

Treasury Corporation of Victoria

TCV Sustainability Bond – Project Summaries

September 2021

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1.0 Asset Pool as at September 2021

| Program | Planned Expenditure \$ million |
|--|---|
| Victoria Renewable Energy Zones | 540.0 |
| Solar Homes (Grants for PV Panels, Solar Hot Water, Batteries, Small Business, Zero Emissions Vehicles, Interest Free Loans) | 880.4 |
| Household Energy Efficiency Upgrades (Low Income grants and Social housing Upgrades) | 447.7 |
| High Capacity Metro Trains: Government Capital Contributions | 421.2 |
| Victoria's Big Housing Build | 5,000.0 |
| 2020-21 Budget - Specialist School Upgrades | 388.0 |
| 2020-21 Budget - Inclusion for All: Support for students with a disability in government schools | 1,560.0 |
| | |
| Total | 9,237.2 |

2.0 Renewable Energy Zones

Stage One REZ Development Plan projects

As part of the 2020-21 State Budget, \$540 million has been made available over four years for the Victorian Government to invest in electricity network infrastructure to support the development of Victoria's Renewable Energy Zones (REZs).

The Victorian Government worked with the Australian Energy Market Operator (AEMO) to identify potential network investments in an initial Renewable Energy Zones Development Plan (RDP).

The RDP identified nine near-term projects to support the connection of Victoria's pipeline of renewable energy projects (Stage One projects). These included minor network augmentation works, projects to strengthen the system and larger augmentation projects. The RDP also identified 21 potential longer-term investments in REZ infrastructure that require further assessment and community and stakeholder consultation (Stage Two projects).

The [RDP Directions Paper](#) was released for targeted industry and community consultation in February 2021. Following stakeholder feedback and further technical and cost benefit analysis, the Victorian Government has requested AEMO to progress six Stage One projects under two procurement streams.

A call for expressions of interest and tender process will run for services to strengthen the system across the Murray River, Western Victoria and South West REZs. Following this process, the Government will make a final investment decision, subject to projects demonstrating a clear benefit to Victorian households and businesses. A market information forum will be led by AEMO as part of this process – to register your interest please email RDPStage1@aemo.com.au.

A non-contestable request for proposal process with relevant incumbent network service providers will also run for three sets of minor network augmentation works across the Murray River, South West and Central North REZs.

By supporting these investments beyond what is possible through the regulatory investment processes, such as the *Regulatory Investment Test – Transmission* (RIT-T), consumers can benefit from more lower-cost renewable generation entering the market, as well as non-market benefits such as local economic activity and jobs.

Minor network augmentation works

Three sets of Stage One projects in the RDP included automatic control schemes, wind monitoring dynamic line rating schemes and station upgrades to boost the ratings of lines and transformers on the existing Victorian network. These projects will relieve existing thermal constraints (the limits on how much electricity can be sent down a transmission line without it overheating) in the Victorian network, allowing the existing network to transport more generation to customers. The Victorian Government will progress three sets of Stage One minor augmentation projects to help strengthen and modernise Victoria's electricity grid.

A non-contestable request for proposal process will be undertaken with incumbent network service providers to procure the projects, subject to the proposals delivering net benefits from the Government's investment. Among the minor augmentation works identified in the initial RDP was a communications upgrade project in the South West REZ. The South West Communications Upgrade Project, identified as a potential Stage 1 project, is currently being considered as part of AusNet Services' 2022-27 electricity transmission network regulatory determination process.

Projects to strengthen the system

Projects that strengthen the system increase the ability of a transmission network to maintain a steady operating state, even in the event of unexpected faults or outages.

These investments assist connection of the expected renewable energy generation pipeline to the transmission network.

Three projects to strengthen the system will form part of the Stage One projects that the Victorian Government will progress to help strengthen and modernise Victoria’s electricity grid.

