Planning and Environment Act 1987

WODONGA PLANNING SCHEME

AMENDMENT C138wdon

EXPLANATORY REPORT

Who is the planning authority?

The Minister for Planning is the planning authority for this amendment.

The amendment has been made at the request of North East Water Region Corporation.

Land affected by the amendment

The amendment applies to a 1.24 hectare parcel at Old Barnawartha Road, West Wodonga (Lot 1 on Plan of Subdivision PS907837L).

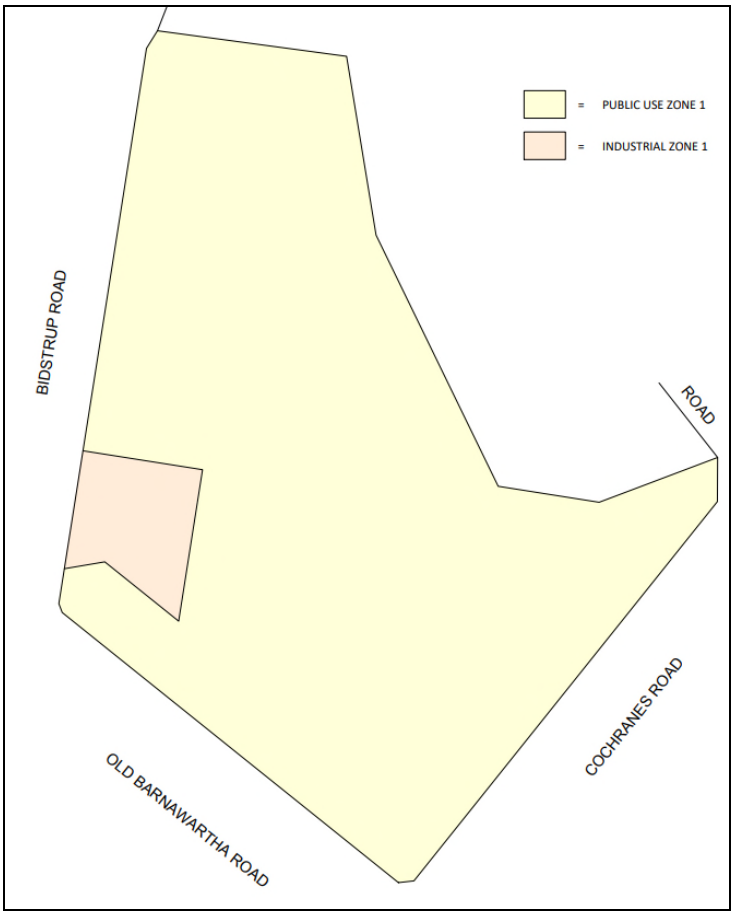

Figure 1: Land affected by the amendment

What the amendment does

The amendment seeks to amend the Wodonga Planning Scheme as follows:

- Rezone the site from Public Use Zone 1 ‘Service & Utility’ (PUZ1) to Industrial 1 Zone (IN1Z).
- Amend Planning Scheme Map No. 2ZN in the Wodonga Planning Scheme to identify the land as IN1Z.

Strategic assessment of the amendment

Why is the amendment required?

The amendment is required to facilitate the sale of land to the Australian Gas Infrastructure Group (AGIG) who have achieved planning approval under City of Wodonga Planning Permit No. 183 / 2021 for the use, subdivision and the construction of buildings and works to support a privately owned renewable hydrogen plant, known as Hydrogen Park Murray Valley (HyP Murray Valley).

To facilitate the sale of the site to AGIG, the Victorian Government Land Monitor (VGLM) have advised:

- That an exemption to sell the land through a 'Private Treaty Sale' instead of a public process will require VGLM endorsement prior to recommendation and approval from the Minister for Planning.

- That as the land is currently zoned PUZ1 it must be rezoned to Industrial 1 zone (IN1Z) prior to settlement.

