

26 June 2026

Mr Alistair Parker
Chief Executive Officer
VicGrid
Via [Engage Victoria](#) website

Response to VicGrid's Consultation Paper - Draft 2026 Victorian Transmission Plan Guidelines

Dear Mr Parker,

Squadron Energy welcomes the opportunity to respond to VicGrid's Consultation Paper on its Draft 2026 Victorian Transmission Plan (VTP) Guidelines (the draft Guidelines).

Squadron Energy is Australia's leading renewable energy company that develops, operates and owns renewable energy assets in Australia. We currently have 2 gigawatts (GW) of renewable energy generation in operation and under construction. Our development pipeline includes projects at varying stages across wind, solar and firming technologies, including batteries and gas peaking plants with dual fuel capability. With proven experience and expertise across the project lifecycle, we work with local communities and our customers to lead the transition to Australia's clean energy future.

Key points

1. Wind underpins a firmed, reliable grid. The 2027 VTP must be calibrated to deliver the right portfolio of onshore wind, offshore wind, solar and storage
2. The 2027 VTP must manage both over-investment risk and the risk of under-investment, especially as VicGrid's most likely scenario does not adequately incorporate evidence of growing risks around offshore wind delivery
3. The draft 2026 VTP Guidelines should introduce more flexibility in how Renewable Energy Zone (REZ) capacity and boundaries might be amended (or a clear pathway to incorporate well-progressed projects), so Victoria can respond to unforeseen supply shortfalls or slower offshore wind deployment.
4. The energy transition is no longer just a policy or capital challenge; it is a delivery and coordination challenge spanning generation, transmission, storage, workforce, supply chains and approvals. It is therefore critical that the 2027 VTP delivers robust, credible and predictable planning signals to mobilise that delivery.

Recommendations

The final 2026 VTP Guidelines and VicGrid should:

1. Include an explicit "low offshore wind" stress scenario or sensitivity (e.g. 3-4 GW by 2040).
2. Commit to a methodology - published through the 2027 VTP - to determine how onshore wind will substitute offshore wind if delivery diverges from targets (with guidance on triggers, how, when and how much contingency capacity would be brought forward) so industry can plan accordingly.
3. Implement a framework to enable flexibility in how REZ planning and REZ boundaries will evolve over time by:

- a. Introducing an expansion mechanism (or NSW-style "headroom") to allow REZ access capacity to be increased between VTPs as conditions evolve;
 - b. Defining trigger thresholds for revision between VTPs (rather than simply flag intent);
 - c. Establishing a clear pathway to incorporate advanced projects that are aligned with system need and electrically consistent into REZs.
4. Publish multi-criteria analysis weightings so the relative importance of the factors that shape REZ boundaries is more transparent.

Introduction

Wind generation - both onshore and offshore - is essential to a firmed, reliable, lower-cost renewable grid. Solar and storage alone cannot deliver the technology diversity, seasonal balance and overnight dispatchability the system requires, particularly as Victoria moves through its coal-exit window over the next decade.

Sound transmission and system planning depends on properly balancing the role of each technology. The VTP should avoid unnecessary overbuild and stranded asset risk for consumers. However, it must also guard against the opposite risk: failing to enable enough replacement generation and network capacity in time to maintain reliability and affordability through Victoria's coal retirement window. This balanced treatment is implicitly enshrined in VicGrid's statutory requirement to use a least-regrets pathway.

This calibration on both generation and transmission planning is more important than ever. Recent international and Australian project outcomes - including cancellations and withdrawals since the 2025 VTP - highlight a degree of uncertainty around the pace and scale of offshore wind development in Australia. A change in offshore generation capacity has the potential to materially and negatively impact the depth and viability of the project pipeline in Victoria.

The 2027 VTP must plan for offshore wind delivery risk using onshore wind as a structural contingency

In its submission to the draft 2025 VTP, Squadron Energy highlighted that the VTP's reliance on approximately 9 GW of offshore wind by 2040 while capping onshore wind at 4.5 GW, despite approximately 10.8 GW of onshore wind in development across Victoria. That asymmetry embedded an energy security risk in the 2025 VTP that remains relevant today.

Since then, project cancellations and proponent withdrawals globally and in Australia have materially changed the offshore wind outlook. Yet the draft Guidelines retain the assumption across all three scenarios that the Victorian offshore wind targets are achieved, with Scenario 3 the only scenario contemplating delay and capping that delay at two years.

The result is that the downside risk on offshore delivery is consumer-borne, while substitution by lower-cost, more mature onshore wind is constrained ex ante. Static reliance on the planned offshore trajectory leaves Victoria exposed to global delivery headwinds during its coal-exit window. Instead, a more diverse onshore plus offshore wind portfolio would better support security of supply.