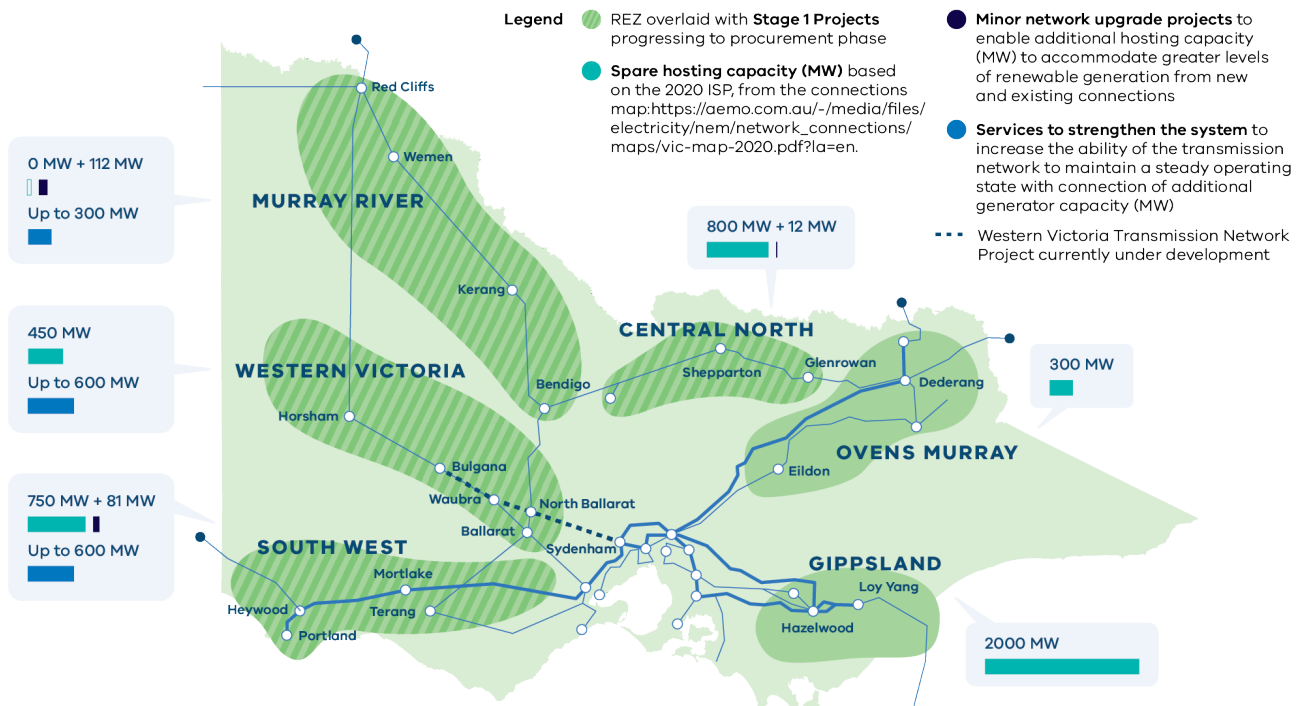


Figure 1 - Victorian Renewable Energy Zones overlaid with Stage 1 Projects progressing to procurement phase

Figure 1 shows existing spare hosting capacity in Victoria’s REZs, and the impact of the Stage One projects. It illustrates the benefits in three REZs of minor network upgrades to areas where there is less spare hosting capacity. System strength benefits are also outlined across the three REZs where these projects are occurring. Note that provision of services to strengthen the network does not mean that other constraints will not prevent unconstrained generation in a particular area.

Larger augmentation projects

The Stage One projects included two potential larger network augmentations:

- Upgrading the voltage of a new 220 kV transmission line from North Ballarat to Bulgana, the Western Victoria Transmission Network Project (WVTNP), to 500 kV to add significant new capacity to the transmission network in the Western Victoria REZ.
- Turning in the existing 500kV Tarrone to Haunted Gully transmission line at the Mortlake Power Station 500 kV terminal station to enable increased system stability.

These projects require additional analysis/ assessment with further details to be provided later this year.

In December 2020, the Minister for Planning determined that an Environment Effects Statement (EES) is required for the WVTNP, providing the public with several opportunities to give feedback and formal submissions on the project, including route choices.

Further analysis on the WVTNP Uprate project will be undertaken independently of the process for the Minister for Planning's decisions about the WVTNP.

In principle, and subject to the outcomes of required assessment and approvals processes, the Victorian Government considers the WVTNP project an important step forward in enhancing Victoria's power system.

To enable further Government consideration of the WVTNP Uprate project as a viable option, AusNet Services has included the uprate option in its EES investigations and project design.

VicGrid, a new Division within the Department of Environment, Land, Water and Planning, will oversee investment decisions related to the \$540m REZ Fund. This Fund was set aside for investment in electricity network infrastructure necessary to develop Victoria's REZs.

