Friday, 26 June 2026

Alistair Parker
VicGrid
GPO Box 527,
Melbourne VIC 3001

CEC submission on VicGrid's draft 2026 Victorian Transmission Plan guidelines

The Clean Energy Council (CEC) is the peak body for the clean energy industry in Australia, representing 800 plus leading businesses across renewable energy, and energy storage. We are committed to accelerating Australia's transition to a clean energy future as rapidly as possible while maintaining a secure and reliable electricity supply for customers.

The CEC welcomes this opportunity to comment on the next iteration of Victoria's Transmission Plan (VTP) as set out in VicGrid's draft 2026 VTP guidelines. We stand ready to facilitate any further engagement between VicGrid and the renewable energy industry to collaborate on this important regulatory reform to ensure the 2027 VTP remains a relevant element of the framework for planning the next phase of Victoria's energy transition.

This next version of the VTP is being consulted on during a period of significant change. On the one hand, energy generation and storage costs are changing quickly, reflecting innovation in renewable generation and storage technologies, but also affected by geopolitical events driving supply chain issues. On the other hand, there are emerging uncertainties around the future policy direction of renewable energy at both the Commonwealth and State-government level. These changes are likely to continue to unfold in an unpredictable manner in the coming decade.

In this context, it's imperative that VicGrid accounts for risks and uncertainties through the VTP. While the CEC and industry have a strong desire to see the best outcomes envisioned in scenario 1 come to pass, prudent contingency planning requires consideration be given to the various factors that could cause actuals to deviate from our shared goals.

The CEC makes the following four suggestions for improvements to the guidelines to facilitate development of the 2027 VTP.

Firstly, the primary scenario in the draft 2026 VTP guidelines does not effectively capture the full suite of potential future outcomes that may come to pass in Victoria. Current system conditions (including accelerating demand growth, emerging large loads, and a softening renewable generation pipeline) suggest that Scenarios 2 and 3 more closely capture near-term risks and uncertainties than Scenario 1.

Phone: +61 3 9929 4100
Fax: +61 3 9929 4101
info@cleanenergycouncil.org.au

Level 20, 180 Lonsdale
Street, Melbourne, VIC
3000, Australia

cleanenergycouncil.org.au

ABN: 84 127 102 443

By including a subset of future outcomes in scenario 1, the resultant 2027 VTP is more likely to effectively account for key risks and uncertainties, such as earlier than expected coal exit, demand growth driven by a greater than expected uptake of large data centres, the effects of different degrees of CER orchestration or the delayed development of transmission infrastructure that may in turn result in delays to the development of offshore wind.

That is, the CEC remains of the view that the scenarios modelled in the VTP need to focus on the near-term pressures expected to impact the system with a view to the optimal development path (ODP) identified through the VTP seeking to plan for these eventualities.

While an improvement on the 2025 VTP, the CEC considers the extension of delays in legislated targets and key transmission infrastructure under scenario 3 of only one-year is insufficient and does not reflect industry experience or the underlying risk. As noted above, while the CEC is of the opinion that scenarios 2 and 3 better capture the near-term risks and uncertainties, the current modelled delays could benefit from adjustments that reflect more realistic timeframes.

To ensure scenario 1 under the 2027 VTP better accounts for future risk and uncertainty, the CEC considers there are two important ways the draft 2026 VTP guidelines could be amended. These two measures are complementary and should be considered together.

Firstly, we recommend that the key change drivers and input/assumptions of the potential future outcomes be better reflected in new scenarios, with an ODP designed around weightings attached to each component scenario. As an example, CEC members have noted the offshore wind and associated transmission are material assumptions across the VTP scenarios. As treating them as fixed baseline inputs risks understating delivery risk and the consequences for the broader system, they recommend VicGrid test sensitivities for delays to Gippsland offshore wind transmission Stages 1 and 2 and/or model the phasing of the first 2 GW connection, including 1 GW + 1 GW availability.

Secondly, the CEC proposes that VicGrid incorporate contingency planning into the development of the 2027 VTP. Contingency planning is often used by Governments as a risk management tool for exceptional risks that, though considered unlikely, would have catastrophic consequences on the delivery of a specific outcome. A contingency plan is a predefined set of actions that will be implemented in response to specific future trigger events that have the potential to put delivery of the project or plan at risk.

We consider that there are a range of factors that could impact the 2027 VTP, including changes in demand, gas prices, earlier than expected coal retirement, changes in capital costs of different technologies, the degree of CER uptake and orchestration and offshore wind development timelines.

Accounting for these uncertainties through a contingency planning process would entail VicGrid focussing on the assumptions underpinning the model that, if actuals diverged from projections, would signal a need to reassess the mix of necessary generation, transmission and storage capacity to meet demand.

