Offshore Wind Energy Victoria

Implementation Statement 3

DECEMBER 2023

VICTORIA
State Government

Offshore Wind Energy

IMPLEMENTATION STATEMENT 3 DECEMBER 2023

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We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it.

We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

DEECA is committed to genuinely partnering with Victorian Traditional Owners and Victoria's Aboriginal community to progress their aspirations.

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1 The Victorian Government is committed to developing a comprehensive support package, integrated with national capacity incentives, for the first tranche of offshore wind to provide the investment certainty industry needs to build offshore wind energy projects in Victoria.

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5 VicGrid is assessing a range of feasible transmission options in accordance with its Options Assessment Method, which has been developed in consultation with landholders, communities and stakeholders.

6 VicGrid expects to announce the preferred transmission project options in Q1 2024, and is committed to ensuring the transmission infrastructure meets the timing commitments set by the Victorian Government – targeting delivery by 2030.

7 Elements of the Victorian Transmission Investment Framework will be applied to development of offshore wind transmission infrastructure in Victoria where appropriate, such as access arrangements and community benefits.

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8 Subject to environmental assessments and approvals, the Victorian Renewable Energy Terminal will commence operations for offshore wind assembly activities by the end 2028.

9 The Minister for Planning determined that an Environment Effects Statement is required for the Victorian Renewable Energy Terminal and the community and other stakeholders will have the opportunity to comment on the assessment by late 2024.

10 Port of Hastings has been identified to develop the Victorian Renewable Energy Terminal as the primary assembly port in Victoria. Other commercial ports in Victoria have the potential to support and facilitate the establishment and operation of the offshore wind industry.

Policy, workforce and industry development update

11 In applying the *Local Jobs First Act 2003* and Local Jobs First Policy as the basis for setting local content requirements for the first 2GW tranche auction, the Victorian Government will adapt requirements to reflect the sector's maturity. While the setting of a specific target for capital expenditure by Government will be deferred to subsequent auctions to allow for industry maturity, proponents will be expected to compete on non-price factors, including how local content will be maximised and industry development supported.

12 The Victorian Government will release its Victorian Energy Jobs Plan in late 2024, which will support the development of renewable energy workforces, including the offshore wind energy workforce.

13 Victoria's professional, engineering and trades workforce will benefit from employment opportunities across all phases of offshore wind farm projects.

Protecting our environment

14 The Victorian Government will continue its commitment to protecting the environment through the development of offshore wind projects before, during, and after operations commence. Planning for offshore wind development in Victoria will be guided by the current approval process including the *Environment Protection and Biodiversity Conservation Act 1999*, *Environment Effects Act 1978* and the *Marine and Coastal Act 2018*.

Legislation and regulatory reform

15 In November 2023, the Victorian Government introduced a Bill legislating Victoria's offshore wind energy generation capacity targets of at least 2GW by 2032, 4GW by 2035 and 9GW by 2040. Legislating our targets demonstrates our commitment to develop this industry in Victoria.

16 The Victorian Government is working in collaboration with the Australian Government to identify opportunities to align and coordinate environmental and regulatory approvals processes to help facilitate offshore wind development.

Traditional Owner partnerships

17 The Victorian Government is committed to supporting Gunaikurnai Land and Waters Aboriginal Corporation's aspirations for mutually beneficial agreements with feasibility licence holders, in line with international best practice.

MINISTER'S FOREWORD

The Hon. Lily D'Ambrosio MP

Minister for Energy and Resources
Minister for Climate Action
Minister for the State Electricity Commission

Coal and gas can no longer be relied upon to keep powering our state – and they're no longer the cheapest option.

It's wind and solar that will provide the clean, cheap renewable energy Victoria needs to grow, while making sure we meet our renewable energy and climate targets.

The Allan Labor Government is proud to be a leader in the once-in-a-generation renewable energy transition.

Our targets will be locked in by legislation – giving businesses and investors the certainty they need and showing the world exactly how seriously we take securing Victoria's bright energy future.

We have brought back the State Electricity Commission (SEC) with a $1 billion investment towards building 4.5 gigawatts of new renewable energy generation and storage projects – helping to accelerate the energy transition and drive down power bills.

Offshore wind energy is a vital part of the energy transition. Offshore Wind Energy Victoria is the gateway for industry, stakeholder and community engagement as we plan for the future and grow this exciting industry.

The Allan Labor Government is proud to be a leader in the once-in-a-generation renewable energy transition

We plan to generate at least 2 gigawatts of offshore wind energy by 2032, stepping up to 4 gigawatts by 2035 and 9 gigawatts by 2040. This isn't a vague intent – we are enshrining this in legislation.

This is the third Offshore Wind Energy Implementation Statement, building on a power of work to date. It provides key updates on industry development as we position ourselves to harness the opportunities of our world-class offshore wind resources.

Importantly, we will do so while protecting the environment and continuing to partner with Traditional Owners, supporting meaningful steps towards self-determination.

We acknowledge the deep spiritual connection of Traditional Owners to their Country and Sea Country and we will ensure their legal and cultural rights are recognised and upheld.

We are working with the Commonwealth to coordinate and align environmental and regulatory processes – delivering more certainty to offshore wind developers.

And VicGrid continues to coordinate the development of essential offshore wind transmission infrastructure.

As our offshore wind energy industry grows, it will create new jobs and career pathways for Victorians – many of them in our regions.

It will boost opportunities for Victorian businesses through manufacturing and supply chain development.

And it will do all this while taking us closer to our climate action goal of net-zero emissions by 2045.

The future is exciting – and we look forward to working with you on this journey.

Introduction

Victoria continues to lead the development of offshore wind energy in Australia. Through the release of **Offshore Wind Energy Implementation Statement 3**, we continue to guide industry, stakeholders and the community on the establishment of this new sector in Victoria.

In Implementation Statement 1, released in October 2022, and Implementation Statement 2 in March 2023, we announced:

- Victoria's offshore wind targets of at least 2GW of offshore generation capacity by 2032, 4GW by 2035 and 9GW by 2040.
- The Victorian Government will deliver a comprehensive support package, providing the investment certainty industry needs to develop and build offshore wind energy projects in Victoria.
- VicGrid is leading the development of transmission infrastructure to coordinate offshore wind.
- The establishment of the Victorian Renewable Energy Terminal, at the Port of Hastings, as the primary assembly port for the first tranche of offshore wind development, subject to environmental and planning approvals.
- Offshore Wind Energy Victoria (OWEV) is driving the delivery of a fit-for-purpose regulatory framework.
- Our plan for building supply chain and workforce capability.

Since the release of Implementation Statement 2, work has continued to support Victoria's offshore wind energy program. Implementation Statement 3 sets out this work and the next stages of its development.

We have engaged with government agencies, industry, supply chain participants and local communities to understand and seize the opportunities presented by the offshore wind sector. In addition to extensive 'on the ground' community engagement, and meetings with a broad range of industry participants, OWEV has carried out two targeted market sounding exercises to inform the development of the optimal support package and procurement process.

VicGrid has also worked through a close and transparent consultation process with the community to coordinate the transmission infrastructure. In April 2023, VicGrid released the Offshore Wind Transmission Development and Engagement Roadmap, which sets out its key steps in 2023 to plan new offshore wind transmission through direct and ongoing engagement with communities and stakeholders.

The Port of Hastings Corporation has made considerable progress to secure the development of the Victorian Renewable Energy Terminal as the first assembly port for offshore wind. Consultation on the terminal's referral for the *Environment Protection and Biodiversity Conservation Act* (EPBC Act) closed on 23 October and the Victorian Government's Environment Effects Statement (EES) assessment process is expected to shortly commence.

We are committed to supporting Victoria's local jobs policies and recognise the global workforce and supply challenges that developing this new sector presents. Through OWEV's workforce analysis, we have identified the skills, trades and professions needed that will benefit Victorians throughout offshore wind project development.

We are working with the Australian Government to identify opportunities for alignment and coordination between our regulatory frameworks. In the Gippsland region, applications for feasibility licences closed at the end of April 2023 and we expect announcements on these applications from the Australian Government in due course. In September 2023, at the Gippsland New Energy Conference, the Australian Government advised that areas west of Wilsons Promontory would not be considered as a potential declared area for offshore renewable energy infrastructure.

In July 2023, the Australian Government proposed declaring an offshore wind zone in the Southern Ocean off the coast of Portland. The 60-day public consultation closed at the end of August 2023, and we expect announcements on the zone to be made in due course.

The Victorian Government will continue to work in partnership with Traditional Owners to support them to engage effectively on offshore wind with all levels of government, the offshore wind industry and other parties with interests in offshore wind. We will continue to support Traditional Owners to ensure their assertions for their Country and Sea Country are recognised and upheld.

As a key pillar of Victoria's renewable energy transition, offshore wind energy is fundamental to supporting our climate change targets and preserving Victoria's environment. To ensure alignment between Victoria's renewable energy and environmental objectives, offshore wind projects will be subject to robust Victorian and Australian Government environmental management and protection frameworks over the project's lifecycle, including decommissioning.

Procurement approach for offshore wind energy generation infrastructure

Throughout 2023, we have undertaken detailed analysis and engagement with stakeholders to develop the optimal offshore wind support package and procurement approach.

Informed by extensive analysis and market sounding undertaken throughout 2023, the Victorian Government continues to develop its proposed offshore wind support package which includes a Contract for Difference plus availability-style payments, to ensure projects are bankable.

To ensure the proposed support package is integrated with Commonwealth incentives, we will continue to work with the Australian Government on national energy funding options. We will continue to engage with industry as we refine the detailed design of the support package including on the auction parameters and indexation approach.

