



3 November 2014

Ms Mary Tait
Price Reset Stakeholder - Engagement Manager
CitiPower Pty / Powercor Australia Ltd
Locked Bag 14090
Melbourne VIC 8001

Dear Mary,

SUBMISSION – CITIPOWER AND POWERCOR AUSTRALIA DIRECTIONS AND PRIORITIES CONSULTATION PAPER

Please find **enclosed** Mildura Development Corporation (MDC)'s submission in response to the CitiPower and Powercor Australia Directions and Priorities Consultation Paper.

MDC is the peak economic development organisation for the Mildura region and has a vision of '*Our Region. Our Prosperity.*' Our organisation has been proactive in marketing Mildura to the world and attracting diversified investment opportunities. Our Board comprises experienced business and industry leaders who understand the commercial realities of development, as well as the Mildura region.

The Mildura region's local economy, situated at the heart of the Murray Darling Basin, is dominated by the horticultural and dryland agricultural sectors, which, along with food, wine and beverage processing, contribute greatly to our \$2.9 billion Gross Regional Product per annum (REMPlan 2014).

In addition, we have recently seen the construction of large scale food, wine and beverage manufacturers/processors such as Olam's \$60 million almond processing facility, and significant interest in solar developments given our region's fantastic solar resources, as well as biomass facilities utilising our waste organic matter.

We look forward to your consideration of this submission along with other submissions to the Consultation Paper, along with action to expand upon the local power network infrastructure in the Mildura region.

Yours sincerely,

Chris Crewther
Chief Executive Officer - Mildura Development Corporation

Submission to CitiPower and Powercor Australia Directions and Priorities Consultation Paper

Introduction

Mildura Development Corporation (MDC) supports CitiPower and Powercor's recognition that it plays *"an important role in the economic and social development of the communities in which we operate by delivering a safe, cost-effective and reliable electricity supply that underpins the growth and prosperity of our regions."*

Further, MDC thanks CitiPower and Powercor for allowing us to make a submission to its Consultation Paper, which looks at:

- *"Protecting our customers and our network – running a safe operation*
- *Maintaining reliability – keeping the power on through appropriate maintenance, operations and policies*
- *Growing with Victoria – providing augmentation of the network where required*
- *Networks for the future – being a facilitator of new technology*
- *Making it easy for our customers – listening to our customers' needs and responding in a timely manner."*

In our submission MDC will outline:

- Background information about the Mildura region;
- Outcomes we would like to see for power infrastructure in our region (primarily relating to the Growing with Victoria and Networks for the Future parts of the Consultation Paper).

Background

The Mildura region is located in the heart of the Murray Valley at the intersection of Victoria, New South Wales and South Australia and encompasses the junction of the Murray and Darling River systems.

Food production

Food production is one of the primary economic drivers of the Mildura region's economy and will continue to form an important part of its future, generating a large proportion of its \$2.9 billion Gross Regional Product per annum.

For example, the Mildura region is home to a number of established and new horticultural industry sectors, growing the following percentages of Australia's produce:

- 98% of Australia's dried vine fruit;
- 75% of Australia's table grapes (of which 64% are exported);
- 68% of Australia's almonds (with Sunraysia being the largest production area in Australia - the second largest producer in the world behind California (US));



- 48% of Australia's pistachios;
- 24% of Australia's citrus (of which 44% is exported);
- 23% of Australia's olives;
- Over 20% of Australia's wine grape crush;
- 14% of Australia's asparagus;
- 13% of Australia's carrots; and
- More than 60 types of fruit, vegetables and nut products.