The final Guidelines should explicitly test, and plan for, a slower or partial offshore wind build-out, using deliverable onshore wind as a structural contingency.

Squadron Energy has previously recommended that VicGrid increases the onshore wind capacity allocation in REZs given the considerable development risks facing offshore wind and the quality of the onshore wind resource.

We acknowledge that the draft Guidelines incorporate some improvements:

- Hosting capacity is now framed as a planning tool, determined after the optimal pathway is identified "to ensure that generation needs are met, and that power system security, reliability and land use constraints are appropriately balanced".
- Modelled hosting capacity is now described as outputs of an "iterative" and "adaptive" planning process, not as static settings.
- Appendix B notes the 2027 VTP may include a sensitivity analysis on "Potential timing delays in the achievement of offshore wind targets".

Nevertheless, these refinements do not yet read as a clear signal that capacity in Victoria's REZs is flexible.

REZ declarations and infrequent VTP updates continue to be interpreted as effective caps. Project development decisions cannot wait several years for the next VTP cycle to test whether more onshore wind capacity will be enabled, particularly given onshore project development typically takes at least four years, usually six or more, and often on the scale of a decade before access can even be sought. A framework that updates only every four years risks always being one cycle behind the pipeline it is intended to support.

Squadron Energy recommends that final 2026 Transmission Planning Guidelines:

- Include an explicit "low offshore wind" stress scenario or a specific sensitivity (e.g. only 3-4 GW by 2040).
- Commits to a methodology for how onshore wind will substitute offshore wind if delivery diverges from targets (with guidance on triggers, how, when and how much contingency capacity would be brought forward) so industry can plan accordingly. This should be published and implemented in the 2027 VTP.

REZ capacity and boundaries must operate as flexible planning tools, not static caps

Without clear, transparent and time-bound update mechanisms, hosting capacity volumes and REZ boundaries risk being read by the market (including during processes to allocate access rights) as effective caps, irrespective of VicGrid's intent that they remain planning estimates. This will in turn constrain highly deliverable projects and underutilise existing and planned transmission infrastructure.

This is not an abstract concern. Advanced onshore wind projects in development can act as low-risk, near-term contingencies if offshore delivery slips.

For example, Squadron Energy's Ballyrogan Wind Farm is an advanced project sitting just outside the current declared REZ boundaries. Without flexibility in the potential to amend REZ capacity and boundaries (or in the absence of a clear pathway to incorporate well-progressed projects), Victoria's ability to respond to unforeseen supply shortfalls or slower offshore wind deployment is likely to remain limited. This puts energy reliability and affordability at risk.

Ballyrogan Wind Farm is an important generation project for all scenarios. Under scenario 1, the project is well advanced and can be efficiently deployed to meet the step change. Under scenario 2 (which is showing ever-increasing likelihood), Victoria is likely to seek to bring on generation with some urgency to service the rapidly growing load. We offer further details in our case study below.

Conservative REZ capacity and boundary settings also risk underutilising the transmission backbone delivered through the 2025 VTP (including VNI West and Western Renewables Link), increasing per-MWh consumer cost recovery for those assets.

Finally, Squadron Energy acknowledges that Victoria's brownfield character can justify smaller REZ footprints than greenfield jurisdictions. However, this reinforces rather than undermines the case for maximising least-cost, transmission-adjacent onshore opportunities, particularly where such projects deliver equivalent or superior power system outcomes.

Squadron Energy has previously recommended that VicGrid publishes the details underpinning REZ selection and a clear pathway to amending REZ boundaries and increasing capacity. Whilst we acknowledge some improvements in the draft Guidelines, we believe there are still gaps that will materially limit our and the market's confidence.

Squadron Energy recommends that VicGrid:

- Implements a framework to enable flexibility in how REZ planning and REZ boundaries will evolve over time by:
 - a. Introducing an expansion mechanism (or NSW-style "headroom") to allow REZ access capacity to be increased between VTPs as conditions evolve.
 - b. Defining trigger thresholds for revision between VTPs (rather than simply flag intent).
 - c. Establishing a clear pathway to incorporate well-progressed, system-aligned and electrically consistent projects into REZs.
- Publishes multi-criteria analysis weightings so the relative importance of the factors that shape REZ boundaries is more transparent.

Case Study: Ballyrogan Wind Farm – system-aligned project outside REZ boundary

The Ballyrogan Wind Farm is a large-scale project (684 MW) located on Eastern Maar Country, approximately 10 km south of Ararat. The project comprises up to 114 turbines, revised from 164 after community consultation, and proposes a 45 km 220 kV overhead transmission connection near Elmhurst. Ballyrogan is well advanced in development, enabling timely progression through planning and approvals once grid access certainty is established.