Drawing on international precedents for offshore wind, as well as the Victorian Government's substantive experience in running competitive tender processes for major infrastructure and its successful Victorian Renewable Energy Target (VRET) 1 and 2 auction processes, we are designing a robust competitive procurement process. This will involve running an auction process, with an Expression of Interest (EOI) phase targeted to commence in Q4 2024 and close in Q1 2025, Request for Proposal (RFP) phase targeted to commence in Q3 2025 and close in Q1 2026, and contract negotiation and award expected later in 2026.

The evaluation of proponent's bids following the RFP will comprise an assessment with a majority weighting for price, as well as consideration of non-price factors. This ensures projects are value-for-money while driving both project delivery and wider Victorian Government policy objectives in relation to industry development, local jobs, supporting the participation of women in the sector, enabling community and Traditional Owner benefits sharing, and social procurement.

We have also heard from industry, the importance of having visibility of a pipeline of opportunities to develop offshore wind projects to meet Victoria's targets. The Victorian Government continues to consider the cadence and volume of future auctions beyond the first tranche – with the aim of providing industry confidence to invest and to support the development of a sustainable supply chain.

Legislative and regulatory reform

We are considering legislative and regulatory reforms that support the offshore wind sector, maintain existing protections for our environment and ensure that Traditional Owner cultural and legal rights remain robustly protected.

The Victorian Government is well on the way to creating a more certain and coordinated regulatory pathway for offshore wind projects in declared areas adjacent to the Victorian coastline.

In November 2023, the Victorian Government introduced a Bill to legislate Victoria's offshore wind targets.

The Victorian Government is also developing legislation to enable recipients of a Commonwealth feasibility licence to investigate connection routes on Victorian public land and seabed. This will include the preparation of a proforma licence that offshore wind developers can apply for under this enabling legislation.

To support industry to understand current applicable regulatory frameworks, we have published industry guidance and information resources at energy.vic.gov.au.[1]

Transmission

Offshore wind farms need transmission infrastructure to transport their renewable energy to homes and businesses across Victoria. The Victorian Government, through VicGrid, is leading the development of transmission infrastructure to coordinate offshore wind connections.

Over the course of 2023, VicGrid has been undertaking a project options assessment process. This allows it to develop and assess a range of technically and commercially feasible transmission project options, in order to identify preferred options for coordinating offshore wind connections in Gippsland and potentially Portland. This includes high level connection point locations, transmission corridor areas, and technical parameters.

VicGrid is committed to ensuring the transmission infrastructure meets the timing commitments set by the Victorian Government, and is targeting delivery of at least 2GW by 2030. Announcements on high level connection point locations, transmission corridor areas, and technical parameters for the Gippsland transmission project are expected in Q1 2024.

1 energy.vic.gov.au/renewable-energy/offshore-wind-energy/for-industry-and-developers/regulatory-information

Ports

Assembly and operations and maintenance ports will play critical roles in reaching our offshore wind targets and the decision to develop the Victorian Renewable Energy Terminal, at the Port of Hastings, demonstrates the Victorian Government's commitment to delivering critical, enabling infrastructure.

The Victorian Renewable Energy Terminal at the Port of Hastings will be Victoria's primary assembly port for offshore wind and critical to ensure the achievement of at least 2GW of offshore wind generation by 2032. The current proposed Victorian Renewable Energy Terminal port infrastructure will be capable of:

- Supporting offshore wind delivery of up to 1GW per year.
- Handling turbines of at least 18MW with fixed foundations.

The Port of Hastings Corporation is conducting further work for the planned development of the terminal, including the progression of environmental approvals. The current project schedule expects the terminal to be ready for offshore wind assembly activities in late 2028 (subject to approvals).

The Victorian Renewable Energy Terminal will be the primary port for offshore wind in the state, and there is the potential for other Victorian ports to play a part in the establishment of this new industry. Increased demand for port infrastructure from offshore wind developments in both Victoria and other Australian states may require other commercial ports to be available for assembly and construction. And ports that are close to the declared offshore wind zones, such as Barry Beach Marine Terminal or Port Anthony in Gippsland, are well placed to meet the operations and maintenance needs of offshore wind developers.

Policy, workforce and industry development

We are working to ensure Victorians can benefit from an offshore wind sector in Victoria through new employment opportunities, jobs training and new skills.

The Victorian Government is committed to building local capability in Victoria and setting up industry for long-term success. Recognising that offshore wind is a new industry in Australia and acknowledging the current global competitive environment, the Victorian Government has developed a balanced local content policy that ensures the early success of the offshore wind sector in Victoria whilst creating long term opportunities for Victorian workers and businesses. Through its procurement approach, the Government will ensure local industry growth opportunities are factored into its assessment of proponent bids during the evaluation phase of the procurement process. While proponents will need to comply with the *Local Jobs First Act 2003* and Local Jobs First Policy, the specific requirements will be tailored to reflect offshore wind as a new industry in Australia and the significant global competition for this technology.

The Victorian Energy Jobs Plan (VEJP) which will be released in late 2024, supports the growth and upskilling of Victoria's renewable energy workforce, including the offshore wind energy workforce. Industry will have an opportunity to inform the development of the plan in early 2024, with the release of a supporting Statement.

Victorian workers will benefit throughout the planning, construction and operations and maintenance phases of offshore wind development. The distinct phases of offshore wind projects will provide opportunities for professionals, engineers and trades. The operations and maintenance phase offers considerable ongoing employment for Victorians in the local communities of offshore wind farms, in Gippsland and potentially the Portland region. This will be underpinned by a requirement for 80 per cent of all operations and maintenance expenditure to come from local sources and application of the Major Projects Skills Guarantee, providing opportunities for cadets, trainees and apprentices. The operations and maintenance expenditure does not include major component procurement (e.g., nacelles), as these are capital expenditure.

Procurement

Victoria's first offshore wind auction will lay the foundation for the growth of the State's offshore wind energy industry and maximise value-for-money and benefits for Victorians.

Industry led development of offshore wind energy projects

The Victorian Government recognises that early offshore wind projects will require financial support to ensure projects are bankable and insurable. The effective procurement process and Victoria's policy and regulatory context are designed to minimise the financial support required, but it is recognised that there is value to the state in an energy system which benefits from offshore wind resources. It is anticipated that greater support will be needed for the first tranche of generation infrastructure compared to later tranches, reflecting market maturity, as has been observed in more mature markets overseas.

The Victorian Government has been exploring a range of financial support and offshore wind energy procurement options to provide the investment certainty to enable industry to deliver the first tranche of offshore wind energy projects in Victoria.

This has included extensive analysis and engagement with key stakeholders throughout the year to test and refine the support package and procurement approach. Our consultation has included two targeted market sounding exercises with offshore wind project developers, investors and financiers, with key insights helping to inform the optimal support package and design of the procurement process.

We will also continue to work with the Australian Government to ensure the proposed Victorian Government support package is well-integrated with national capacity incentives.

Support package

NOTICE 1

The Victorian Government is committed to developing a comprehensive support package, integrated with national capacity incentives, for the first tranche of offshore wind to provide the investment certainty industry needs to build offshore wind energy projects in Victoria.

A support package structure consisting of a contract for difference (CfD) to help mitigate market revenue risk, in combination with additional payments to close the revenue-cost gap, is under consideration by the Victorian Government which may also include a payment cap to be determined.

The CfD strike price would be set by the government, with industry, as part of the competitive process, invited to bid on the additional payments. The payments may take the form of periodic payments contingent upon availability of the generation asset (availability-style payments).

CfDs are commonly used in renewable energy projects. Capped CfDs were utilised in both the VRET1 and VRET2 projects and have been used in overseas offshore wind developments. Electricity market CfDs establish a framework for a generator and CfD counterparty to trade a variable price revenue stream (i.e. the wholesale electricity market payments) for a fixed price revenue stream based on a given volume of electricity and agreed strike price that relates to a specified time period (quarter, year, etc.). At the end of each specified time period, the amount owed to or from a party is calculated and paid.

The term of a CfD refers to the period during which the generator and off-taker will settle transactions under the CfD. The longer the contracted term, the more the project is shielded from market price fluctuations. The Victorian Government is considering a CfD with a term of up to 20 years. The terms of the contract, including options that vary the percentage of generation coverage, as well as when CfD payments commence, are all under consideration. Consultation will continue with industry on these options.

Strike price adjustment refers to the indexation of an agreed CfD strike price and/or capital payments to mitigate against the impact of inflation and cost changes in developing, constructing, and operating a project. OWEV will continue to examine how indexation has been implemented in offshore wind auctions internationally as well as consult with industry on the indexation approach.

Risk allocation

A support package can be structured to ensure market risks are allocated to the party best placed to manage them. These risks include constraint risk, marginal loss factor (MLF) risk, and negative price periods

We will continue to communicate and consult with industry on the best allocation and management of these risks.

Constraint risk	In the event generators are, at specific times, prevented from exporting to the National Electricity Market (NEM).
Marginal loss factor (MLF) risk	Where a generator's forecast of MLF may differ from the actual MLF determined by AEMO.
Negative price periods	Where the wholesale electricity market price is negative, and generators pay AEMO for every megawatt-hour (MWh) of electricity they send out.

Competitive procurement process

After assessing the merits of various competitive procurement approaches, the Victorian Government has identified an auction as the most suitable approach to procure the first tranche of offshore wind projects. Auctions are commonly used in Australia and globally to efficiently and transparently procure renewable energy.

The auction process seeks to balance delivery of all Victorian Government objectives, including:

- Value for money for Victorians.
- Timely delivery of projects to meet Victoria's offshore wind targets.
- Local content and proposed investments for building local supply chain capability.
- Partnerships with Traditional Owners.
- Community engagement and benefit sharing.
- Developing foundations for long-term industry development.