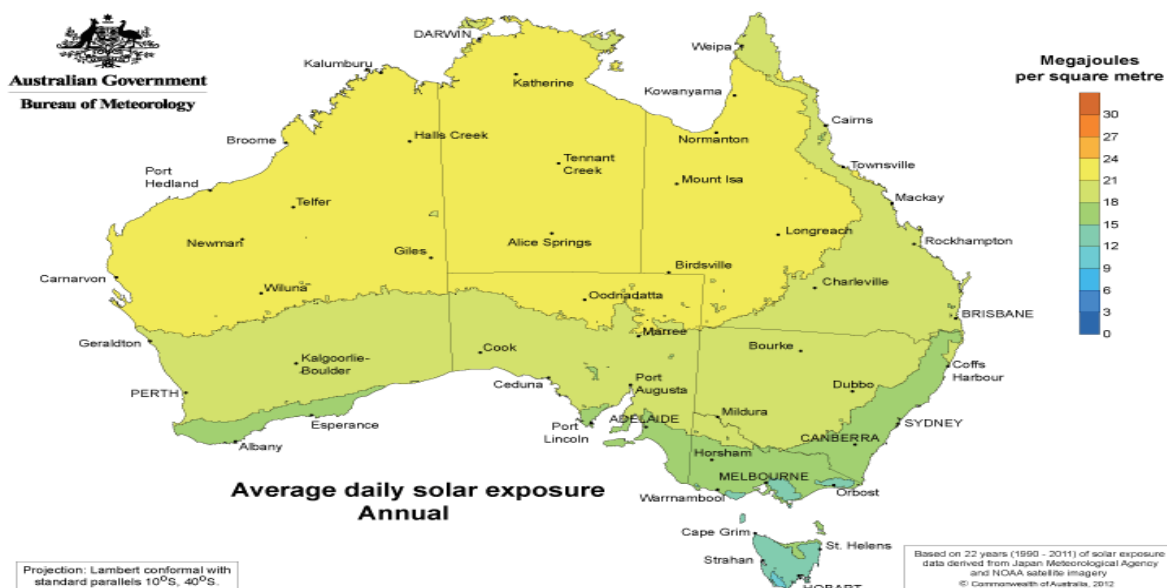
Dryland farming and livestock also contribute significantly to the Mildura region's economy, with sheep, grain and cattle contributing over \$140.7 million in output. In 2010-11 the region produced nearly 1 million tonnes of grain, or 2.1% of Australia's broadacre crops.