In addressing the VGLMs requirements this amendment seeks to rezone the subject land from PUZ1 to IN1Z. Separately, North East Water is embarking on the process of seeking an exemption to sell the land through a 'Private Treaty Sale" to AGIG.

How does the amendment implement the objectives of planning in Victoria?

The amendment implements a number of the objectives of planning in Victoria under Section 4 of the *Planning and Environment Act 1987* (the Act). In particular, it supports the objectives:

- To provide for the fair, orderly, economic and sustainable use and development of land.

- To provide for the protection of natural and man-made resources and the maintenance of ecological processes and genetic diversity.

- To secure a pleasant, efficient and safe working, living and recreational environment for all Victorians and visitors to Victoria.

- To protect public utilities and other assets and enable the orderly provision and co-ordination of public utilities and other facilities for the benefit of the community.

- To balance the present and future interests of all Victorians.

The amendment implements these objectives by facilitating the development of a renewable hydrogen plant to support the growing regional population whilst contributing to emissions reduction targets. Specifically, the HyP Murray Valley project will deliver a 10MW electrolyser capable of producing enough renewable hydrogen to blend up to 10% supply into the natural gas distribution network servicing the regional cities of Wodonga and Albury; and ultimately to support a 100% renewable gas future.

How does the amendment address any environmental, social and economic effects?

<u>Environmental Effects</u>

The broader environmental benefits associated with the rezoning of the land are significant. The proposed rezoning will facilitate the sale of land and the subsequent establishment of a renewable hydrogen production facility. The facility will use renewable electricity and mains connected water to split water into hydrogen and oxygen using a process known as electrolysis. This requires the use of a 10MW electrolyser located in the facility to produce renewable hydrogen which can be used in the same way as natural gas. It will be blended with natural gas at volumes of up to 10% for supply into the existing gas distribution networks across Albury and Wodonga, delivering cleaner energy for more than 40,000 business and residential connections. The facility will also have capacity to supply industry and transport markets.

Investigations into the proposed location and operations of such the renewable hydrogen facility identified a number of synergies and potential benefits through the co-location of the facility and the North East Water West Wodonga Wastewater Treatment Plant (WWWTP) including:

- A key by-product of producing hydrogen through electrolysis is oxygen. Oxygen is important in wastewater treatment processes and an opportunity exists to utilise "waste" oxygen to reduce the power input required to operate the WWTP;

- Access to water is a key input into producing hydrogen through electrolysis. While high quality water is required the opportunity exists to substitute treated reclaimed water as a feedstock into the future;

- Bio-methane could be injected into the natural gas network and the hydrogen injection and mixing infrastructure could support a cost effective injection pathway; and

- Both parties are committed to reducing the greenhouse gas footprint associated with their respective essential services supporting the community.

The use of the subject land to facilitate a joint venture with WWWTP to establish a renewable hydrogen plant will have long term benefits. Energy and resource re-use will be re-used. These innovative solutions will contribute to Australia's emissions reduction targets.

Social Effects

The establishment of a renewable hydrogen plant will have long term benefits to the health and wellbeing of Victorians. With increased production in renewable energy and the gradual decrease in brown energy, air quality, amenity and fire mitigation will be improved.

The gradual closure of these brown energy facilities will provide opportunity for land rehabilitation which typically involves flattening the steep sides of the mine, covering exposed coal with soil and clay and revegetating the area with trees and grasses. However, until there is enough clean and renewable energy production available to service the existing and future populations, brown energy will continue. Accordingly, the HyP Murray Valley project is an important and significant project for the state and Australia wide as the hydrogen industry in Australia is in its infancy, so the lessons learned from this project will be important in driving the future hydrogen economy.

Economic Effects

The economic effects specifically associated with the rezoning are insignificant. A planning permit has been issued for the use, subdivision and the construction of buildings and works to support a privately owned renewable hydrogen plant. To facilitate the sale of the subject land to AGIG who will use and construct the site as permitted, a land rezoning is required to remove the current public land use designation.