The Victorian Government continues to develop the framework for determining future transmission investment in REZs, VicGrid's proposed role in that framework, and the Government's broader approach to developing Victorian REZs.

The Government will make further announcements regarding stakeholder consultation on the development of these frameworks.

Source: energy.vic.gov.au

3.0 Solar Homes

Created as a portfolio entity within the Department of Environment, Water, Land and Planning, Solar Victoria is responsible for the delivery of the Victorian Government's Solar Homes Program - one of the most ambitious and transformative renewable energy programs in Australia.

The program is a key initiative in the Victorian Government's commitment to reduce energy costs, boost energy supply, create new jobs in the renewables sector and tackle climate change.

In the first year of program operations, over 33,000 households have taken up the program offering and installed Solar PV and Solar Hot Water systems. This rapid take up highlights the willingness of Victorians to adopt renewable energy technology, take charge of their power bills and to create a better future.

Over 10-years, the Solar Homes program will enable the installation of solar panels, solar hot water systems or batteries on 770,000 homes across the State, resulting in over one million Victorian homes powered by renewable energy.

The program will help hundreds of thousands of Victorian households to cut their power bills all while promoting and maintaining the highest standards in safety and quality possible using accredited providers and approved products.

The Solar Homes Program will cut Victoria's carbon emissions by almost four million tonnes – the same as taking one million of Victoria's 4.6 million cars off the road – and generate an eighth of Victoria's 40 per cent target for renewable energy by 2025.

Rebate types include:

- Solar PV Rebates
- Solar Hot Water Rebates
- Solar Battery Rebates
- Zero Emission Vehicle Rebates
- Small Business Rebates
- Interest Free Loans – Solar PV

Source: Solar Victoria

4.0 Household Energy Efficiency Upgrades

The investment includes \$335 million over four years to replace old, outdated and unhealthy wood or gas fired heaters with brand-new, energy-efficient, low-cost heating and cooling for 250,000 low-income and vulnerable households.

A further \$112 million will upgrade heating, cooling or hot water appliances for 35,000 social housing properties – slashing bills for tenants and making their homes more comfortable. Not only will this investment reduce energy prices, it will improve efficiency and reduce emissions.

Sources: Budget Paper #3 2020-21 Budget; victorianenergysaver.vic.gov.au

5.0 High Capacity Metro Trains

The Victorian Government ordered 65 High Capacity Metro Trains as part of a \$2.3 billion investment, which also includes a new train maintenance facility in Pakenham East and a light service facility in Calder Park.

The project is a public-private partnership between the Victorian Government and Evolution Rail.

Passenger services

The first High Capacity Metro Train began operating on the Pakenham line in December 2020, providing passengers with a smoother, quieter and more comfortable journey. This followed a comprehensive testing process to ensure the trains are safe and reliable.

The new trains are gradually entering passenger service on the Cranbourne and Pakenham lines. Longer term, they will run through to Sunbury following the opening of the Metro Tunnel in 2025.

New high-capacity signalling will be switched on with the Metro Tunnel, enabling more trains, more often travelling at intervals of just two to three minutes.

Passenger benefits

Passengers will benefit from a range of exciting new features, including:

- an extra carriage allowing more space for 20 percent more passengers
- clear walkway through the entire train end to end
- improved seats and more handholds than the current metropolitan fleet
- priority seating throughout the train, located close to doorways and windows
- enhanced accessibility features including 14 allocated spaces at accessible boarding doors
- more space for bikes and prams
- real-time information through dynamic route maps and passenger information displays
- improved passenger safety including greater CCTV surveillance
- cooling and heating appropriate for Melbourne conditions.

Source: Department of Transport

Note the pool reflects capital contributions to be made by the Government to the PPP project consortium

6.0 Big Housing Build

Big Housing Build to construct more than 12,000 new homes throughout metro and regional Victoria, as well as supporting around 10,000 jobs, per year over the next four years, to supercharge Victoria's economic recovery through the pandemic and beyond.

This package will boost our state's social housing supply by 10 per cent in just four years – providing a stable foundation for thousands of Victorians to build their lives.

The investment will deliver 9,300 new social housing homes – including replacing 1,100 old public housing units.

This investment will help Aboriginal Victorians, pensioners, Victorians with disability, family violence victims and single parent families find their feet.

Of these new homes, 2,000 will be for Victorians living with mental illness, reflecting our commitment to mental health and fixing a broken system.