Auction process

NOTICE 2

The Victorian Government's competitive auction process for the support package will include an Expression of Interest phase targeted to close in Q1 of 2025, followed by a Request for Proposal phase targeted to close in Q1 of 2026 and contract negotiation and award targeted to occur later in 2026.

The Victorian Government is proposing to run an auction process, including an Expression of Interest (EOI) phase targeted for commencement in Q4 2024 and close in Q1 2025, Request for Proposal (RFP) phase targeted for commencement in Q3 2025 and close in Q1 2026, and contract negotiation and award expected to occur later in 2026.

The EOI phase seeks to identify suitable qualified projects and proponents for participation in the RFP phase. The RFP phase involves the running of the auction: providing requirements and information to the market, receiving a series of project bids, undertaking a bid assessment process, and awarding winning developer(s) with support agreement(s).

PHASE 1 Expression of Interest

The EOI phase assesses a proponent's eligibility to participate in a binding RFP phase and provides proponents with the information required to participate competitively in the RFP phase.

This phase primarily aims to confirm proponent interest, readiness and suitability to develop offshore wind projects in declared areas off the coast of Victoria. Proponents will be asked to demonstrate minimum requirements satisfying Government that the project can pass to the RFP phase. These minimum requirements include:

- The offshore wind energy project is based in Victoria.
- A demonstration of commitment to a plan for project deliverability and operations by 2032.
- Core criteria relating to proponent viability. (e.g. financial capacity, track record, ability to operate in Australia).
- Procurement plans and strategies to secure and mitigate critical path and long-lead item risks.

PHASE 2

Request for Proposal

The RFP phase is targeted to commence in Q3 2025 with the release of an RFP to the market. This phase will invite eligible proponents to submit competitive bids to develop offshore wind projects in Victoria. This timing has been carefully considered – supporting the timely procurement of long-lead supply chain items and inviting bids once project feasibility activities have been further progressed.

The RFP phase will invite proponents to submit proposals in line with Government requirements and pre-determined criteria – price and non-price elements – to compete for support.

A minimum requirement to submit a proposal will include the holding of a feasibility licence for an area of seabed in the Australian Government declared area off the coast of Victoria. Currently, the Australian Government is undertaking its process for granting feasibility licences to potential projects in the declared areas off the coast of Gippsland. An area off the coast of Portland in the south west of the state is currently being considered for declaration – the Southern Ocean region – and awaiting an Australian Government decision on declaring the area and opening it for feasibility licence applications.

Proponents will be able to 'bid' for the level of support they require for the availability-style payment, as well as providing information on the capacity of their project and its expected generation, the date at which their project will reach commercial operations and their approaches to local content, industry development, employment opportunities, progress toward environmental and planning approvals, Traditional Owner partnerships, benefits to the community, social procurement and project sustainability. Other Government objectives will also be included, such as opportunities to increase participation and employment opportunities for under-represented workers in the energy industry such as women.

Proponents will be assessed using a methodology that considers price and non-price factors. Whilst price-based criteria will contribute the majority of the assessment weighting, non-price criteria will drive the delivery of activities which support wider government policy objectives such as the *Local Jobs First Act 2003* and Local Jobs First Policy, and further evaluate the deliverability of projects. Further information on these commitments is provided in Policy, workforce and industry development on page 22.

The number of bids that proponents will be permitted to submit is under consideration – a key objective will be the ability to fairly evaluate and compare bids. Bids may be assessed on an individual basis as well as for the cumulative benefits of different projects. For instance, to minimise potential adverse impacts or maximise environmental benefits.

The Victorian Government will establish an evaluation process to review and assess bids in line with government objectives and to maximise value-for-money for Victorians. More information on the procurement process, evaluation criteria and timelines for the first tranche will be provided in 2024.

NOTICE 3

The Victorian Government will continue to engage with industry as we refine the detailed design of the offshore wind support package including on the auction parameters and indexation approach.

In the lead up to and throughout these phases, OWEV will continue to work with industry to communicate, seek feedback and refine procurement plans, participation requirements, assessment criteria and terms and conditions. It will also seek to understand the impact of any evolving market conditions.

Pipeline of future opportunities

Industry has told us about the importance of having visibility of a pipeline of opportunities to develop offshore wind projects to meet or exceed Victoria's targets. The Victorian Government continues to consider the cadence and volume of future auctions beyond the first tranche – with the aim of providing industry confidence to invest and supporting the development of a sustainable supply chain.

Transmission

VicGrid is assessing a range of feasible options for transmission infrastructure to coordinate offshore wind connections in Gippsland and potentially Portland.

VicGrid-led transmission infrastructure

NOTICE 4

VicGrid is leading the development of transmission infrastructure that coordinates offshore wind farms and facilitates at least 2GW generation capacity in Victorian declared offshore wind zones.

Offshore wind farms need transmission infrastructure to transport renewable energy to homes and businesses across Victoria – energy that is key to meeting the State's net zero emissions targets. VicGrid is leading the development of transmission infrastructure to coordinate offshore wind connections and accommodate onshore generation.

As outlined in previous Implementation Statements, VicGrid will deliver a coordinated transmission connection point(s) for offshore wind projects near the Gippsland Coast (east of Wilsons Promontory). Subject to the Australian Government's offshore wind zone declaration process, VicGrid will also deliver a coordinated transmission connection point(s) for offshore wind projects in Portland.

To facilitate the Victorian Government's 2032 offshore wind target, the starting point for the current VicGrid-led transmission infrastructure is to facilitate connection of at least 2GW generation capacity in Gippsland and potentially Portland. The capacity and timing of the Portland transmission infrastructure depends on the Australian Government's offshore wind zone declaration and feasibility licensing processes.

Implementation Statement 1 set out VicGrid's initial considerations on this transmission infrastructure, and explains that the projects will be developed via Stage Two of the Victorian Government's Renewable Energy Zones (REZ) Development Plan.

The transmission projects are being developed to accommodate onshore generation as well as offshore generation to ensure holistic energy planning for Victoria.

Transmission options assessment process

NOTICE 5

VicGrid is assessing a range of feasible transmission options in accordance with its Options Assessment Method, which has been developed in consultation with landholders, communities and stakeholders.

Over the course of this year, VicGrid has been undertaking a project options assessment process. This has allowed it to develop and assess a range of technically and commercially feasible transmission project options for offshore wind in Gippsland and, if required, in Portland. This includes high level connection point locations, transmission corridor areas, and technical parameters.

Consistent with the Victorian Transmission Investment Framework (VTIF), transmission planning must involve Traditional Owners, landholders, communities and stakeholders early through a clear and open process that considers a wider range of social, cultural and environmental benefits, impacts and costs alongside technical and economic factors.

To follow a clear, consistent and open decision making process, VicGrid consulted on a draft Options Assessment Method (assessment method), before releasing a final assessment method in November 2023.[2]

The assessment method sets out a three stage process to filter a long list of technically feasible project options into a preferred project option. It considers the social, cultural, economic, environmental and technical implications across each project option.

A detailed appraisal of shortlisted options for the transmission projects is currently underway. This assessment is more focussed on Gippsland, as the options considered in Portland remain subject to the Australian Government's offshore wind zone declaration decision.

In April 2023, VicGrid released an Offshore Wind Transmission Development and Engagement Roadmap (Roadmap), which set out its key steps in 2023 to plan new offshore wind transmission through direct and ongoing engagement with local communities and stakeholders. The Roadmap set out a four-phase engagement approach and identified the assessment method as the key tool for integrating feedback.

Phase 1 engagement took place over April and May 2023, commencing with publication of the Roadmap. The purpose of Phase 1 engagement was to, among other things, introduce VicGrid and its role in REZ planning and development; provide information on why offshore wind transmission is needed; and start consultation on what criteria VicGrid should consider in the assessment method. The feedback is summarised in the Phase 1 engagement summary report released in July 2023.

Phase 2 engagement took place over July and August 2023, commencing with the publication of the draft assessment method. The purpose of Phase 2 engagement was to seek feedback on the draft assessment method. We sought feedback through community attitudes research, an Engage Victoria survey, submissions, interactive mapping, stakeholder briefings, engagement events and webinars.

The feedback is summarised in the Phase 2 engagement summary report, released in November 2023 as part of Phase 3 engagement. This feedback has directly informed the final assessment method and the options assessment process itself.

2 engage.vic.gov.au/offshore-wind-transmission-in-gippsland-and-portland

VicGrid continues to seek to build relationships and develop partnerships with Traditional Owner groups such as Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC), Eastern Maar Aboriginal Corporation (EMAC), and Gunditj Mirring Traditional Owner Aboriginal Corporation (GMTOAC). This is an ongoing process that will continue to help refine the transmission solutions in Gippsland and potentially Portland.

For more information about engagement and Traditional Owner partnerships, see section 'Industry, stakeholder and community engagement' and 'Traditional Owner partnerships'.

NOTICE 6

VicGrid expects to announce the preferred transmission project options in Q1 2024, and is committed to ensuring the transmission infrastructure meets the timing commitments set by the Victorian Government – targeting delivery by 2030.

VicGrid is committed to ensuring the transmission infrastructure to coordinate offshore wind connections (and onshore generation) meets the timing commitments set by the Victorian Government, and is targeting a 2030 delivery date for the project(s).

Announcement of high level connection point location(s), transmission corridor area(s), and technical parameters for the Gippsland transmission project is expected in Q1 2024. In Portland, announcements are dependent on the Australian Government's offshore wind zone declaration process.

