under this theme. Having considered the range of matters raised, including regarding biodiversity values and the natural environment, and the potential complexity for projects locating within this area, I have decided to remove the northern section of the draft REZ. I note that development of future VTPs and REZ planning may consider in more detail both the feedback raised in these submissions and other areas in the South West which may be appropriate locations for future inclusion in a REZ.

Impacts on agriculture and land use

Consultation feedback highlighted potential impacts of renewable energy development on agricultural land, farming operations and food production. Much of this feedback came from the northern section of the draft South West REZ.

Submissions identified the area as highly productive grazing country, particularly for lamb, beef and wool, and expressed concerns that farming systems developed over generations to optimise pasture management, water infrastructure, biosecurity and animal welfare may be disrupted by renewable energy development.

Response to impacts on agriculture and land use

I have considered these submissions and have had regard to the VTPO and the 2025 VTP. I have had regard to the impacts raised in submissions concerning agricultural land use and farming operations. I note some of these submissions raise similar issues to matters raised during consultation on the 2025 VTP. These issues were reconsidered and where they did not, on balance, necessitate further change, the outcome of the VTP assessment has been maintained.

I acknowledge the concerns raised in submissions, predominantly relating to the northern section of the draft South West REZ, regarding potential impacts of renewable energy development on agricultural land and farming operations. I recognise and respect the vital contribution that farming makes to Victoria's economy, to regional and rural communities, and to the food security and way of life of farming families. The compatibility of some farming practices with renewable energy infrastructure is a relevant consideration, however, it is not a standalone or determinative factor. Agricultural compatibility was weighed as part of the broader balancing exercise required by the VTPO, together with other matters identified in section 64(2) of the NEVA. In considering these matters, I balanced the concerns raised about agricultural land use with the need to plan for an efficient, reliable and affordable electricity system for Victoria over the long term.

Having considered the range of matters raised, including the potential complexity for projects located within the northern section of the draft South West REZ, I have removed this area from the REZ. It is important to note, however, that the removal of this area from the REZ does not prevent landholders from hosting generation projects, such as wind and solar projects, seeking access and connection as part of the grid impact assessment. Participation in hosting generation infrastructure is voluntary and subject to landholder agreements with proponents.

The REZ boundaries are the product of a rigorous, multi-stage process that has expressly considered agricultural land use at both statewide and regional levels. VicGrid's strategic land use assessment considered farmland taking into account data including farmgate output, soil quality, rainfall, access to irrigation water and farm infrastructure investment, as well as the compatibility of different types of farming with the co-location of renewable energy infrastructure.

I note that some submissions reiterate concerns previously raised during consultation on the 2025 VTP. I also note the southern section of the draft South West REZ has strong strategic connections to existing transmission infrastructure and favourable prospects for the co-location of renewable energy generation with ongoing agricultural land use. The southern section of the South West REZ has the existing 500 kV transmission line running from Mortlake to the Tarrone terminal stations, and this informed my consideration of opportunities for coordinated and efficient connection to the transmission network.

The REZ Order establishes a strategic area for renewable energy development and does not authorise individual projects or determine the final location or design of future infrastructure. Any proposed development within or outside the REZ will continue to be subject to applicable planning approvals, environmental impact assessments and compliance with relevant legislation, including the **Aboriginal Heritage Act 2006** (Vic.). Potential site-specific impacts on agricultural operations and other land uses are therefore more appropriately addressed through subsequent project-level design, engagement, assessment and approvals processes. These processes are specifically designed to enable engagement with all interested parties and facilitate detailed and thoughtful consideration of the issues raised.

On balance, having considered the matters raised in submissions relating to agriculture and land use, and having weighed those matters against the VTPO, the 2025 VTP and the benefits, I have decided to retain the southern section of the South West REZ boundary as proposed in the draft REZ Order in response to submissions under this theme.

Engagement concerns

Feedback noted the addition of the northern section of the draft South West REZ in the final 2025 VTP meant many people had no prior opportunity to be consulted. Submissions also raised concerns about the limited notice and information provided once the area was identified.

Submissions also highlighted concerns about the adequacy, transparency and timing of consultation, with many people indicating they became aware of the draft REZ area only shortly before community meetings and submission deadlines.

Submissions expressed concerns about limited direct notification, short notice for engagement sessions, unclear or inconsistent mapping of the REZ footprint, a lack of accessible information about the scope, location and potential impacts of infrastructure.

Response to engagement concerns

Concerns raised in submissions regarding the scope, timing and adequacy of engagement informed my understanding of the context in which the draft South West REZ Order was considered. Those concerns were weighed together with, and did not substitute for, the balancing exercise required under section 64(2) of the NEVA.

I acknowledge concerns raised in submissions regarding the scope, timing and adequacy of engagement, and the addition of the northern section of the draft REZ in the final 2025 VTP. For the northern section of the draft REZ, this has been the first formal opportunity for consultation. For the reasons outlined earlier in this statement of reasons, and having considered the range of matters raised in relation to this area, I have removed the northern section of the draft South West REZ.