The project area:

- has a strong wind resource;
- is largely Tier 1 land under VicGrid's strategic land use assessment;
- exhibits low biodiversity and cultural heritage constraints; and
- supports ongoing agricultural use alongside wind generation.

The Ballyrogan Wind Farm should be assessed as part of the Western REZ planning task, rather than as an exception to it. The project is electrically consistent with the Western REZ, uses the same broad transmission resources as in-zone projects, and aligns with the transmission backbone enabled by the Western Renewables Link and VNI West.

Ballyrogan also aligns with future proposed transmission infrastructure, including a potential 500kV double-circuit line between Mortlake and Bulgana, linking the South West and Western REZs. Its location supports both timely development and longer term transmission optimisation.

As noted in Squadron Energy's June 2025 and March 2026 submissions, VicGrid's proposed draft VTP Guidelines will continue to create heavy reliance on offshore wind capacity on ambitious timelines. Ballyrogan provides a deliverable contingency, strengthening system resilience and enabling Victoria to manage offshore wind timing and sequencing risks without halting onshore investment.

From a transmission and access perspective, Ballyrogan:

- utilises the same transmission resources as Western REZ developments;
- connects closer to load centres than many projects located within the REZ;
- provides electrical performance equivalent or superior to in-zone projects; and
- reduces losses and improves network utilisation.

Excluding Ballyrogan risks sunk development investment, overly conservative access settings, and underutilisation of WRL and VNI West capacity, contrary to REZ objectives and VicGrid's mandate to minimise consumer costs.

Including Ballyrogan as part of the next 2027 VTP would:

- reduce reliance on a single offshore wind pathway;
- increase diversity of generation resources;
- enhance reliability during peak demand and low-renewables periods; and
- maximise utilisation of planned transmission infrastructure.

Since publicly launching the project in June 2025, Squadron Energy has undertaken its first phase of community engagement across the Ballyrogan and Tatyoon region, including landholder meetings, community information sessions, pop-up engagement events and ongoing engagement with Council and elected representatives. Further rounds of community engagement are being undertaken as the project is designed and planned, including additional engagement events and meetings with community groups who have an interest in the project.

In response to community input, the project layout has been revised to incorporate a 2km setback from neighbouring dwellings unless otherwise agreed. Feedback from neighbours has also informed the design of the project's neighbour benefit program.

As the project progresses, key engagement priorities will include co-designing a community benefit program with Council and the community, and developing a locally informed fire management plan. Squadron Energy is also proposing a large-scale map-based engagement session utilising a process developed by the Australian Army and Disaster Relief Australia drawing on a successful model implemented at the Bookham Wind Farm project in NSW.

Embedding flexibility, contingency and update mechanisms

In their current form, the draft Guidelines' scenario design, sensitivity testing and update mechanisms take a cautious approach to capacity uplift, placing greater weight on avoiding over-investment than on managing the risk of under-investment. In a transition constrained by delivery, where coal retirement is broadly fixed but the pace of replacement supply is uncertain, the risk of under-investment is at least as material as the risk of over-investment, and is felt by consumers through higher wholesale prices, reliability events and emissions overshoot.

Our recommendation above to design scenarios that test slower or partial offshore wind delivery - with commensurate increases in onshore wind - is directly aligned with VicGrid's least-regrets pathway requirement to manage under-investment and over-investment risk. Appendix A confirms that least-regrets analysis is used to identify the pathway that minimises net cost across all scenarios. We believe that a set of scenarios that does not test partial offshore delivery cannot satisfy this requirement.

The final Guidelines should therefore:

- Make explicit how the methodology manages both over-investment and under-investment risk.
- Build flexibility into its set of scenarios, including a scenario for slower or partial offshore wind delivery and consultation on the set of sensitivity analyses.
- Embed clearly articulated contingency and update mechanisms, including consideration of a headroom mechanism or equivalent approach, and published trigger thresholds.
- Treat REZ hosting capacity and boundaries as planning instruments that can be updated as evidence evolves.

This approach will support efficient operation and use of the planned transmission backbone, reduce the cost of capital priced into Victorian renewable energy projects and protect consumers from - price and reliability impacts driven by delivery-risk.

In conclusion, the energy transition is no longer just a policy or capital challenge; it is a delivery and coordination challenge spanning generation, transmission, storage, workforce, supply chains and approvals. It is therefore critical that the 2027 VTP delivers robust, credible and predictable planning signals to mobilise that delivery.

If you would like to discuss this submission or any related content, please contact Marilyne Crestias, Director – Energy Policy & Regulation at marilyne.crestias@squadronenergy.com.

Yours sincerely

A handwritten signature in black ink, appearing to read "Dan Newlan".

Dan Newlan
Executive General Manager, Corporate Relations and Community
Squadron Energy