

28 September 2023

Australian Energy Market Commission  
Level 15, 60 Castlereagh Street  
Sydney NSW 2000

By email: [aemc@aemc.gov.au](mailto:aemc@aemc.gov.au)



**RE: Submission – Enhancing community engagement in transmission building**

Thank you for the opportunity to provide feedback to the draft rule determination National Electricity Amendment (Enhancing Community Engagement in Transmission Building) Rule.

Transmission development is a cause of concern and stress for farmers in Victoria. The processes that have been used by the Australian Energy Regulator (AER) and the Australian Energy Market Operator (AEMO) in relation to planning for renewable energy and transmission were not designed for major projects that propose to use compulsory acquisition.

The VFF is supportive of the draft rule determination as a positive step forward and believes steps should be taken to ensure existing projects are rescoped to ensure that all transmission developments do not cause irreversible harm to agricultural production.

The experience of the VFF and our members since 2019 has shown that landholders are a directly impacted stakeholder. It has also shown us that consultation alone will not overcome the issues that are causing real stress to farmers. To ensure that the rule change delivers the stated outcome, farmers must be given the information they need to be able to assess the impacts on their farming systems.

The VFF's Managing Entry to Farm policy statement identifies the information farmers need, as well as the regulatory improvements required to ensure that transmission network providers conduct themselves and treat landholders in a fair manner.

**Recommendation.**

**The rule change must be accompanied by implementation guidance for transmission lines and agriculture. Companies must provide all information required to determine the ability to continue farming practices, and how the company will ensure that the impact is avoided or fully compensated (annual payment).**

Understanding Agriculture and Transmission Lines

It is essential that transmission planners understand that agriculture is variable. Transmission will have different impacts for different commodities, production systems and geographies. In many cases micro siting cannot overcome these issues if the route has not considered these impacts. Transmission companies need to give equal weight to impacts on farming practice as they do to environmental or electrical engineering factors.

Based on the experience of Western Renewables Link and VNI West, we foreshadow the need for further rules or guidance. The observed regulatory failures to be addressed include:

- Transmission companies are not required to document the life of asset and impact on production of food and fibre. Current processes look at construction costs only and do not consider the impact of construction methods on soil health and structure, nor too do they consider regulatory restrictions on safe operating under transmission lines. These considerations are poorly addressed in state

compensation projects and should require a regulatory trigger to ensure the regulator can stop the transfer of costs to individual property owners.

- Transmission companies are not required to make an annual payment to compensate for disturbance to farm operations. Current compensation agreements being offered do not provide clear information on impacts of construction on soils and do not compensate for impacts post construction. In horticultural land the total compensation offered covers less than the first six years of impacts to the farm business. As transmission lines are in place for well over 50 years this can mean individual losses exceeding \$10 million to a landholder per kilometre of transmission.
- As transmission companies are not required to gain commercial consent, they do not see the need to avoid long term harm to farm businesses. Generation of energy requires a commercial agreement with landholders which significantly reduces their ability to transfer project costs to private landholders. The removal of the use of compulsory acquisition for transmission projects would ensure transmission companies were required to actively engage with landholders and would necessitate route selections that minimised impacts on food and fibre production.
- AEMO in undertaking REZ and ISPs do not undertake a cost benefit analysis that includes any reduction on production of food and fibre, on secondary processing of food and fibre, on regional services industries and on broader tourism and economic development. Current REZs contradict the Victorian Planning Policy Framework and are promoting renewable energy generation in areas that are unlikely to gain commercial consent, and then require transmission for development that is unlikely to happen. If companies buy land in these areas this not only distorts the market (as they earn millions in subsidies) but it threatens thousands of jobs in processing industries and investment in irrigation and farm development.