For example, the CEC suggests that demand growth would be a key variable to regularly assess divergence of forecasts from actuals. If a material divergence of actual demand from that forecast in the ODP was identified, this could trigger a ‘bring forward’ of transmission projects to already identified in the VTP, to allow additional renewable generation to connect (either inside or outside of a REZ) and meet the increase in demand.

Secondly, the VTP process has created material uncertainty for investors. There are many renewable generation and storage projects currently in-flight Victoria, many of which were attracted to the state given the historically open nature of access to the Victorian transmission system and the expectation that imminent retirement of Victorian fossil fuel generation will require new replacement capacity in the near to medium term.

The CEC remains concerned that the draft scenarios for the 2027 VTP, and the absence of a clear final policy position for the subsidiary access and connections framework, including the application of the Grid Impact Assessment (GIA) process still have the potential to stymie this pipeline of new investment.

With the formal announcement of the final REZ orders for most of the Victorian REZs, most projects will now have visibility as to whether they are inside a REZ, across a REZ boundary, or outside a REZ. However, there remains no clarity as to application of the GIA and how this will affect their project. We consider that clear, transparent and implementable frameworks will be critical to reducing uncertainty, enabling developers to assess and manage risk, and supporting timely and efficient investment decisions.

The CEC acknowledges that VicGrid has clarified their intent to introduce the Access Regime from mid-2027 onwards. However, developers require further certainty on how projects progressing under existing frameworks will be treated, including how current connection applications and development activities will be recognised or transitioned. While most developers are currently adopting a wait and see attitude, the CEC is still of the view that an overly punitive approach to grandfathering will send a clear signal to future investors that Victoria is not open to new development. That is, without clear transitional pathways, there is a risk that viable projects are delayed, reprioritised or stranded, further weakening an already constrained development pipeline at a time when new renewable generation is urgently needed.

We consider there is a particular risk for Victoria if this pipeline of development evaporates and actuals in the medium term do not align with the scenarios outlined in the draft 2026 VTP guidelines. Victoria could well find itself in the situation where investment in large scale wind and solar is suddenly needed to maintain reliability and price, but with a small or non-existing pipeline of projects ready for development.

The CEC stands by to continue working with VicGrid to develop the final policy measures to ensure this well established and healthy pipeline of projects in development is maintained. In terms of changes to the draft VTP guidelines, as outlined above we consider this can be achieved by a re-weighting and general reconsideration of the core scenarios used. A contingency assessment and reporting process can also help maintain confidence and deliver an investment response from industry if future circumstances do not align with the more optimistic projections of the 2027 VTP.

Thirdly, the CEC would like to see greater collaboration between VicGrid and the Victorian transmission and distribution network businesses in the development of the 2027 VTP. The CEC generally agrees with the approach to build on the 2025 VTP with the legal requirement to adopt a 25-year horizon, thereby extending the outlook beyond 2050 to ensure long-term robustness and consistency with existing planning documents. However, to achieve the new legislative and planning requirements under the *National Electricity (Victoria) Act 2005* that were not present in the 2025 VTP (especially in relation to non-network solutions and the 10-year areas of interest), the CEC recommends greater collaboration with Victorian network businesses.

While VicGrid uses the outputs of the VTP to plan for the development of the shared transmission network into the future, the CEC would like to see greater transparency in joint network planning to ensure that the shared transmission network, distribution networks, and transmission connection facilities are developed more efficiently as a whole. For example, as the energy system evolves to include more consumer energy resources (rooftop solar PV and battery storage), distribution-level insights into reverse power flows at terminal stations is becoming increasingly important for transmission planning. The CEC would like to see VicGrid better account for these non-network solutions on the distribution side in the development of the VTP to identify opportunities to defer or replace the need for large-scale transmission network augmentation.

Similarly, the CEC would like to see greater coordination between VicGrid and the Victorian network businesses in the development of common approach to better identifying the timing and location of data centre developments to ensure the VTP is based on a unified and realistic demand outlook.

Finally, the CEC encourages VicGrid to seek opportunities for continual improvement to ensure the VTP remains fit for purpose into the future. That is, over the next four years VicGrid pursue options to improve the governance arrangements around the execution of the VTP with a view to improving the adaptability of the plan to unforeseen eventualities. We would also recommend VicGrid consider the identification of range of "triggers to change" (for example, alternative demand growth paths and/or forecasts) that could be applied as sensitivities to the VTP scenarios to test their robustness with a view to the identification of alternative scenarios that could be applied in future VTPs.

The CEC welcomes further engagement with VicGrid as it develops the framework and guidelines that will underpin the development of the 2027 VTP. Further queries can be directed to James Eastcott at jeastcott@cleanenergycouncil.org.au.

Kind regards

Martin Kennedy

General Manager – Market, Operations and Grid