Around the time of announcement, specific engagement with industry and offshore wind developers will occur to provide an update, answer questions, and understand more about the type of information offshore wind developers seek regarding the technical parameters of the connection points.

It is also critical to ensure extensive meaningful landholder and community engagement around the time of the announcement. People have had an opportunity to express their concerns about the transmission projects, and how transmission can affect local communities in different ways.

Key milestones

FIGURE 1 **Major milestones for transmission to coordinate offshore wind connections**

Major milestones

Q1 2023	Q1 2024	Q1 2024	2024/2025	2030
Community and stakeholder consultation (including Community Engagement Plan) and project development begins	Connection point identification and high-level route corridor determination	Competitive procurement for infrastructure provider begins	Planning and design activities begin	Target delivery date Overall timeline to be consistent with Victorian Government targets and informed by offshore wind generation procurement

Victorian Transmission Investment Framework interactions

NOTICE 7

Elements of the Victorian Transmission Investment Framework will be applied to development of offshore wind transmission infrastructure in Victoria where appropriate, such as access arrangements and community benefits.

VicGrid is developing the VTIF, which is a new framework for how major electricity transmission infrastructure and REZs will be planned and developed in Victoria to ensure that cheaper, more reliable renewable energy can be delivered to homes and businesses across the state. Legislation to give effect to these reforms is being developed and is expected to be introduced into the Victorian Parliament in 2024.

Current transmission project development is focussed on the first offshore wind target of at least 2GW by 2032. Although these projects will not be delivered under the new framework, its defining principles are being applied where possible. In particular, the focus on strengthening community engagement principles.

More transmission infrastructure will be required to accommodate the future offshore wind targets of at least 4GW by 2035 and 9GW by 2040. Current transmission projects are being developed for the first target in a way that anticipates and prepares for future development and system needs. However, future projects will be developed through the VTIF.

In addition, there are some elements of the VTIF that are expected to apply to both the current and future transmission projects – access arrangements and community benefits.

In particular:

- VicGrid intends to provide access to offshore wind generators so they can connect to the transmission infrastructure without experiencing significant curtailment up to the existing transmission network. This is important because offshore wind farms will be required to connect to the provided transmission infrastructure, unlike other generators. In June 2023, VicGrid published a web update on access arrangements for transmission projects to coordinate offshore wind connections, and accommodate onshore generation. This stated that access arrangements for offshore wind development in Victoria will be aligned with VTIF's Victorian Access Framework. VicGrid will ensure that the access arrangements at least support Victoria's offshore wind targets. Updates on the Victorian Access Framework are expected in early 2024.
- Under VTIF, VicGrid will administer REZ Development Funds for local communities near major transmission and REZ infrastructure. The purpose of the REZ Development Funds is to coordinate financial contributions by project proponents towards regional infrastructure and programs in each major transmission development and REZ area, amplifying community benefits from energy development across transmission, storage and generation projects. REZ Development Funds will apply to the transmission projects to coordinate offshore wind connections.

Ports

The Port of Hastings has been identified to develop the Victorian Renewable Energy Terminal as the primary assembly port in Victoria, with all commercial ports in Victoria having the potential to support and facilitate the establishment of the offshore wind industry. Future requirements for offshore wind in both Victoria and Australia may require additional ports to supplement the Port of Hastings as assembly ports.

Victorian Renewable Energy Terminal

NOTICE 8

Subject to environmental assessments and approvals, the Victorian Renewable Energy Terminal will commence operations for offshore wind assembly activities by the end of 2028.

Specialised port infrastructure is required to achieve Victoria's offshore wind targets. Implementation Statement 2 confirmed the Port of Hastings as the most suitable primary port in Victoria to facilitate the assembly of the first tranche of offshore wind projects through the establishment of the Victorian Renewable Energy Terminal.

The current proposed Victorian Renewable Energy Terminal port infrastructure will be capable of:

- Supporting offshore wind delivery of up to 1GW per year.
- Handling turbines of at least 18MW with fixed foundations.

The Port of Hastings rated significantly higher than alternative ports through the multi-criteria assessment process which informed the Government's decision making. The Port of Hastings has major strategic and competitive advantages compared to other ports when it comes to managing the unique and challenging port demands presented by offshore wind and assisting the rapid uptake of offshore wind projects:

The Port of Hastings Corporation (PoHC) is conducting further work for the planned development of the terminal, including creating a simulation model to better understand the movement of offshore wind components and to test supply chain assumptions. The simulation will optimise the design of the port berths, storage areas, and other facilities for offshore wind assembly and marshalling activities. Geotechnical investigations of the site ground and seabed conditions are also underway to inform the engineering design.

Channels	Naturally wide and deep channels provide the essential channel capacity to manage specialist vessel movements. The channels support efficient vessel movements, critical to the offshore wind supply chain, and minimise impacts on existing trades. Additionally, the existing deep-water channels require minimal maintenance dredging.
Location	The relatively close proximity to proposed offshore wind farms off the Gippsland coast will lead to greater efficiencies of installation and facilitate faster deployment of offshore wind farms. The location also provides access to a large labour market to support offshore wind.
Land availability	A large land area close to existing deep-water channel is available to be developed for a purpose-built offshore wind terminal. Offshore wind demands large areas of heavy-duty pavements for storage, marshalling and assembly of components with direct access dedicated berths.
Industry attraction	The delivery of the enabling port infrastructure may attract supporting industry to the undeveloped land surrounding the port. Surrounding land is appropriately zoned and synergies exist with nearby industries and labour market.

Community and stakeholder engagement continues to be a focus throughout the project. Ongoing briefings and presentations are continuing with key community groups, stakeholders, and individuals. Work has also commenced on the establishment of a quarterly Community Advisory Panel to engage with key stakeholders and communities throughout the project's development.

The current project schedule expects the terminal to be ready for offshore wind assembly activities in late 2028 (subject to approvals). PoHC will explore options to provide capacity for storage of offshore wind components earlier.

Victorian Renewable Energy Terminal environmental assessment

NOTICE 9

The Minister for Planning determined that an Environment Effects Statement is required for the Victorian Renewable Energy Terminal and the community and other stakeholders will have the opportunity to comment on the assessment by late 2024.

The Victorian Government is committed to protecting our environment during the development and operation of critical infrastructure. Which is why the construction of the Victorian Renewable Energy Terminal will be subject to a range of Commonwealth and state approval processes for it to comply with national and state laws on planning, the environment and heritage. Prior to the commencement of development and construction activity, the PoHC have been seeking decisions by Commonwealth and Victorian Ministers on the application of environmental acts on the terminal.

In July 2023, the PoHC submitted its EES Referral for the terminal. The Victorian Minister for Planning determined that an EES is required for the terminal under the *Environment Effects Act 1978*.

The scoping requirements of the EES are currently being drafted and a Technical Reference Group will be appointed shortly. The community and other stakeholders will have the opportunity to comment on the scoping requirements for the project when they are released for public comment. The EES Referral can be found here: Victorian renewable energy terminal (planning.vic.gov.au).[3]

PoHC is also engaging with Traditional Owners, with focus on performing a Cultural Values Assessment to inform development of the Victorian Renewable Energy Terminal.

3 planning.vic.gov.au/environmental-assessments/browse-projects/referrals/victorian-renewable-energy-terminal

The role of other commercial ports in Victoria to support offshore wind energy

NOTICE 10

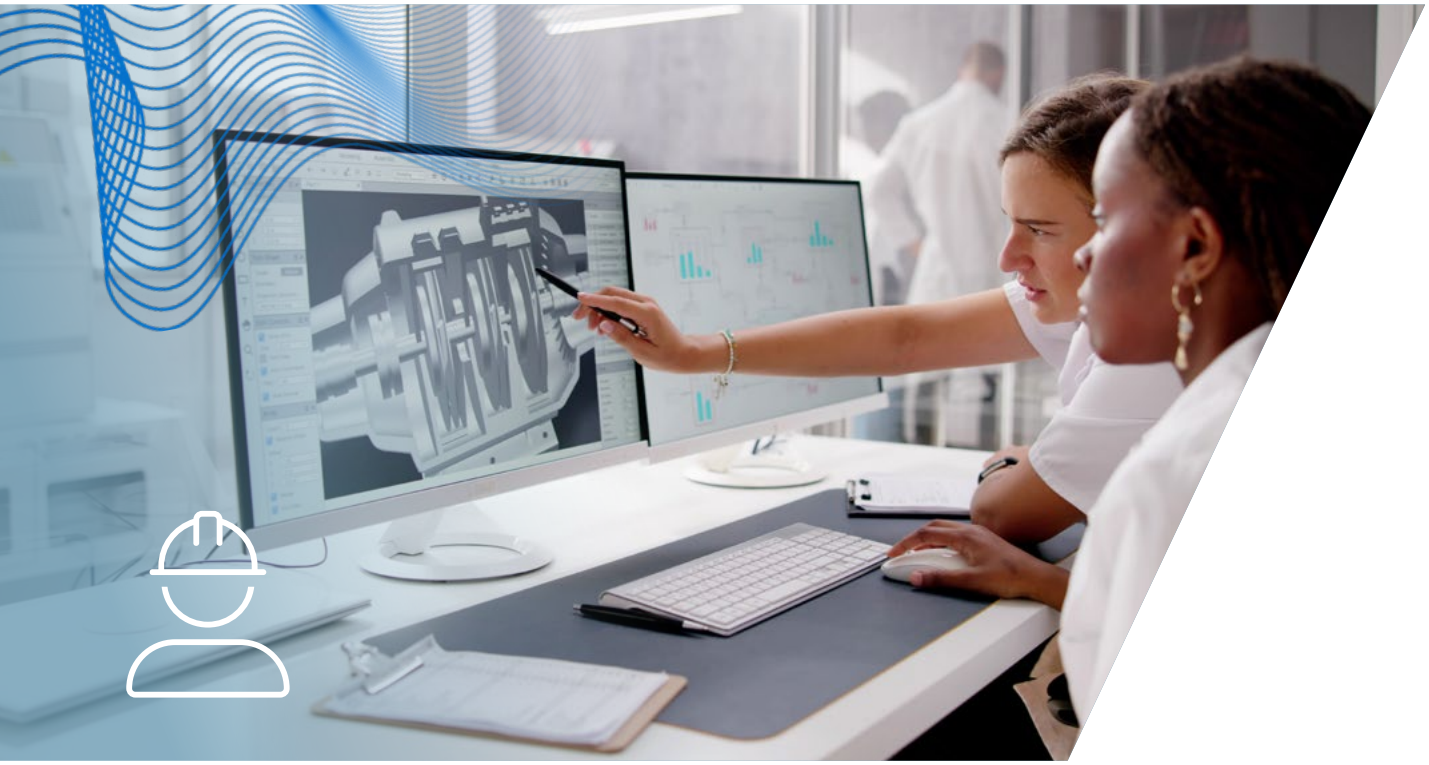
Port of Hastings has been identified to develop the Victorian Renewable Energy Terminal as the primary assembly port in Victoria. Other commercial ports in Victoria have the potential to support and facilitate the establishment and operation of the offshore wind industry.