#### Response to Questions and Answers from the Stakeholder Forum

*Stakeholders emphasised the importance of providing communities with accurate information. This included ‘the bigger picture around transmission development’ and impacts on property value and farming along with discussions around land compensation. The AEMC considers that the proposed draft rule would require transmission businesses to provide communities with accurate information, early in the transmission planning process, and explain the broader rationale for the project.*

*This is outlined under the proposed community engagement expectations point (a) “transmission businesses must make reasonable endeavours to ensure that stakeholders receive information that is clear, accurate, relevant, timely, and explains the rationale for the relevant project.” The AEMC notes that work on land compensation is under the remit of state jurisdictions.*

The draft rule must ensure that landholders get the information they need to determine impact on their business. The broader context focus is what the companies have been doing. They say why they need the land. They do not listen to what the consequences of that decision are. They rarely talk about any local benefit. Over three years after questions were asked by farmers, they have not received answers.

Companies need to understand agricultural impacts. They need to understand what information landholders need. The current rule will not address the regulatory failure where it is in the commercial interest of the company not to provide information to landholders so that the compensation process can properly calculate severance and disturbance issues.

Failure to understand these issues will compound failures in planning where transmission routes are planned in the areas with the greatest impact to landholders and regional economies.

*Stakeholders suggested that there should be ample opportunity for local input. Andrew Dyer considered that it is important to meet with communities on the ground to facilitate local input. The draft rule includes proposed community engagement expectation point (g) “transmission businesses must make reasonable endeavours to ensure that stakeholders are provided the opportunity to be regularly involved throughout the project.” This means that transmission businesses would be expected to provide stakeholders with multiple opportunities to provide input.*

The VFF supports the spirit of this recommendation. To avoid mock consultation the wording must be tightened. The VFF has been involved in fortnightly forums where months go by without any answers to key questions. Deep dive sessions have been held with submitters where presentations are given for two hours with no ability to ask questions. These presentations do not respond to the actual issues raised. The community will have consultation fatigue if the rule does not require transmission companies to make reasonable effort to answer questions or address concerns.

*Stakeholders questioned whether further clarity is needed on who would be considered affected by transmission projects. Under the draft rule, transmission businesses would need to decide who is reasonably expected to be affected by transmission projects. This change from the proposed rule provides additional clarity and encourages transmission businesses to seek out and engage with affected stakeholders. The AEMC welcomes stakeholder feedback on whether further prescription is necessary.*

The VFF believes that there may need to be guidance as to what affected means. Traditionally energy companies actively avoided landholders and communities. The VNI West process is an example with the adverts not saying what the project is or even where it is. Due to VNI West connecting in to WRL the WRL local community submitted to the first proposal. It then moved and affected communities were contacted by other farmers – not AEMO. Over 500 submissions highlighted route 2 had significant issues which the Multi Criteria Analysis did not identify (wrong criteria). A third route was then announced without consultation or assessment of criteria.

This demonstrates that transmission planners are not skilled at comprehensive route assessment or engagement. Therefore, prescription is essential.

**Regulatory changes are required to ensure that transmission companies or the market operator:**

- **engage with any landholder who may be potentially impacted;**
- **properly consider agricultural impacts before determining a REZ or an ISP;**
- **ensure that a Rit-T process clearly outlines broader costs and benefits and outlines the quantum of land access / compensation payments likely to be required to deliver the route in that location and report on how the route and project design has been chosen to avoid those impacts.**

*Stakeholders raised questions about the evaluation of the community engagement undertaken, regulation and the enforcement of the proposed rule, as well as other avenues for communities to raise their complaints. Transmission businesses would be obligated to comply with our draft rule. The Australian Energy Regulator (AER) must be satisfied that transmission businesses have appropriately followed the regulatory investment test consultation requirements, in line with the draft rule. If they have not, then the AER may not permit transmission businesses to seek cost recovery for projects. Depending on the nature of the issue, stakeholders may lodge a complaint with the Australian Energy Infrastructure Commissioner (AEIC) or complaints may be recorded on AER's complaints register. Transmission businesses must address complaints in this register. Where appropriate, a dispute may be raised with the AER for significant issues related to process if the parameters for dispute resolution are met.*

Prescription in relation to who must be contacted; what information must be provided and a provision of timely provision of information / answers to questions is required. In relation to WRL many questions are still unanswered more than three years after first contact. Compensation agreements are being negotiated without answering key landholder questions. The third-party oversight tools for WR and the VNI West project.

