



## Hon Lily D'Ambrosio MP

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

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Robert McDonald  
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Dear Robert McDonald

Thank you for your letter of 6 November 2024, notifying me of the petition tabled in the Legislative Council by Melina Bath, Member for the Eastern Victoria Region regarding transmission infrastructure in the Gippsland Renewable Energy Zone.

The Victorian Government has tasked VicGrid with coordinating the transmission to support offshore wind generation in South Gippsland. I note that the petition asks the government to “ensure all new transmission infrastructure for the Gippsland Renewable Energy Zone project use world class underground construction to connect to the existing infrastructure.”

The Victorian Government is taking strong action to deliver the renewable energy the state needs to secure its energy future and keep the lights on as our ageing coal-fired generators retire. Victoria’s goal is for 95% of our electricity grid to be powered by cheaper, more reliable renewables by 2035.

To achieve this, we urgently need to modernise and expand our power grid to carry energy from new renewable sources and batteries across the state to Victorian homes, businesses, hospitals, schools and other vital services. Our grid was built last century to deliver power from coal-fired power plants in the Latrobe Valley to homes and businesses. We now need to modernise the grid to connect new renewable energy sources, which are located across the state.

In Gippsland, the Victorian Government has tasked VicGrid with coordinating the transmission to support the development of offshore wind generation. Offshore wind is set to play a key role in our energy transition and the government has set ambitious targets of generating at least 2 gigawatts (GW) of offshore wind power by 2032, 4 GW by 2035, and 9 GW by 2040.

To make decisions about this infrastructure, VicGrid must balance a range of factors including impacts on the environment, local land uses, cultural heritage and power bills. Community feedback has played a crucial role informing VicGrid’s work.

Following 12 months of consultation and a program of technical assessments VicGrid has concluded that a double circuit 330 kilovolts (kV) or 500 kV overhead transmission line is the most appropriate technology.

VicGrid investigated multiple combinations of technologies, including fully undergrounding the transmission line. While undergrounding is technically feasible, after careful analysis it was ruled out as an option due to challenges including cost, engineering complexity, procurement and timing.

VicGrid's analysis found an overhead line would cost between approximately \$700 million and \$1.5 billion, while undergrounding would cost between approximately \$2 billion and \$4.5 billion, with the extra expense largely due to the additional infrastructure construction costs required.

Those additional costs would be paid for by all Victorian homes and businesses through higher power bills. While we received feedback that some local communities would prefer underground lines, we also received feedback that the impact on bills was an important consideration for many.

VicGrid's full report can be found at: [www.energy.vic.gov.au/renewable-energy/vicgrid/offshore-wind-transmission/gippsland-offshore-wind](http://www.energy.vic.gov.au/renewable-energy/vicgrid/offshore-wind-transmission/gippsland-offshore-wind)

The government is getting on with the job of delivering the new transmission infrastructure that is urgently needed to support the energy transition. In doing so, we are committed to continued engagement with local communities and partnership with Traditional Owners to ensure impacts are minimised and the benefits can be shared fairly.

Thank you again for writing to me and I trust this information is of assistance.

Yours sincerely



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15 April 2024