Impacts on the region and infrastructure

Submissions about the impact on the region related to both sections of the draft South West REZ. Concerns were raised about renewable energy generation projects and potential visual dominance, noise, shadow flicker and impacts on amenity, with potential flow on effects for tourism, property values and local identity.

Submissions also highlighted emerging social impacts, including division between neighbours, and erosion of trust and social cohesion, particularly where a small number of landholders may host infrastructure while wider communities experience the impacts.

Submissions about the impact on local infrastructure focused primarily on the northern section of the draft South West REZ. This included concerns that the local road network is not suitable for the transport and construction demands associated with large scale renewable energy infrastructure. Submissions described rural roads in the area as narrow, winding and already in poor condition, often with protected native vegetation along road verges, limited load capacity and existing safety risks.

Community members also raised concerns about the distance to existing transmission infrastructure from the northern section of the draft South West REZ with approximately 80–130 kilometres of new transmission lines or connection assets required to connect to the grid near Heywood or other hubs.

Response to impacts on the region and infrastructure

I have considered these submissions and have had regard to the VTPO and the 2025 VTP. I note some of these submissions raise similar issues to matters raised during consultation on the 2025 VTP. These issues were reconsidered and where they did not, on balance, necessitate further change, the outcome of the VTP assessment has been maintained.

I acknowledge the concerns expressed about the impacts of renewable energy development on local communities. I understand that issues affecting amenity, social cohesion, wellbeing and mental health are of profound importance to regional communities, as reflected in the submissions received. These matters were taken into account in my consideration of the South West REZ.

These matters are important considerations in the making of the South West REZ Order and when planning Victoria's energy transition. I have balanced these concerns against my consideration of the VTPO and the 2025 VTP, noting how the high-quality wind resources in the South West REZ may support Victoria's energy transition and the long-term interests of all Victorians.

Further, the REZ Order establishes a strategic area for renewable energy development and does not replace or override existing regulatory frameworks, nor does it authorise individual projects or determine the final location or design of future infrastructure. Any proposed developments within or outside the REZ are still subject to planning approvals, environmental impact assessments and compliance with laws. Accordingly, potential site-specific impacts on visual amenity, noise, shadow flicker and other sensitivities are more appropriately addressed through subsequent project-level design, engagement, assessment and approvals processes.

Similarly, the detailed assessment of traffic, transport, road upgrades, vegetation impacts, safety risks and responsibilities for infrastructure works and maintenance is more appropriately undertaken through future REZ planning, environmental assessment and statutory approvals processes, including consultation with the relevant road authorities, councils and other stakeholders.

I have also considered the community's concerns on the distance to existing transmission infrastructure from the northern section of the draft South West REZ. I acknowledge that the 2025 VTP did not propose any transmission projects for the northern section of the draft South West REZ. In considering this information, and noting that further work would have been required to identify how projects may connect to existing or future transmission infrastructure, I recognise this has heightened community concerns about future transmission development.

On balance, having considered the matters raised in submissions under this theme and having weighed those matters against the benefits associated with the proposed REZ, I have decided to retain the southern section of the South West REZ boundary as proposed in the draft REZ Order in response to submissions under this theme. For the reasons outlined earlier, and given the range of matters raised and the potential complexity for projects locating within the area, I have removed the northern section of the draft South West REZ.

Impacts on fire risk and firefighting

Submissions on the northern section of the draft South West REZ focused on concerns about bushfire risk and emergency response in the Dundas Tablelands. Submissions noted that wind turbines and associated transmission infrastructure may increase ignition risk, particularly from lightning strikes, and could introduce additional hazards. Concerns were raised that turbines and transmission lines may restrict both aerial and ground-based firefighting, reducing the effectiveness of water bombing in terrain that relies heavily on aircraft.

Submissions on the southern section of the draft REZ noted that the area around Mount Rouse is bushfire prone and reliant on aerial firefighting.

Response to impacts on fire risk and firefighting

I have considered these submissions and have had regard to the VTPO and the 2025 VTP. I note some of these submissions raise similar issues to matters raised during consultation on the 2025 VTP. These issues were reconsidered and where they did not, on balance, necessitate further change, the outcome of the VTP assessment has been maintained.

I acknowledge the concerns raised in submissions regarding bushfire risk and emergency response across both the northern and southern sections of the draft South West REZ, including concerns about renewable energy development may increase fire risk, and pose challenges for aerial and ground-based firefighting capacity.

Bushfire risk and existing land use patterns were considered at a regional and statewide level in identifying the REZ areas, including through the strategic land use assessment and cumulative impacts analysis undertaken as part of the 2025 VTP.

The REZ Order is a strategic planning instrument and does not determine the final siting, layout or design of individual renewable energy or transmission projects. Consideration of bushfire risk, emergency access, firefighting requirements and potential impacts on aerial firefighting operations will occur at subsequent project planning, environmental assessment and statutory approvals stages, including further consultation with the relevant authorities and communities.