*Stakeholders queried whether consideration has been given to who should be engaging with stakeholders on the ground, including those with seniority and decision-making powers. The draft rule places responsibility on transmission businesses and in Victoria, the Australian Energy Market Operator (AEMO) in its transmission planning role, to engage with communities. The draft rule does not specify who from these businesses should be directly meeting with communities.*

It is essential that those engaging with stakeholders have knowledge to be able to accurately answer questions and a level of authority to make commitments on responses. During the most recent VNI West consultation staff at caravans gave out of date and factually misleading answers, including that you can fight a fire under a transmission line. This information could put a person's life at risk.

The VNI West fact sheet on farming demonstrates the knowledge problem. It says you can crop under a transmission line. It also says machinery should be lower than five metres, you can't use a drone, and you can't stubble burn. Most grains property have machinery over five metres. The impact of transmission on base station signal to machinery needed to direct drill (to avoid the need to stubble burn) has not been answered in full, but advice received is that there is interference. A crop failure or disease may require stubble burning. The VFF requested this document be reviewed many months ago and it has not been delivered as no staff member can answer the questions.

*Stakeholders asked whether the rule provides guidance on the level of influence that stakeholders can exert. The community engagement expectations are intended to provide broad guidance and are therefore not prescriptive on the level of influence that communities may exert. The engagement expectations outlined in the draft rule are intended to ensure that communities influence decision making. These include expectations that: (c) "the stakeholders' role in the engagement process is clearly explained, including how their input will be taken into account", and (f) "stakeholders are informed about how stakeholder feedback has been taken into account in decision-making."*

This response highlights the tension between a stakeholder and a landholder. A stakeholder may be categorised as a nice to know. A landholder wants assurances that where it is an issue that impacts on their safety or their ability to continue to farm the property that they will be given answers and there will be regulatory rigour to ensure that they do not lose income every year as companies did not provide accurate information in the compensation process.

*Stakeholders raised considerations around the integration between community engagement and developing community benefit investment programs. Andrew Dyer noted that community benefits do not necessarily need to be monetary in nature. The draft rule includes community engagement expectation (e) "stakeholder feedback, including potential ways to deliver community benefits, are considered". This encourages the consideration of community benefits.*

This issue needs greater guidance. Community benefits schemes can be a weapon that divides a community. AusNet proposed a community benefit to landholders in Hepburn Shire where the recipient was in the most remote to the area suburb in Ballarat. AEMO has told communities in northwest Victoria that are in energy poverty that the community benefit is cheaper power to big cities.

Community benefits should not replace the need to properly compensate for individual loss or harm. They should be designed to have significant benefit to the impacted community and that that community is given the opportunity to identify issues to be addressed.

Community benefit is often described in relation to short term jobs. This can be a disbenefit if it impacts on ability to attract or house staff to farms, schools and shops in these towns. Small towns want to attract people who will make a long-term contribution to the area.

*Stakeholders asked for greater clarity around how early in the transmission planning process engagement should commence. The proposed rule requires transmission businesses to engage with affected stakeholders: • on future and actionable ISP projects whilst helping AEMO develop the integrated system plan, and • on actionable ISP projects during the regulatory investment test for transmission, • on renewable energy zone (REZ) projects when developing the REZ design report The AEMC considers that engagement should commence early in these planning processes but*

*notes that it may be appropriate to commence engagement with various affected stakeholders at different points in the planning process.*

It is essential that industry bodies and local organisations are involved at the earliest possible stage and that their input is given proper consideration. The Multi Criteria Analysis criteria for VNI West is an example. Although described as addressing agricultural land use impacts the criteria chosen, with no input from industry, weighted projects to productive agricultural land without land use conflict. The opposite of what should have occurred.

Yours faithfully,

A handwritten signature in black ink that reads "G. W. Leach". The signature is written in a cursive style with a large, stylized 'G' and 'L'.

**Gerald Leach**

Chair Planning, Environment and Climate Change Committee  
Victorian Farmers Federation