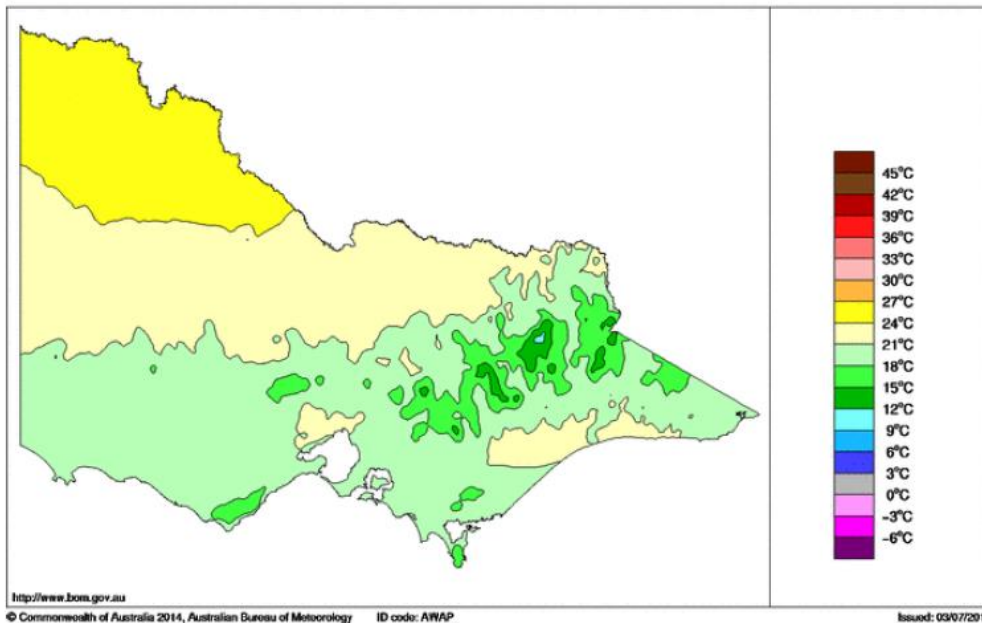
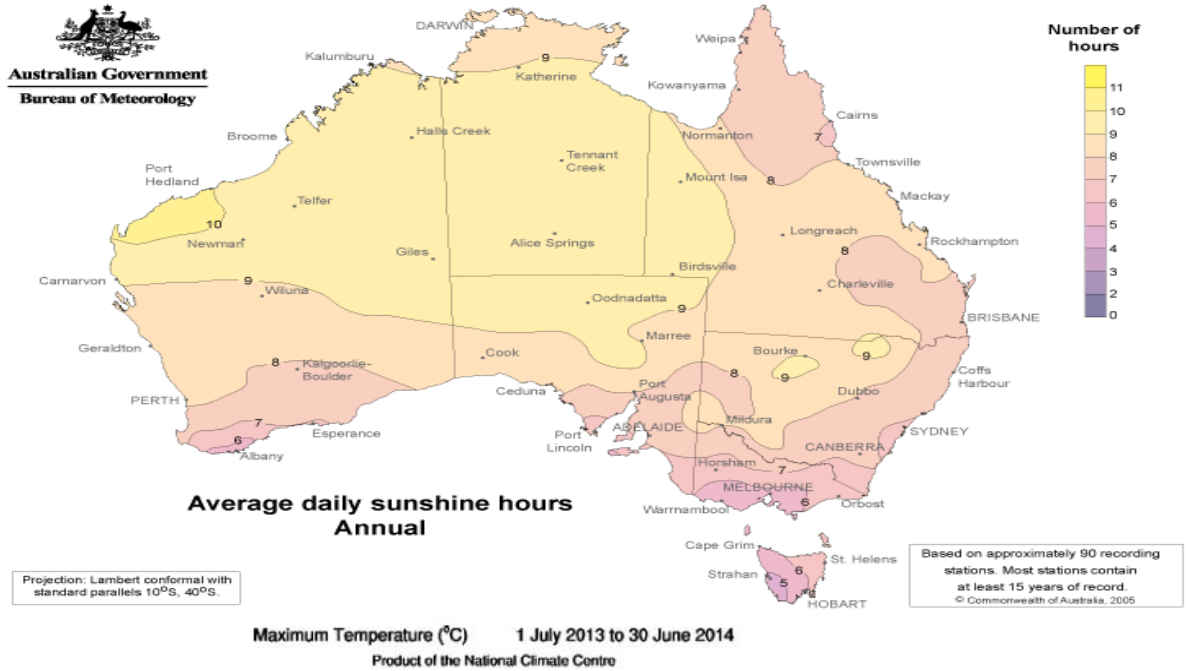
A range of food processors are located in the Mildura region, providing considerable employment opportunities and skills sets. These include, but are not limited to, award winning wineries, table grape production and packing, dried fruit processing and packing, beverage production, citrus production and packing, olive processing, almond processing and other boutique food processing sectors.

As a major export region, we are in a good position to respond to increasing demands from Asia, particularly from our three largest export partners – Japan, China and South Korea. However, we also note that large scale and high-quality production requires quality affordable network infrastructure, particular power infrastructure, with interest from large food processors with a high energy demand.

Solar and renewable energy

The Mildura region is Victoria's premier solar and renewable energy location. As shown in the below 3 diagrams, Mildura has the highest solar exposure in Victoria, as well as the highest sunshine hours and the highest maximum temperatures.





In addition, the National electricity grid goes right through the Mildura region and there are terminal substations located at Red Cliffs and Wemen, with both 66kV and 220kV available for grid connection.