The proposed IN1Z will not alter or impact upon the approvals achieved to facilitate the use and construction of the renewable hydrogen plant and in this regard the amendment could be considered as administrative in nature.

The 10MW electrolysers which are used for gas blending will be among the largest so far built in the world and will play a significant role in supporting commercial-scale deployments of renewable hydrogen in Australia and help progress Australia's pathway to achieving the Australian Government's goal of 'H^2 under $2 (per kg)'.

Optimistically, the HyP Murray Valley project in conjunction with other future clean and renewable energy productions will have a positive response to the impacts of climate change including extreme weather such as extreme fire danger days and damaging storms. The clean-up, rebuilding and insurance costs associated with these events are immense. It is hoped that over time the use and production of renewable energy will have a consequential impact on the reversal of climate change and subsequently, the economic impact associated with it.

Does the amendment address relevant bushfire risk?

The site is located within the designated bushfire prone area (BPA).

In accordance with Clause 13.02-1S, bushfire risk should be considered when assessing planning applications. Given that the site has already achieved planning approval for the use, subdivision and the construction of a renewable hydrogen plant, it is considered that no further bushfire investigations

are required to support the rezoning. Accordingly, the proposed rezoning itself will not increase the level of bushfire risk on the land.

Does the amendment comply with the requirements of any Minister's Direction applicable to the amendment?

Ministerial Direction – The Form and Content of Planning Schemes

The amendment has been prepared in accordance with the Ministerial Direction – Form and Content of Planning Schemes under section 7(5) of the Act.

Ministerial Direction No.9 – Metropolitan Planning Strategy

The amendment has been prepared having regard to the metropolitan planning strategy, *Plan Melbourne 2017-2050*. In particular, the amendment supports:

- Outcome 7 – Regional Victoria is productive, sustainable and supports jobs and economic growth.

Plan Melbourne advocates strongly for expanded growth within Victoria's 10 regional cities which includes the City of Wodonga. Of relevance, the document recognises the importance of Victoria's regional cities as 'important settlements with diverse economies and strong communities that operate as service hubs for many small communities'. This is achieved through the proposed hydrogen facility, which will produce and distribute renewable gas energy to service the regional cities of Wodonga and Albury.

The amendment is also consistent with the accompanying Plan Melbourne Five-Year Implementation Plan. Of relevance:

- Action 84 – is to facilitate the uptake of renewable energy technologies to achieve Victorian renewal energy targets of 25 per cent by 2020 and 40 per cent by 2025.

- Action 110 – encourages value capture and creation opportunities to support Plan Melbourne outcomes and deliver broader public benefits including:

    - Applying a value capture and creation mechanisms to major infrastructure projects; and
    - Coordinating government efforts to facilitate development of land, including surplus and underutilised government land.

Ministerial Direction No.15 – The Planning Scheme Amendment Process

The amendment will adhere to the steps outlined in the direction.

Ministerial Direction No.11 – Strategic Assessment of Amendments

The amendment has been prepared having regard to Ministerial Direction No.11 – Strategic Assessment of Amendments and Planning Practice Note 46: Strategic Assessment Guidelines for Planning Scheme Amendments. The requirements of this direction are addressed by the contents of this explanatory report.

Ministerial Direction No.19 – Amendments that may result in impacts on the environment, amenity and human health

Ministerial Direction No.19 requires planning authorities to seek and address the view of the Environment Protection Authority (EPA) in the preparation of a planning scheme amendment that may allow use or development of land that could result in significant impacts on the environment, amenity, and human health.

In accordance with this ministerial direction, the written views of the EPA were sought in the preparation of this amendment. The EPA advised that industrial gas production may have unintended offsite impacts and carries a recommended separation distance of 1000m as outlined in Clause 53.10 of the Victorian Planning Provision and EPA Publication 1518: *Recommended separation distances for industrial air emissions*. As the nearest sensitive receptor is located well outside of the 1000m threshold, the EPA considered that the risk of harm with regard to industrial air emissions to arise from the proposal as low.