Victoria's transmission network is designed, operated and maintained in line with strict safety laws and regulations to reduce the risk of bushfires. Licensed transmission companies in Victoria must have an Electricity Safety Management Plan, which sets out how they reduce the risk of transmission lines starting fires. Energy Safe Victoria monitors compliance with these plans and holds transmission companies to account for any breaches or non-compliance. The Country Fire Authority has standard operating procedures for how its members can work safely around high-voltage transmission lines and large pylons.

For the northern section of the draft South West REZ, for the reasons outlined earlier, and having considered the range of matters raised and the potential complexity for projects locating within this area, I have removed the northern section of the draft South West REZ.

On balance, having considered the matters raised in submissions concerning fire risk and emergency response, and having weighed those matters against the VTPO, the 2025 VTP and the

benefits identified above, I have decided to retain the South West REZ boundary, as proposed in the draft REZ Order in response to submissions under this theme.

Boundary adjustments for individual projects and REZ hosting capacity

It was suggested by a range of stakeholder groups that the draft South West REZ boundary and transmission hosting capacity may not fully reflect the scale of renewable resource potential. Some submissions requested that the draft REZ boundary be extended to include early stage projects. Proponents noted that some projects are now partially or wholly outside the REZ, introducing additional complexity for delivery and access to transmission.

Response to boundary adjustments for individual projects and REZ hosting capacity

I have considered these submissions and have had regard to the VTPO and the 2025 VTP. I note some of these submissions raise similar issues to matters raised during consultation on the 2025 VTP. These issues were reconsidered and where they did not, on balance, necessitate further change, the outcome of the VTP assessment has been maintained.

The VTPO requires me to have regard to efficient investment in electricity services for the long-term interests of Victorian electricity consumers, the reliability and security of the electricity system, Victoria's emissions reduction targets, and the delivery of transmission services consistent with a least-regrets development pathway.

I note that the REZ Order is the outcome of a REZ-wide strategic planning decision rather than the aggregate of assessments of individual landholdings, projects or proponents. A REZ is a strategic planning tool designed to support coordinated planning for renewable energy and transmission infrastructure across the state. It is not intended to respond to individual site or project-specific requests. Therefore, while requests for boundary adjustments affecting particular sites have been noted, individual requests to adjust the REZ boundary for a particular project needs to be balanced against the VTPO and the 2025 VTP.

I observe, however, that matters relating to how projects will be assessed as located in a REZ and the process to obtain a REZ scheme authority for access in a REZ will be set out in the draft REZ scheme declaration for the South West REZ. VicGrid will consult further on the draft REZ scheme declaration when this is published for community and industry feedback.

On balance, taking into consideration the benefits this South West REZ will provide to the region, and helping to secure viable electricity services for the benefit of all Victorian electricity consumers well into the future, the South West REZ boundary has not been amended in response to submissions under this theme.

A more detailed account of the feedback will be set out in the *What We Heard* report, released alongside the final REZ Order and the statement of reasons.

Consultation with the Premier and Treasurer (section 64(1)(c) of the NEVA)

I wrote to the Premier and the Treasurer for the purposes of section 64(1)(c) of the NEVA. I have considered any responses received from the Premier and/or Treasurer in making the REZ Order.

Conclusion

Having considered the submissions received during consultation on the draft REZ Order, and having complied with the consultation requirements in section 64(1) of the NEVA (including publishing a draft REZ Order, inviting submissions for at least six weeks and considering the submissions received), and having regard to the matters set out in section 64(2)(a) of the NEVA, including the VTPO and the current 2025 VTP, I am satisfied that making the South West REZ Order supports efficient investment in and use of transmission services in the long-term interests of Victorian electricity consumers (including in relation to price, reliability and security of supply), supports achievement of Victoria's emissions reduction targets, and is consistent with the least-regrets development pathway set out in the 2025 VTP for transmission development in and around the South West REZ. In making this assessment, I have also had regard to other information I consider relevant under section 64(2)(b) of the NEVA, including issues raised in submissions about impacts on local communities, land use, the environment and Traditional Owners.

In refining the REZ boundaries, VicGrid applied a consistent statewide approach, aligning zone boundaries with existing administrative and planning features, including local government boundaries, roads, and designated planning areas. As a result of this refinement process, minor changes have been made from the draft to final REZ boundaries.

Where proposed changes would have undermined or delivered outcomes that were not consistent with the VTPO or the 2025 VTP, or conflicted with other mandatory requirements, they were not recommended. Where submissions proposed changes that are more appropriately considered against the wider strategic outcomes of the Victorian Access Regime, I have directed VicGrid to include these matters for consideration and further discussions as part of the draft 2027 VTP.

As part of considering the draft REZ Order, consideration has also been given to the cost-benefit analysis which was conducted for the optimal development pathway as outlined in the 2025 VTP. The cost-benefit analysis demonstrates that the net benefits of the proposed plan to Victorians as a whole are substantial, with a net present value of \$9.6 billion and projected reductions in household and business energy bills.

For the reasons given in this statement, and having regard to the matters referred to in this statement, I am satisfied that the final South West REZ Order represents a reasonable and appropriate outcome to support Victoria's long-term energy needs.

HON. LILY D'AMBROSIO MP
Minister for Energy and Resources