The geographical location, land availability and deep-water channels mean that the proposed terminal at Port of Hastings remains as the preferred primary assembly port for offshore wind, with all commercial ports in Victoria having the potential to support and facilitate the establishment of the offshore wind industry. The development of the Victorian Renewable Energy Terminal at the Port of Hastings will provide the infrastructure to support not only the assembly and construction of offshore wind off the coast of Victoria, but also services for the construction of offshore wind along the south eastern coast of Australia.

Future requirements for offshore wind, in both Victoria and Australia, may require additional ports to supplement the Victorian Renewable Energy Terminal as assembly ports. More than one offshore wind proponent may require port facilities at any one time, and new offshore wind technologies in the future, such as floating or significantly larger turbines, may require additional port facilities.

There are also opportunities for leveraging existing industrial infrastructure to enable the manufacturing of renewable energy components near a port, which would further support the energy transition, industrial decarbonisation, and provide benefits to the local community.

Operations and maintenance ports servicing the Gippsland offshore wind zone will need to be located close to the offshore wind sites for ease and regularity of access. As such, the ports in Corner Inlet such as Barry Beach Marine Terminal, are well-positioned due to their proximity to offshore wind areas. Some offshore wind developers have already used Barry Beach Marine Terminal facilities for site investigation activities, highlighting its potential (subject to approvals) as a future operations and maintenance port for offshore wind developers.



Policy, workforce and industry development

Victoria is leading the nation in establishing an offshore wind industry. We have worked to ensure that our workforce and industry policy requirements reflect that this is a new industry for Australia and is being developed in the context of a highly competitive global market.

Guidance on local content requirements

NOTICE 11

In applying the ***Local Jobs First Act 2003*** and Local Jobs First Policy as the basis for setting local content requirements for the first 2GW auction, the Victorian Government will adapt requirements to reflect the sector's maturity. While the setting of a specific target for capital expenditure by Government will be deferred to subsequent auctions to allow for industry maturity, proponents will be expected to compete on non-price factors, including how local content will be maximised and industry development supported.

The Victorian Government is committed to increasing local content and creating long-term opportunities for Victorian workers and businesses from the establishment of offshore wind energy in Victoria.

As part of our competitive procurement process, proponents will need to comply with the *Local Jobs First Act 2003* and Local Jobs First Policy.

These requirements will be tailored to reflect offshore wind energy as a new industry in Australia and the significant global competition for this technology.

The Victorian Government's approach to increasing local content aligns with whole-of-government commitments and has been informed by consultation with industry and learnings from the experience of international jurisdictions in successfully building the capability of local industry, sustainably and competitively.

This approach is underpinned by expectations on industry to identify long-term opportunities for growing local content. Identified opportunities in the form of developer-proposed investments for building local capability will then be considered as part of the auction process.

Proponents will be required to respond to the following:

- Proposing opportunities for investing in the construction and capital expenditure stages to maximise local content for the development and construction phase of the project and support increased levels of local content in future projects, noting projects after the first tranche auction will be likely to be required to comply with a minimum local content requirement in the capital expenditure phase.
- Demonstrating plans to achieve 80 per cent minimum local content during the ongoing 30-year operations and maintenance phase (2032 onwards), as averaged over the period, acknowledging the considerable opportunity for offshore wind to provide meaningful ongoing jobs in Victoria's regions. The operations and maintenance expenditure does not include major component procurement (e.g., nacelles), as these are capital expenditure.
- Demonstrating plans to meet the Major Projects Skills Guarantee, requiring 10 per cent of all labour hours to be performed by apprentices, trainees and cadets during relevant onshore construction activities and during the operations and maintenance phase, supporting opportunities for recent workforce entrants.
- Demonstrating plans to maximise the use of steel supplied using locally milled and locally processed-fabricated steel, and maximise the use of materials, products and services produced or manufactured by suppliers based in Victoria's regions.
- Working with the Industry Capability Network (ICN) to publish forward work packages to provide Australian and Victorian businesses with the opportunity to tender and participate in relevant project phases.
- Related to the information requested above, submitting industry development initiatives and investments in supply chain, workforce development, innovation and infrastructure, supported by an industry engagement strategy.

Proponents will also be asked to demonstrate plans to increase the participation of women and Traditional Owners in Victoria's offshore wind energy industry, ensuring benefits of a diverse workforce are realised and opportunities in the industry are shared.

Proponents' overall local content approach and their responses to these requirements will be considered as part of the bid evaluation process.

OWEV will continue to engage with industry to communicate the Government's local content requirements in the lead-up to the competitive procurement process through its broader engagement activities.

Victorian Energy Jobs Plan

NOTICE 12

The Victorian Government will release its Victorian Energy Jobs Plan (VEJP) in late 2024, which will support the development of renewable energy workforces, including the offshore wind energy workforce.

To ensure that Victoria has the workforce to support the state's renewable energy transition, the Victorian Government is delivering its Victorian Energy Jobs Plan (VEJP). The plan seeks to establish a framework to ensure the required workforce is available to deliver the State's renewable energy targets to 2040 and that Victoria's energy transition is supported by strong investment confidence.

VEJP will identify opportunities to enhance worker attraction, education pathways, workplaces, benefits for local communities and market certainty. It will explore themes across the entire renewable energy transition such as Self-Determination; women in energy; and the future of work. In doing so, the plan will support Victorians to benefit from the education, training, and employment opportunities the energy transition creates and prioritise practical actions to address gaps and improve co-ordination.

Work is underway on VEJP, with a statement scheduled for public release in early 2024. The statement will seek submissions from stakeholders, including the offshore wind sector, to better understand the workforce opportunities and challenges facing the energy sector. Insights will inform development of VEJP, supporting full release of the plan by end 2024.

The speed and scale of Victoria's energy transition is increasing the importance of ensuring the right workforce development conditions exist.

The offshore wind energy workforce

Offshore wind energy will bring considerable opportunity for Victoria's workforce, mobilising thousands of workers to deliver Victoria's pipeline of 9GW by 2040 and creating significant long-term opportunities during the lifetime of the industry, particularly in the regions closest to offshore wind sites.

The Victorian Government has made an up to $6 million investment towards a Wind Worker Training Centre, which will help train the next generation of offshore and onshore wind workers in the industry.

NOTICE 13

Victoria's professional, engineering and trades workforce will benefit from employment opportunities across all phases of offshore wind farm projects.

At its peak in the mid-2030s, the sector is estimated to require up to 2,300 – 4,000 jobs across Australia with the vast majority in Victoria. The peak in demand will be characterised by a significant number of roles involved in developing and constructing offshore wind farms.

From 2035 onwards, as the industry matures and reaches its operational phase, an estimated 1,500 – 1,750 ongoing jobs will be needed over 30-years. Victorian regions near declared offshore wind zones and port infrastructure, such as Gippsland, will benefit from these ongoing opportunities.

These employment opportunities for Victorians will be underpinned by local content requirements including 80 per cent of all operations and maintenance expenditure to come from local sources, and the application of the Major Projects Skills Guarantee, supporting opportunities for apprentices, trainees and cadets in the professional and trades workforce.

In order to maximise opportunities for local industry development and local jobs, the Victorian Government will establish the Renewable Jobs Taskforce to further coordinate industry engagement and participation across offshore wind projects. The Taskforce will include representatives from a diverse mixture of stakeholders including unions, industry associations, businesses and community.

The Victorian Government is also actively considering how this workforce can be delivered by creating opportunities to engage those typically under-represented in comparable industries, such as Traditional Owners and women. The offshore wind workforce can also support regional workers transitioning away from fossil fuel industries, seeking future areas of employment.

The skills and capabilities of the workforce are reflective of each of the project phases, described in more detail below.