The EPA also noted that the risk of harm to human health, the environment and amenity, arising from noise and vibration, is likely to be low, on the basis that there are no nearby sensitive receptors.

As such, it is considered that the proposed rezoning is appropriate and the requirements of Ministerial Direction No. 19 in seeking and addressing the written views of the EPA has been satisfied.

How does the amendment support or implement the Planning Policy Framework and any adopted State policy?

The amendment responds to Clause 11 Settlement by facilitating the sustainable growth and development of Victoria and deliver choice and opportunity for all Victorians through a network of settlements.

Strategies to achieve this, as detailed under Clause 11.01-1S include:

- Focus investment and growth in places of state significance in Metropolitan Melbourne and the major regional cities of Ballarat, Bendigo, Geelong, Horsham, Latrobe City, Mildura, Shepparton, Wangaratta, Warrnambool and Wodonga.

- Provide for growth in population and development of facilities and services across a regional or sub-regional network.

- Plan for development and investment opportunities along existing and planned transport infrastructure.

- Deliver networks of high-quality integrated settlements that have a strong identity and sense of place, are prosperous and are sustainable by:

    - Building on strengths and capabilities of each region across Victoria to respond sustainably to population growth and changing environments.

    - Providing for appropriately located supplies of residential, commercial, and industrial land across a region, sufficient to meet community needs in accordance with the relevant regional growth plan.

    - Contributing to net zero greenhouse gas emissions through renewable energy infrastructure and energy efficient urban layout and urban design.

- Support metropolitan and regional climate change adaption and mitigation measures.

Clause 11.01-1R Settlement – Hume seeks to facilitate growth and development specifically in the regional cities of Shepparton, Wangaratta, Wodonga and Benalla.

The amendment will facilitate the sale of the subject site which has approval for the use, subdivision and construction of a renewable hydrogen plan that will provide energy resources to the Wodonga and Albury communities and will contribute to emissions reduction targets.

Clause 11.01-1L encourages planning to avoid rezoning of non-urban land for urban purposes unless supply is significantly depleted or the proposal:

- Allows a form of development that cannot be provided on land already zoned for urban purposes.

A planning permit that allows for the use, development and subdivision of land in support of the HyP Murray Valley Facility was issued by the City of Wodonga on 04 May 2022. However, to facilitate the sale of the site to AGIG who will be the owners and operators of the HyP Murray Valley Facility, a land rezoning is required to remove the current public land use designation – PUZ1.

Located alongside the existing WWWTP, the 10MW electrolyser will use water from the WWWTP and renewable electricity from AusNet's electricity distribution network to produce renewable hydrogen.

The renewable hydrogen will be blended with natural gas, at volumes of up to 10% for supply into the existing gas distribution networks across Albury and Wodonga, delivering a cleaner energy future to more than 40,000 business and residential connections. Industrial gas users would also receive the renewable gas blend.

Running parallel to the railway corridor is the main natural gas transmission pipeline that supplies gas to the communities of Wodonga and Albury. This pipeline is owned and operated by Australian Gas Networks (AGN) which is a part of the Australian Gas Infrastructure Group (AGIG) of companies.

The co-location of the two entities looking to further intensify their use of greener energy responds directly to Clause 11.02-1S Supply of urban land which seeks to ensure the ongoing provision of land and supporting infrastructure to support sustainable urban development; and maintain access to productive natural resources and an adequate supply of well-located land for energy generation, infrastructure and industry.

Clause 13.07-1S relates to Land use compatibility and seeks to protect community amenity, human health and safety while facilitating appropriate commercial, industrial, infrastructure or other uses with potential adverse off-site impacts.

A planning permit that allows for the use, subdivision and the construction of buildings and works to support a privately owned renewable hydrogen plant has previously assessed the suitability of the site for the proposed use in the context of the site features, the surrounding uses and the planning controls that apply. This amendment does not seek to alter or amend the planning controls other than rezoning of the land to a remove the public land use designation. In amending the zone from the PUZ1 to the IN1Z, North East Water Region Corporation can sell the land to AGIG, a private entity, who is then able to act upon the issued planning permit.