What's more, the Mildura region has access to large-scale affordable and available land, as well as freight rail and road connections, an airport servicing Sydney, Melbourne, Broken Hill and Adelaide, and a large workforce in Mildura (with a regional population of nearly 60,000 people).

All these factors make the Mildura region the perfect location for solar energy production. In addition, our large scale agricultural production, and therefore organic waste by-product, has meant interest in the Mildura region as a biomass energy producer.

For example, in recent times BELECTRIC established an approximate 3.4MW facility at Thurla just outside Mildura and Balfour Beatty are undertaking a development process to construct a 35MW \$174 million biomass facility.

There have also been developments such as Solar Systems 1.5MW concentrated solar plant, which was planned to have been expanded to 100MW. Unfortunately, this project will no longer be going ahead.

However, in late 2014 there has been an upsurge in interest in solar plant developments in the Mildura region, with a number of solar companies currently looking at 30MW, 50MW and other large solar facilities. There has also been interest to establish other biomass plants in the Mildura region.

Outcomes

Increasing network capacity

MDC notes that there is considerable interest in developing large scale agricultural and horticultural factories as well as solar and biomass facilities in the Mildura region, with high energy use and demand.

A limiting factor however is local power network capacity. For example, if a number of agricultural processors/manufacturers or solar plant companies wanted to set up at all at once in the Mildura region, there would likely be difficulty in meeting capacity.

In addition, increased network capacity can act to attract investors in the solar and agricultural/horticultural industries. For example, in some countries 300MW solar facilities have been set up, but the network infrastructure was in place to support such developments to occur. Similar developments in our region would be difficult without the network infrastructure to support such developments.

MDC notes that *“Powercor is planning to spend more than \$25 million in the period to 2020 on a major capital works program to meet this forecast demand for the region, and ensure reliability of supply is maintained.”*

MDC applauds this investment, but calls for further support for an even more significant expansion in local power network capacity, not only recognising the many food processors and solar energy plants with high energy demands establishing themselves in the region, but also recognising the needs of those companies considering establishing themselves in the region (who may not establish themselves if power infrastructure and costs is a limiting factor) and the need for infrastructure to be in place to drive investment.

As noted in the background to this submission, our region has enormous potential for large scale developments in the solar, biomass and agricultural/horticultural fields, but the power network infrastructure needs to be in place in advance to both support such developments and to encourage such investment in our region in the first place.

For example, a lot of large-scale affordable land is available close to the Western 66kV line down from the Red Cliffs Terminal Station. However that line, while having a substantial area of affordable land close by, currently has much less capacity than the Eastern 66kV line closer to the river. This means that if an investor seeks to acquire land for say a 50MW solar facility, either land needs to be found near the Eastern 66kV line, which is more difficult, or expensive connections need to be established to connect developments established on land purchased further away. A significant expansion in capacity for the Western 66kV line would therefore be greatly welcomed.

This need for power network capacity expansion is supported by the Victorian Government's *Food for Asia Action Plan*, which outlines the Government's intention to invest in infrastructure, particularly freight and other networks, to enable expansion of export opportunities to Asia with a growing middle-class and consumer demand. Investment in power infrastructure in the Mildura region, which produces much of Victoria's agricultural and horticultural output, is therefore required to enable expansion of Victoria's food exports, fitting closely with the objectives under the Victorian Government's *Plan*.

Scale Efficient Network Extension (SENE)

Furthermore, there has long been talk of a Scale Efficient Network Extension (SENE) project to drive investment in the region, particularly given the need for both agricultural manufacturers and solar plants to connect to the grid.

A SENE project would enable these connections in a cost-effective manner and also drive investment in our region.



Mildura Development Corporation therefore asks that a SENE project be considered for the Mildura region, noting that connectivity infrastructure needs to be in place to drive investment.

Conclusion

MDC once again thanks CitiPower and Powercor Australia for the opportunity to contribute this submission, and looks forward to further discussions regarding power network expansion and a possible SENE project for the Mildura region.