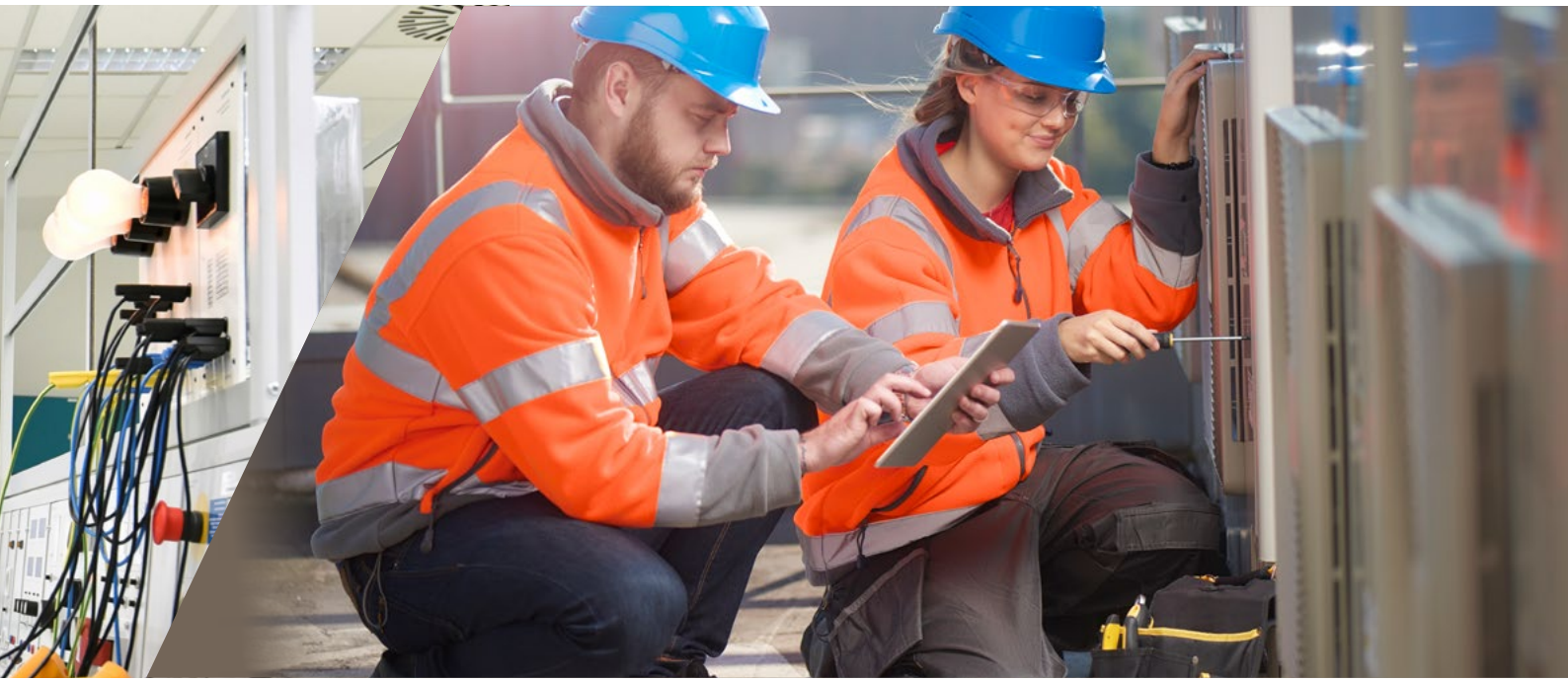


FIGURE 2 **Offshore wind energy workforce**[4 5]

PHASE 1

Development and project management

Project management and procurement

General managers	HE
Finance managers	HE
Construction managers	HE/VET
Supply and distribution managers	HE/VET
Office managers	VET
Management and organisational analysts	HE

Engineering and design

Industrial, mechanical and production engineers	HE
Civil engineering professionals	HE
Electrical engineers	HE
Electronics engineers	HE
Electricians	VET

PHASE 2

Construction, manufacturing and infrastructure

Construction and installation

Trades workers and technicians	VET
Industrial, mechanical and production engineers	HE
Building and engineering technicians	VET
Electronic engineering draftspersons and technicians	HE/VET
Mechanical engineering draftspersons and technicians	HE/VET
Power generation plant operators	OTHER/VET
Marine transport professionals	VET
General managers	HE
Construction managers	HE/VET
Electricians	VET

Manufacturing and assembly

Welders and steelworkers	VET
Product assemblers	OTHER
Structural steel and welding trades workers	VET
Engineering production systems workers	HE
Production managers	OTHER/VET
Machine operators	OTHER
Crane, hoist and lift operators	OTHER

PHASE 3

Operations and maintenance

Operations and maintenance

Trades workers and technicians	VET
Industrial, mechanical and production engineers	HE
General managers	HE
Marine transport professionals	VET
Product assemblers	OTHER
Supply and distribution managers	HE/VET
Power generation plant operators	OTHER/VET
Construction managers	HE/VET
Electricians	VET

4 Occupations based on ANZSCO 4-digit codes, which have been mapped against estimated industry requirements based on international and local industry reports. List of occupations is non-exhaustive but reflects the highest proportion of ANSCO-4 at each phase.

5 Training requirements are estimated based on comparable pathways where **HE** refers to higher education, **VET** refers to vocational education training and **Other** refers to training pathways outside of VET and HE. Training pathways are likely to benefit from supplementing with sector-specific training.

PHASE 1 Project development and planning

This first phase reflects the planning, design and coordination needed to establish a project and can be up to five years in duration.

Victorian workers are well-positioned to benefit from these opportunities due to the state's first mover status; initial Victorian projects and participating workers will capture invaluable knowledge and experience that can be transferred across the industry.

Demand for these occupations is already arising and will strengthen as the pipeline of offshore wind projects around Australia matures.

It encompasses project management, procurement, engineering and design. Skills required for this phase include finance managers, management and organisational analysts, engineering professions and construction manager and electricians.

PHASE 2 Construction, manufacturing and infrastructure

This second phase consists of the construction of offshore wind projects, which is typically 3 – 4 years in duration.

It covers the manufacturing of components, installation and infrastructure construction activities, logistics, assembly and testing of components. Skills required in this phase include labourers, machinery operators, skilled professional, welders, steelworkers and assemblers.

Given the nascency of the local industry, international supply chains and capability will play a key role in the initial projects. International supply chains will be central to project execution and the development of the local industry. International capabilities will also complement Victorian industrial strengths in manufacturing, services and local supply chains. This phase will require turbine installation capabilities, including specialist wind installation vessels, and production of major components requiring capital-intensive manufacturing.

PHASE 3 Operations and maintenance

The third phase consists of the activities needed to continually maintain, operate and generate energy from each windfarm over their 30-year lifetime. As each assets reach their end-of-life, they will need to be decommissioned safely and with minimal environmental impacts.

The operations and maintenance phase represents the most significant opportunity for Victorian workers due the cost-advantages of sourcing local, high-skilled workers.

Reflective of this opportunity, the Government's 80 per cent local content targets during operations and maintenance and application of the Major Projects Skills Guarantee ensures benefits for local workers are realised.

Skills needed in this phase draws key skills from prior phases, particularly trade workers and technicians (including wind turbine technicians), marine transport professionals, various engineers and professionals.

Victorian Renewable Energy Supply Chain Hub

The Victorian Government is exploring opportunities for a Renewable Energy Supply Chain Hub (RESCH) in Victoria. The concept of a RESCH is to create a cluster of manufacturing businesses that produce renewable energy components and provide renewable energy services, including offshore wind.

Consultation is underway with a range of stakeholders in considering how a potential RESCH can support the offshore wind industry with manufacturing capabilities and research and education.

Stakeholders have included local manufacturers and suppliers, international Tier 1 Original Equipment Manufacturers (OEMs), education and training providers, research institutions and developers.

The potential to establish a RESCH near an offshore wind port and any potentially suitable sites in Victoria will continue to be assessed. In addition to information collected from consultation, we will use data on land use, zoning, environment, and transportation in our assessments.

Protecting our environment

NOTICE 14

The Victorian Government will continue its commitment to protecting the environment through the development of offshore wind projects before, during, and after operations commence. Planning for offshore wind development in Victoria will be guided by the current approval process including the ***Environment Protection and Biodiversity Conservation Act 1999, Environment Effects Act 1978*** and the ***Marine and Coastal Act 2018***.

Victoria's environment is fundamental to the Victorian economy and society

A healthy environment has unique intrinsic values and contributes to the state's liveability and sustainability by providing clean water and air, and habitats for species, as well as being the basis for many Victorian regional industries such as agriculture and tourism.

To protect and preserve our environment (including marine) the Victorian Government works in partnership with regulators and experts, Traditional Owners, industry and community stakeholders through a range of biodiversity, wildlife, sustainability, climate change and community initiatives.

For offshore wind development, a new industry for Victoria and Australia, we recognise the uncertainties around risks and potential impacts to our marine and coastal environment. Strengthening our understanding of offshore wind and the environment via an integrated and coordinated whole-of-government approach is therefore essential to developing processes to mitigate potential risks and ensure alignment between Victoria's renewable energy and environmental objectives.

The Victorian Government is engaging and learning from international jurisdictions to understand best practice in aligning renewable energy and environmental objectives, to ensure projects comply with strong environmental protections.

All offshore wind projects will be subject to robust Victorian and Commonwealth environmental management and impact assessment frameworks before, during, and after operations commence. Strategic planning, including marine spatial planning, also plays an important role in informing the location, type, design, and timing of offshore wind infrastructure construction to effectively avoid, minimise and offset impacts on biodiversity and environmental values.

The use of high energy seismic surveys are not necessary for offshore wind. Instead, to reduce the risk to whales and other marine animals, offshore wind energy projects employ technology considered less invasive than that used for offshore oil and gas exploration. High Resolution Geophysical (HRG) surveys, for instance, rely on active sound sources to map the seabed and other geological features required for siting purposes.

These sound sources are much lower in energy than seismic airgun surveys typically used in oil and gas exploration.