Clause 14 Natural Resource Management applies to the subject land and, amongst other things notes that planning is to assist in the conservation and wise use of natural resources including energy, water, land, stone and minerals to support both environmental quality and sustainable development. The proposed rezoning of the land will facilitate the establishment of a renewable energy facility that reduces pressures on finite natural resources and provides a more sustainable environmental impact than other energy sources.

Clause 17 applies to the subject land and specifically Clause 17.03-1S Industrial land supply which seeks to ensure the availability of land for industry by providing an adequate supply of industrial land in appropriate locations including sufficient stocks of large sites for strategic investment; and identifying land for industrial development in urban growth areas where appropriate buffer areas can be provided between the proposed industrial land and nearby sensitive land uses.

The proposed rezoning will support the establishment of a renewable hydrogen facility, co-located with the existing WWWTP. These facilities share synergies including the use of existing buffers to protect the operations and evolution for resource re-use. This co-location responds directly to Clause 17.03-2S – Sustainable Industry which seeks to facilitate the sustainable operation of industry by minimising inter-industry conflict and encourage like industries to locate within the same area.

The proposed rezoning (and subsequent use and development) will contribute to the objectives and strategies of Clause 19.01-1S Energy supply which seek to facilitate appropriate development of energy supply infrastructure by:

- Supporting the development of energy generation, storage, transmission, and distribution infrastructure to transition to a low-carbon economy.
- Developing appropriate infrastructure to meet community demand for energy services.
- Supporting energy infrastructure projects in locations that minimise land use conflicts and that take advantage of existing resources and infrastructure networks.
- Facilitating energy infrastructure projects that help diversify local economies and improve sustainability and social outcomes.

More specifically, Clause 19.01-2S – Renewable energy seeks to support the provision and use of renewable energy in a manner that ensures appropriate siting and design considerations are met. Strategies to achieve this include:

- Facilitate renewable energy development in appropriate locations.
- Protect renewable energy infrastructure against competing and incompatible uses.
- Set aside suitable land for future renewable energy infrastructure.
- Consider the economic, social and environmental benefits to the broader community of renewable energy generation while also considering the need to minimise the effects of a proposal on the local community and environment.

Rezoning of the subject land will facilitate the use and development of a renewable hydrogen facility that has been designed conditional on the existing WWWTP. The interconnected nature of the project with the WWWTP provide benefits to both operations, including:

- Oxygen production from hydrogen production can be harvested for use in the wastewater treatment processes, thus reducing the power input required to operate the WWWTP.

- Opportunities to use treated reclaimed water from the WWWTP to facilitate the renewable hydrogen operation.

- Bio-methane could be injected into the natural gas network and that the hydrogen injection and mixing infrastructure could support a cost effective injection pathway.

- Both parties are committed to reducing the greenhouse gas footprint associated with their respective essential services supporting the community.

The proposed amendment responds to Clause 19.01-1R – Renewable energy – Hume which specifically aims to create renewable energy hubs that support the co-location of industries to maximise resource use efficiency and minimise waste generation; and to support opportunities to generate renewable energy from waste.

How does the amendment support or implement the Municipal Planning Strategy?

The following policies of the Municipal Planning Strategy Statement (MPS) apply to this amendment.

Clause 02.02 Vision identifies Wodonga's strategic location on the national transport corridor that supports established industries and attracts new and emerging employment sectors.

Clause 02.03-1 Settlement identifies West Wodonga Enterprise Park, which immediately adjoins the subject land to the south as an 80 hectare mixed-use estate that includes several industrial precincts and is designed to minimise inter zone land use conflict and amenity impacts. The proposed rezoning will support the establishment of a renewable hydrogen facility, co-located with the existing WWWTP. The establishment of the proposed renewable hydrogen plant is unlikely to impact upon the operations of the adjoining West Wodonga Enterprise Park.