A further 2,900 new affordable and low-cost homes will be built to help low-to-moderate income earners live closer to where they work and provide options for private rental.

The program will deliver secure, modern, and affordable homes throughout Victoria – with 25 per cent of funding to be allocated to regional Victoria.

The new homes will meet 7-star energy efficiency standards, making them more comfortable during summer and winter, and saving tenants on their power bills.

The unprecedented investment will boost Victoria's economic recovery, generating an estimated \$6.7 billion in economic activity and supporting a peak of more than 18,000 jobs – with 10 per cent of the work on major projects to be done by apprentices, cadets and trainees.

Hundreds of new jobs will be created for women, Aboriginal Victorians, people with disability, social housing tenants and people from diverse backgrounds through social procurement targets.

A new Government agency, Homes Victoria, has been established to work across government, industry and the social housing sector to deliver this record housing growth and to manage existing public housing.

Source: 2020-21 State Budget Media Release

7.0 Specialist School Upgrades

Thirty-nine special schools across Victoria will receive funding for upgrades. This will create modern safe places for students with disability to learn and explore. This initiative will improve educational outcomes through the provision of high-quality teaching spaces.

This also includes funding to undertake two planning and provision studies with the following schools:

- Mornington Special Developmental School – to assess specialist provision in the Mornington and Western Port areas; and
- Katandra School with Berendale School.

This initiative contributes to the Department of Education and Training's Support for Students with Disabilities output.

Total Estimated Investment (TEI) by Site

- Ascot Vale Special School (\$3.870 million)
- Ballarat Specialist School (\$10.000 million)
- Baringa Special School (\$13.706 million)
- Barwon Valley School (\$10.726 million)
- Bayside Special Developmental School (\$3.445 million)
- Belmore School (\$9.677 million)
- Bulleen Heights School (\$9.150 million)
- Cobram and District Specialist School (\$1.790 million)
- Coburg Special Developmental School (\$22.585 million)
- Colac Specialist School (\$13.899 million)
- Concord School (\$10.000 million)
- Croxton Special School (\$7.985 million)
- Diamond Valley Special Developmental School (\$10.000 million)
- Emerson School (\$14.040 million)
- Frankston Special Developmental School (\$12.633 million)
- Furlong Park School For Deaf Children (\$9.429 million)
- Glenallen School (\$7.988 million)
- Hamilton Parklands School (\$12.986 million)
- Hampden Specialist School (\$10.685 million)
- Heatherwood School (\$10.000 million)
- Horsham Special School (\$8.428 million)
- Jacana School for Autism (\$10.000 million)
- Jackson School (\$10.000 million)
- Marnebek School Cranbourne (\$38.843 million)
- Melton Specialist School (\$9.656 million)

- Merriang Special Developmental School (\$3.390 million)
- Monash Special Developmental School (\$10.000 million)
- Nelson Park School (\$10.000 million)
- Nepean Special School (\$2.840 million)
- Port Phillip Specialist School (\$9.310 million)
- Rosamond Special School (\$10.000 million)
- Southern Autistic School (\$6.600 million)
- Sunshine Special Developmental School (\$10.000 million)
- Swan Hill Specialist School (\$1.645 million)
- Vermont South Special School (\$10.108 million)
- Victorian College For The Deaf (\$10.000 million)
- Warringa Park School (\$7.966 million)
- Yarra Ranges Special Developmental School (\$8.926 million)
- Yarraville Special Developmental School (\$5.472 million)

Source: Department of Education

8.0 Inclusion for All: Support for students with a disability in government schools

A new funding and support model for students with disability will be progressively introduced to government schools over five years from mid-2021. Over the transition period, the following initiatives will be progressively incorporated into the model:

- Program for Students with Disabilities;
- Language and Learning Disabilities Support Program;
- Transition Support Funding; and
- Equipment Boost.

Funding for personalised educational adjustments for students with disability with high needs will remain a core part of the new funding and support model. The reform introduces a new inclusive and strengths-based approach to identifying both student need and adjustments required in their educational setting.

The model also introduces a new school-level funding allocation to deliver classroom and school-wide adjustments, and to build capability in inclusive education across government schools. These adjustments will further support the educational participation of students with disability and additional needs, including students with autism and learning difficulties. This investment includes funding to meet the cost of forecast growth to 2024-25.

This initiative contributes to the Department of Education and Training's Support for Students with Disabilities output.

Source: Department of Education