Additional measures to protect against the sound generated during HRG surveys can also be implemented, including maintaining exclusion zones around vessels and visual monitoring by independent, trained professionals that look for marine mammals to minimise the possibility of vessel strike and shut down any sound sources if marine mammals are detected within a certain distance.

The Victorian Government has recently released guidance material to the community and industry on the existing legislative process that proponents will be required to undertake, including the environmental and biodiversity approvals.[6]

Environment Effects Statement

In Victoria, environment impact assessments are prepared as part of an Environment Effects Statement (EES) under the *Environment Effects Act 1978* (EE Act). The purpose of an EES assessment process is to assess the potential environmental impacts of a proposed development. The EES which includes a description of the proposed development and its potential environmental effects, consultation undertaken, and the proposed measures to mitigate or mange environmental effects, is exhibited for public comment. During this time the public can make written submissions. For assessment of environmental effects under the EE Act, the meaning of 'environment' includes physical, biological, heritage, cultural, social, health, safety and economic aspects.

Scoping requirements applicable to the preparation of the EES, in accordance with section 8B(5) of the EE Act include potential effects on:

- Biodiversity and ecological values within and near the project area including native vegetation, listed communities and species (flora and fauna) under the *Flora and Fauna Guarantee Act 1988* and the Department of Energy, Environment and Climate Action (DEECA) advisory list, such as through loss, degradation or fragmentation of habitat, as well as related ecological effects.
- Freshwater and marine environments and related beneficial uses, including any required dredging due to selection of the preferred port option, any changes to stream flows and/or discharge of sediment or waste through waterway crossings.
- Aboriginal cultural heritage values.
- The socioeconomic environment, at local and regional scales, including increased traffic movement and direct and indirect effects of construction of onshore assets.
- Existing landscape values.

6 energy.vic.gov.au/renewable-energy/offshore-wind-energy/for-host-communities-and-traditional-owners

Marine and Coastal Act, 2018 and Marine and Coastal Policy 2020

Victoria's *Marine and Coastal Act 2018* (Act) sets objectives and guiding principles for the planning and management of the State's marine and coastal environment. Any use, development or works on marine and coastal Crown land requires consent under the Act and needs to be consistent with the Act and the Marine and Coastal Policy 2020 (Policy). The Policy sets to deliver a healthy, dynamic and biodiverse marine and coastal environment that is valued in its own right, and that benefits the Victorian community, now and in the future. It recognises the many benefits from sustainable uses, activities and developments. The Policy includes a Marine Spatial Planning Framework (MSP Framework).

The MSP Framework provides a structure for integrated management, sets out Victoria's approach to marine spatial planning, provides a process to plan for current and future uses of the marine environment and manage conflicts through existing sectoral legislation, policies and plans. This includes sectors such as marine transportation, energy generation, fisheries operations, and conservation. In September 2023, the Victorian Government released Victoria's Marine Planning Areas – to determine marine planning areas in Victoria for future marine spatial planning processes – and Marine Spatial Planning Guidelines – to provide instructions on how to undertake marine spatial planning in an identified marine planning area. These documents are now being used to inform discussions on supporting planning for offshore wind development in Victoria.

Environment Protection and Biodiversity Conservation Act

Offshore wind projects would also be expected to be assessed under the Australian Government's *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). An assessment under the EPBC Act includes construction, operation and decommissioning of wind turbines, cables, substations and associated infrastructure. It must take the following into consideration:

- Australia's obligations under the Ramsar Convention.
- Relevant biodiversity conventions (e.g. Biodiversity Convention, Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)).
- Requirements of a recovery plan, conservation advice or a threat abatement plan for a listed threatened species.
- Australia's obligations under migratory species conventions and treaties, including the Japan-Australia Migratory Bird Agreement (JAMBA), China-Australia Migratory Bird Agreement (CAMBA), Republic of Korea Australia Migratory Bird Agreement (ROKAMBA), Bonn Convention and Agreement on the Conservation of Albatrosses and Petrels (ACAP).
- A management plan in force for an Australian Marine Park (AMP).
- Public consultation and feedback on the proposed project.

The Victorian Government welcomes the publishing of the Australian Government's guidance materials Key environmental factors when developing offshore wind projects in the Australian marine environment under the EPBC Act 1999,[7] and the consideration of a regional regulation and planning approach to manage cumulative impacts of an offshore wind industry.[8]

7 dcceew.gov.au/sites/default/files/documents/key-environmental-factors-offshore-windfarm-environmental-impact-assessment-under-EPBC-Act.pdf

8 dcceew.gov.au/sites/default/files/documents/key-environmental-factors-offshore-windfarm-environmental-impact-assessment-under-EPBC-Act.pdf

Legislative and regulatory reform

The Victorian Government is progressing its regulatory reform program to support the development of the offshore wind sector appropriately balanced with the needs and expectations of stakeholders, Traditional Owners and our community.

NOTICE 15

In November 2023, the Victorian Government introduced a Bill legislating Victoria's offshore wind energy generation capacity targets of at least 2GW by 2032, 4GW by 2035 and 9GW by 2040. Legislating our targets demonstrates our commitment to develop this industry in Victoria.

Legislating our offshore wind targets

The Victorian Government has affirmed its commitment to offshore wind by recently introducing the *Climate Change and Energy Legislation Amendment (Renewable Energy and Storage Targets) Bill 2023*. The Bill will legislate new offshore wind generation capacity targets of at least 2GW by 2032, 4GW by 2035 and 9GW by 2040.

Further demonstrating the Victorian Government's commitment to the renewable energy transition, the Bill also sets a new Victorian Renewable Energy Target (VRET) of 95 per cent renewable electricity generation by 2035 and new energy storage targets of at least 2.6GW of grid-scale energy storage capacity by 2030 and at least 6.3GW by 2035.

Amending legislation to support offshore wind energy

We are also progressing legislative reform that establishes an initial licensing framework to give prospective offshore wind projects greater certainty around access to Victorian land and seabed for investigation purposes during the feasibility phase.

This legislation will enable proponents who have received feasibility licences under the Commonwealth *Offshore Electricity Infrastructure Act 2021* to undertake site feasibility investigations for connecting infrastructure on Victorian public land, subject to appropriate conditions.

The reforms being considered include:

- Giving the Minister for Energy and Resources the authority to declare a company to be an "offshore wind energy generation company" to allow offshore wind proponents to access to public land similar to the way onshore generation companies currently can.
- Enabling the Minister for Environment to grant a licence in relation to certain types of public land for the specific purpose of assessing the feasibility of constructing, installing or placing offshore electricity transmission infrastructure.
- Clarifying that Parks Victoria and the Great Ocean Road Coast and Parks Authority may consent to an offshore wind energy generation company investigating an offshore wind connection through land managed under the *National Parks Act 1975*.

The Victorian Government intends to introduce this legislation in the first half of 2024. The timing of the amendments will allow recipients of Commonwealth issued feasibility licences in the Gippsland declared area to obtain a Victorian licence or agreement to begin the requisite feasibility studies in Victorian coastal waters and, if required, on land.

Under these amendments, offshore wind project developers will be required to comply with licence conditions issued by the Victorian Minister for Environment when carrying out investigation activities. A pro forma licence will be developed that sets out the rights and obligations expected of licence holder. This will be a separate process and we will engage with key partners and stakeholders to develop the licence.

Working with the Australian Government

NOTICE 16

The Victorian Government is working in collaboration with the Australian Government to identify opportunities to align and coordinate environmental and regulatory approvals processes to help facilitate offshore wind development.

The Victorian and Australian Governments continue to explore coordination and alignment between the two regimes across key regulatory areas including environmental assessment and protection, tenure and licensing of connection assets, safety, and information sharing.

Engaging with industry and regulatory experts in Australia and overseas, we have heard that a coordinated regulatory framework between and within Victorian and Australian Governments is a contributing factor to industry establishment in Victoria.

Consideration of a longer-term regulatory framework

To facilitate the long-term growth of the industry, the Victorian Government is developing regulatory settings and reform options, including a bespoke legislative and regulatory framework that aligns and coordinates with the Commonwealth regulatory framework, that would apply specifically to offshore electricity infrastructure within Victoria.

In 2024, we will consult with industry, regulators, and policy experts to identify regulatory risks and challenges inherent to offshore wind technology, and unique to Victoria. We will partner with Traditional Owners to appropriately recognise and promote their rights and aspirations as part of this framework.

This is a key first step to balancing broader environmental and social aspirations and impacts, with the need to establish an industry.

Release of Regulatory Information Resources

We have produced resources explaining which regulatory frameworks could apply to offshore wind projects, to support industry in better understanding the current regulatory requirements.

The information covers:

- Victorian and Commonwealth approvals processes.
- Environment, marine and biodiversity.
- Traditional Owner rights.
- Connection into the National Electricity Market.

This information is published on our dedicated webpage for industry and developers.[9] The information will be updated as the reforms outlined in this Implementation Statement take effect.

9 energy.vic.gov.au/renewable-energy/offshore-wind-energy/for-industry-and-developers/regulatory-information

Traditional Owner partnerships

Traditional Owners are partners who have cultural and legal rights that must be upheld under the *Traditional Owner Settlement Act 2010*, *Aboriginal Heritage Act 2006*, the *Victorian Charter of Human Rights, and Native Title Act 1993* (Cth).

