

2022-23 pre-budget submission

Maintaining momentum on offshore wind to unlock investment, create jobs and support a more affordable and secure energy system

Introduction

Star of the South and Copenhagen Infrastructure Partners (CIP) welcome the opportunity to make a submission to the Australian Government on priorities for the 2022-23 Budget.

The passage of the *Offshore Electricity Infrastructure Bill 2021* (OEI Bill) was a significant moment for clean energy investment in Australia. It created a new opportunity to build clean, secure, and diverse electricity supply at large scale.

The Australian Energy Market Operator's draft 2022 Integrated System Plan highlights significant infrastructure and social challenges in accommodating clean energy investment under a 'step change' scenario. Offshore wind can reduce these pressures – gigawatts of potential capacity exist offshore, close to load centres, transmission infrastructure, and away from communities onshore.

An Australian offshore wind industry can also play an important role in maintaining economic strength in areas undergoing transformation, such as Gippsland in Victoria and industrial centres up Australia's east coast.

Star of the South is Australia's first offshore wind development and is proposed to be located off the south coast of Gippsland. It has the potential to supply nearly 20 per cent of Victoria's electricity needs while creating jobs and long-term investment in the Gippsland region. The project is currently in the environmental assessment phase and aims to start construction in the middle of the decade, generating full power by 2030.

Gippsland and Star of the South remain Australia's earliest and strongest opportunity to unlock the benefits of offshore wind.

Priorities for 2022-2023 to unlock private investment and support progress

Momentum from government, investors, and developers will need to continue at pace for these opportunities to be realised in time for scheduled and expected coal retirements, and to meet ambitious renewable energy commitments. Development timeframes for offshore wind are long, and competition for global capital, skills and services is increasing.

Strong policy signals and resourcing for the Department of Industry, Science, Energy and Resources (DISER), and the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) are needed to continue developing Australia's offshore wind industry.

Policy signals – including a timely first site declaration – mobilise necessary supply chains, reduce technology and construction costs, and ultimately strengthen the economic and employment impact of industry development. And while attention has necessarily moved to the regulations needed to make the new laws operational, more resources are needed so that site declaration can happen quickly and concurrently, to maintain momentum and investment in Australia. These resources will also help ensure a timely declaration gives adequate consideration of potential environmental, social and economic impacts and benefits.

Recommendations

That the Australian Government:

- 1) Continue the next steps in the regulatory process for offshore wind development to bring greater certainty to industry and unlock further investment**
 - a) Start public consultation to declare the first area suitable for development in the first half of 2022
 - b) Nominate the Gippsland coast as the first area to be declared, given the advanced development of Star of the South, other emerging proposals in the area and strong regional support for offshore wind.
- 2) Expand resources and capabilities within DISER and NOPSEMA to accelerate**
 - a) site declaration and policy for awarding licences
 - b) engagement with key stakeholders including industry, unions, and global experts to ensure timely, fit for purpose, and appropriately staged regulations, and regulatory oversight.

About us

Star of the South is Australia's first and most progressed offshore wind project. It is proposed to be up to 2.2GW in size, 7 to 25 km off Victoria's Gippsland coastline. It has the potential to power up to 20 per cent of Victoria's electricity needs while creating jobs and investment in the Gippsland region.

Subject to ongoing progress and timeliness on offshore electricity regulations, Star of the South is projected to be fully constructed by the end of the decade, aligning with the planned retirement of several coal generators along Australia's east coast. This provides strong potential for a smooth transition of energy generation and jobs while placing downward pressure on electricity prices.

CIP is a fund management company focused on investing Australian and global retirement and other institutional funds in clean energy infrastructure. Our latest flagship fund is the world's largest greenfield clean energy fund and is expected to invest in projects totalling over AUD 22 billion. CIP has an ambition to continue its rapid growth and increase its clean energy investments to EUR 100 billion by 2030.