Investing in cheaper, cleaner energy and the net zero transformation inquiry

Questionnaire response 22

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Submission date: 6/06/2025

1. Reduce the cost of meeting carbon targets

1. What could be done to improve the cost-effectiveness and alignment of policies to reduce emissions across the industrial, electricity and transport sectors?

Electricity infrastructure projects have long lead times and are capital intensive to develop and deliver. Early certainty and consistency of energy policy is essential to unlock and maintain investment in the technologies and infrastructure Australia needs to reduce emissions.

Southerly Ten was established by leading global green energy fund manager Copenhagen Infrastructure Partners (CIP) to spearhead its Australian offshore wind projects – including the country's most advanced, Star of the South.

Offshore wind is an energy generation technology currently used in 20 advanced economies to support energy and decarbonisation goals, with a further 20 countries currently in the process of adopting this technology – including Australia. Offshore wind offers a range of energy market and economic benefits and opportunities – the most significant being the large-scale generation required to offset coal power station closures planned over the next 15 years.

Market and economic analysis informing our projects' development shows that offshore wind will have a vital role in Australia's energy mix - and is particularly critical in Victoria from 2030 onwards to enable the timely retirement of aging coal generators, cost-effective emissions reduction and continuity of reliable and affordable electricity supply across the National Electricity Market.

Recent analysis undertaken for Infrastructure Victoria highlights that, without offshore wind in the State's energy mix, there is the potential for delayed emissions reduction in the order of 20 million tonnes per year, and an up to 42% increase in wholesale energy prices.

Leading offshore wind developers have invested heavily in exploring the feasibility of offshore wind in Australia, following the passing of Commonwealth legislation, development of regulations and awarding of feasibility licences. To progress from feasibility to reality in the most timely and cost-effective way, urgent clarity regarding government support for offshore wind (where, when, how) is key.

2. Are there gaps in the emissions-reduction policies in the industrial, electricity and transport sectors which should be addressed?

While there are more than 13,000 offshore wind turbines installed in the ocean globally, it is a nascent technology in the Australian context. Australia's existing energy and economic policy settings, such as the Capacity Investment Scheme and Future Made in Australia framework, are not designed to attract or maintain the investment needed to

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realise the opportunities offshore wind presents. Long duration storage is in a similar position. We recommend the government address these policy gaps to encourage investment in the long lead technologies that represent the 'missing link' in our current energy system.

3. Are there any duplicative emissions-reduction policies in the industrial, electricity and transport sectors which could be streamlined?

The participant did not respond to this question.

2. Speed up approvals for new energy infrastructure

1. Are planning and approvals processes for large energy infrastructure taking too long? If so, what causes the most delay?

Offshore wind projects are primarily located in Commonwealth waters and are assessed and regulated by three agencies, with multiple approvals required from each:
1. State waters and land – State planning authority
2. Commonwealth waters and Matters of National Environment Significance (MNES) - Commonwealth Department of Climate Change, Energy, the Environment and Water (DCCEEW)
3. Commonwealth waters - Offshore Infrastructure Regulator (OIR).

By comparison, oil and gas projects in Commonwealth waters are assessed by a single regulator, NOPSEMA, which has delegated authority to determine EPBC matters.

Star of the South has been in an active approvals process since 2021 and is targeting approval decisions in 2026. The long timeframes and uncertainties associated with the approvals process, when compared to other jurisdictions, impacts Australia's ability to attract investment - particularly where there are duplicative and excessive red tape processes without increased environmental benefit.

2. How can planning and approvals processes be sped up without unduly compromising regulatory standards?

We support a robust environmental assessment and approval process – it is critical to ensure projects are responsibly developed and managed in line with government policy and community expectations. It is also critical that these assessment and approval processes are timely and fit-for-purpose and do not add unnecessary cost, time and effort – which ultimately adds to the cost of projects and electricity for consumers.

There are learnings from international offshore wind development, other Australian industries, and the Star of the South's assessment to date that could be applied to speed up processes without compromising environmental outcomes.

The primary objectives of streamlining from an industry perspective include:
- Greater certainty with regards to regulatory responsibility between the Commonwealth and State, especially as it relates to the marine environment where significant overlap occurs, particularly within State waters.
- Reducing duplication of impact assessment processes
- Greater confidence around overall decision timeframes for key project approvals with some surety that projects can obtain decisions within reasonable timeframes.
- Retaining appropriate opportunity for quality community consultation whilst reducing

duplication of effort and the potential for community consultation fatigue.
- Use of a single set of documentation that will be easier for the community to interpret and understand – i.e. an EIA that satisfies all requirements.

3. Should clean energy projects be treated differently to other projects for the purpose of environmental and other approvals? If so, how?

   If Australia is seeking to achieve net zero emissions by 2050, faster approvals processes are required to get clean energy projects built in time. Priority consideration should be given to projects that can materially shift the dial in achieving emissions reduction goals. This could be achieved by faster review timeframes for regulators and quarterly reporting on average review timeframes so that industry can better plan and cost the approvals process.

4. What can be done to build local community support for new energy infrastructure projects?

   Building support for new energy infrastructure projects is currently done on a project-by-project basis. An overarching, coordinated effort to build broad public understanding of the need for and importance of this infrastructure and how it contributes directly to societal outcomes (nationally and locally) would be valuable and provide a base on which individual projects can build.

5. Please outline any evidence showing the productivity benefits of faster approvals for energy projects.

   CIP entered the Australian and Taiwanese offshore wind markets at the same time in 2017. In Taiwan, where permitting and environmental assessment and approvals processes are more streamlined, CIP has fully built and commissioned two offshore wind projects – Zhong Neng and Changfang and Xidao. These projects are pumping nearly 1 GW of strong and consistent offshore wind power into the grid, powering approximately 950,000 households and deliver annual CO2 reduction of 1.65 million tonnes.

   A third project, Fengmiao 1, is currently in construction which will add a further 495 MW of offshore wind into the grid and CIP is currently working towards Financial Close of a fourth project, Fengmiao 2.

   If Star of the South had followed the same timeline, Australia could already be benefitting from the energy, economic, jobs and emissions reduction benefits these projects offer.

3. Encourage adaptation by addressing barriers to private investment

1. What are the barriers and enablers impacting decisions by owner-occupiers, landlords and developers about how housing is built and updated over time so that it is resilient to the effects of climate change?

   The participant did not respond to this question.

2. What information do people need to make decisions about where to live, how to build and how to upgrade their homes to appropriately factor in climate change?

   The participant did not respond to this question.

3. What are the most cost-effective retrofitting options for improving the resilience of Australia's existing housing stock? What are their costs and benefits?

   The participant did not respond to this question.

4. What role might minimum standards play in ensuring the resilience of Australia's housing stock?

   The participant did not respond to this question.

5. The impacts of climate change are being factored into the regulation of where and how houses are built in different ways around Australia. What does leading practice look like? Where is there room for improvement? Are there lessons we can learn from other countries?

   The participant did not respond to this question.