Victorian Legislation

The Victorian legislative framework acknowledges Traditional Owners rights, aspirations and their connection with Country and Sea Country. This is integrated by:

- The *Traditional Owner Settlement Act 2010* recognises Traditional Owner group's rights over public land, supporting Traditional Owners to jointly manage parks and natural resources, as well as providing an opportunity to use public land for cultural purposes and to achieve economic development.[10] The first agreement under the Settlement Act was reached in October 2010 with the Gunaikurnai People of Gippsland.
- The *Aboriginal Heritage Act 2006* provides protection of Aboriginal cultural heritage and Aboriginal intangible heritage in Victoria. It also acknowledges Traditional Owners as protectors of their heritage on behalf of Aboriginal people, providing them a primary role in the identification, protection, and management of Aboriginal cultural heritage in public and private in Victoria.
- The Victorian Charter of Human Rights and Responsibilities (the Charter) also provides legal rights for Aboriginal Victorians, recognising self-determination as the right to "freely determine their political status and pursue their economic, social and cultural development".[11]

We understand and respect the Traditional Owners' legal and cultural rights, along with their deep connections with Country and Sea Country as original custodians

10 Strengthening Traditional Owner Land Rights In Victoria | Premier of Victoria premier.vic.gov.au/strengthening-traditional-owner-land-rights-victoria

11 delwp.vic.gov.au/__data/assets/pdf_file/0038/483887/Pupangarli-Marnmarnepu-Owning-Our-Future-Aboriginal-Self-Determination-Reform-Strategy-2020-2025.pdf

Supporting Traditional Owners

The development of the offshore wind sector impacts Victorian Traditional Owners' Country and Sea Country.

- Waters off the Gippsland coastline – Gunaikurnai Country – was declared for offshore wind development in December 2022.
- In Implementation Statement 2, released in March 2023, the Victorian Government announced that the Victorian Renewable Energy Terminal will be at the Port of Hastings which is on Bunurong Country.
- In July this year, the Australian Government issued a notice of proposal to declare an area in the Southern Ocean region with implications for the Gunditjmara and Eastern Maar people, noting an announcement on the proposed offshore wind zone in the Southern Ocean off the coast of Portland is yet to be made by the Commonwealth.

The Victorian Government recognises that Traditional Owners require resources and time to be able to effectively engage in offshore wind development. Targeted funding has been provided to Traditional Owner Corporations which will support meaningful steps to progress self-determination; strengthen resources to enable effective engagement with Traditional Owner Communities, the offshore wind industry and government; and guide knowledge and understanding of, and provide input on, offshore wind and its impact on Country and Sea Country.

The Port of Hastings Corporation has also engaged with the Bunurong Land Council Aboriginal Corporation (BLCAC), which is the Registered Aboriginal Party for the land on which the Victorian Renewable Energy Terminal is to be sited. BLCAC will deliver a cultural values assessment for the project, identifying and capturing the traditional and contemporary cultural values of the area, and to make recommendations for their interpretation and protection.

OWEV has worked with Traditional Owners and continues to throughout this change process, to learn from them about the impacts of offshore wind on Country and Sea Country and listen to what is important to them for government and other parties to consider through this change.

We will continue to work to build partnerships with Traditional Owners and their representative corporations that are being affected by offshore wind development, acknowledging that strong and mutually beneficial partnerships with Traditional Owners is imperative to the sector's success and integral to ensuring the goals and objectives of self-determination as set out in the Victorian Aboriginal Affairs Framework 2018-2023 and DEECA's Pupangarli Marnmarnepu 'Owning Our Future' Aboriginal Self-Determination Reform Strategy 2020-2025.

NOTICE 17

The Victorian Government is committed to supporting Gunaikurnai Land and Waters Aboriginal Corporation's aspirations for mutually beneficial agreements with feasibility licence holders, in line with international best practice.

Working with Gunaikurnai Land and Waters Aboriginal Corporation

The Gunaikurnai People are the first Traditional Owner group to have their Country and Sea Country declared for offshore wind. Because of this, GLaWAC has become an active participant in the development of the sector, developing a clear position and aspirations for offshore wind projects, as well as having early engagements with proponents.

In September 2023, GLaWAC released Gunaikurnai and Offshore Energy: Aspirations for a Better Future to government and developers. The document sets the expectation of negotiating agreements with offshore wind generators that will help enable the seven goals of their Whole-of-Country Plan.

GLaWAC expects that the agreements will cover matters such as: economic compensations, Traditional Owner engagement, protection of cultural heritage, as well as employment and training opportunities for Gunaikurnai people among others.

The Victorian Government supports this strategy and acknowledges that self-determination is a core principle. We welcome GLaWAC's approach of negotiating individual agreements with successful feasibility licence applicants. This will form part of the tender assessment process with GLaWAC verifying the information provided. The Victorian Government requires developers to aim for best practice when engaging and entering into agreements with Traditional Owner groups.

Industry, stakeholder and community engagement

Industry engagement

Working closely with industry is vital to the success of the offshore wind sector in Victoria. Since the release of Implementation Statement 2 in March 2023, OWEV has undertaken close engagement with key stakeholders, including regulators, offshore wind developers, investors, and financiers to test and refine the procurement design and optimal support package.

This has included two targeted market sounding exercises with project developers and financiers – concluding in June and October 2023 respectively. There was a strong response to each of these exercises, with feedback valuable in informing ongoing program and policy development.

In order to maximise opportunities for local industry development and local jobs, the Victorian Government will establish the Renewable Jobs Taskforce to further coordinate industry engagement and participation across offshore wind projects. The Taskforce will include representatives from a diverse mixture of stakeholders including unions, industry associations, businesses and community.

We have also been working closely with industry, skills and training providers to ensure local jobs, training, supply chain and manufacturing are supported in the development of the area's offshore wind sector.

OWEV's webpages on energy.vic.gov.au have been updated with a dedicated page for industry and developers.[12]

We have also engaged with industry and developers through industry forums and events such as Gippsland New Energy Conference and Asia Pacific Offshore Wind and Green Hydrogen Summit.

12 energy.vic.gov.au/renewable-energy/offshore-wind-energy/for-industry-and-developers

Community and stakeholder engagement

We understand that Victorians have a keen interest in how offshore wind projects and supporting transmission infrastructure will be developed in our state and we will undertake planned, respectful and ongoing engagement as we establish this new renewable energy resource.

Since the release of Implementation Statement 2 in March 2023, OWEV has continued to work with Traditional Owners, the community and stakeholders to guide Victorians on the journey of an offshore wind energy future.

OWEV's webpages on energy.vic.gov.au[13] have been updated with a dedicated Community and Traditional Owner page, outlining:

- Partnering with Traditional Owners and engaging with community.
- Why Gippsland – and potentially Portland – are identified for offshore wind.
- Living near an offshore wind declared area – what to expect.
- Answers to common concerns with offshore wind.
- Benefits for host communities.
- How the community can have their say through consultations.

VicGrid has been continuing to consult with local communities and stakeholders and seeking to partner with Traditional Owners as it progresses its work planning the transmission to support offshore wind. During 2023, VicGrid has progressed from early planning into an options assessment process, developed through consultation with landholders, communities and stakeholders.

VicGrid has been asking for feedback on how it should balance factors like impacts on the environment, local landholders, existing land uses and power bills with need to deliver fit-for purpose infrastructure to enable a new clean source of energy to replace coal.

VicGrid has undertaken a robust program of face-to-face engagement across two engagement phases so far, in both Gippsland and Portland. It has carried out community attitude surveys across the state and in Portland and Gippsland, run Engage Victoria surveys, requested submissions and asked the community to contribute to interactive maps. VicGrid has run community information sessions in Portland, Gippsland and online, and has held a series of key stakeholder briefings, including for local councils, advocacy and community groups.

All of the feedback VicGrid has received will inform its decision-making. VicGrid will keep the community informed as it works towards the announcement of preferred options in early 2024 (see Transmission Update section for more information).

Both OWEV and VicGrid are also helping Gippsland communities stay up-to-date on renewable energy developments in their region through sponsoring the Gippsland Climate Change Network's Gippsland New Energy web portal. The portal's objective is to bring together localised information on the types of renewable energy technologies in Gippsland and the location of proposed infrastructure developments, including offshore wind.

13 energy.vic.gov.au/renewable-energy/offshore-wind-energy/for-host-communities-and-traditional-owners

Following the Australian Government's announcement of a notice of proposal to declare an area in the Southern Ocean region, both OWEV and VicGrid attended drop-in sessions to ensure that communities knew how to have their say on the proposed area. OWEV and VicGrid staff met communities in Warrnambool, Port Fairy and Portland, providing information and answering questions.

The Port of Hastings Corporation has proactively engaged with government, industry, community, environmental groups and its existing Community Consultative Committee about the proposed Port of Hastings Victorian Renewable Energy.

More than 1,000 community members and stakeholders have been engaged on the Victorian Renewable Energy Terminal, through targeted briefings, meetings, events and community markets.

Feedback has provided local insight, identified the potential opportunities the terminal will bring to the local area and community, identified issues of potential concern, and measures that respond to those concerns. Conversations have been receptive and constructive, with stakeholders broadly supporting the transition to renewable energy and development of the terminal.

Port of Hastings Corporation is establishing a community advisory panel comprising representatives from key community, environmental and industry groups to meet quarterly. The panel will discuss and advise on impacts and opportunities during planning, design and construction of the terminal.

All feedback received through engagement activities will be considered in the development of the Victorian Renewable Energy Terminal EES.

An independent advisory committee will also consider community and stakeholder submissions to the EES in developing its recommendation to the Minister for Planning on the project's assessment and approvals.

The insights drawn from the conversations and engagement we have undertaken across the state will inform our engagement with the communities and stakeholders over the course of 2024. The insights drawn from the conversations and engagement we have undertaken across the state will inform our partnerships with Traditional Owners and engagement with the communities and stakeholders over the course of 2024.

Accessibility

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