Further, the co-location of HyP Murray Valley with the existing WWWTP will facilitate the exchanging of waste that is generated through the production of their respective services which in turn provides opportunities for the re-use of resources (water and oxygen) and minimises waste / emissions that are harmful on the environment or further deplete natural resources.

This outcome responds directly to Clause 02.03-5 Built environment and heritage which identifies measures to improve energy and resource efficiency in all development is encouraged. Specifically, measures that will benefit the environment, community and economy by contributing to reducing climate change challenges, including impacts from extreme and variable weather events, and water scarcity are strongly encouraged.

To promote built form improvements, Clause 02.03-5 notes that Council will encourage development to be energy, water and waste efficient and use recycled and low-embodied energy materials.

Clause 02.04 contains the Wodonga Strategic Framework Plan which identifies the subject land immediately north of the West Wodonga industrial area. The land is not included within the West Wodonga industrial area designation as the WWWTP is a public entity and accordingly, the land on which the facility operates is zoned Public Use Zone. To facilitate the sale of the site to AGIG, a land rezoning is required to remove the public land use designation. The proposed Industrial 1 Zone will facilitate the approved use and development of the site for a renewable hydrogen plant whist complementing the surrounding West Wodonga Industrial Park which is also zoned Industrial 1 Zone.

Does the amendment make proper use of the Victoria Planning Provisions?

The proposed amendment is considered administrative in nature as a planning permit for the use, subdivision and the construction of buildings and works to support a privately owned renewable hydrogen plant has been achieved already. To facilitate the sale of the subject land to AGIG however, a land rezoning is required to remove the current public land use designation.

The subject land which is currently owned by North East Water Region Corporation is located immediately north of the designated West Wodonga industrial area. The subject land is not included within this designation as North East Water Region Corporation is a public entity and accordingly, the land is zoned Public Use Zone.

A planning scheme amendment is considered the most appropriate planning provision tool to achieve the future planned land use outcome as approved and financially supported by various levels of government. The proposed rezoning will facilitate the use and development of the site for a renewable hydrogen plant whist complementing the West Wodonga Industrial Park which is also zoned IN1Z.

How does the amendment address the views of any relevant agency?

The establishment of the proposed renewable hydrogen plant has received substantial backing from multiple Federal and State government agencies including:

Department of Environment Land Water and Planning (DELWP)

Department of Environment Land Water and Planning (DELWP) who, as a Founding Member of the Australian Hydrogen Centre, is a strong supporter and advocate of the proposed hydrogen production facility to inject up to 10 per cent of renewable hydrogen into the Wodonga gas network.

DELWP has also been involved in the shortlisting process that resulted in Wodonga being the preferred regional town for hydrogen blending.

The development of HyP MV project has been further supported by the DELWP Proposal and Commercial Team and Pipeline Regulation Team. This support includes:

- Granting of the Hydrogen pipeline licence which will be issued after land rights are obtained;
- Written confirmation of the intention of the Victorian Minister for Energy to make a declaration allowing hydrogen to be blended into the natural gas network of Victoria;
- Written confirmation of the adequacy of the natural gas pipeline licence amendments, which will be granted after the hydrogen pipeline licence is issued and the declaration is made by the Victorian Minister for Energy; and
- Support for commercial hydrogen operations within Victoria.

Minister for Energy, Environment and Climate Change

AGIG has liaised with the Hon. Lily D'Ambrosio, Minister for Energy, Environment and Climate Change with respect to engagement and liaison for the project. The Minister's written response highlights that over the coming years Victoria will scale up, skill up and build a strong supply chain to foster a thriving renewable hydrogen economy of which HyP Murray Valley will play a part in this thriving renewable hydrogen industry.

Australian Renewable Energy Agency (ARENA)

Federal Government support is provided through ARENA who have provided $32.1m in funding towards the project from their Renewable Hydrogen Deployment Funding initiative.

Wodonga City Council

The City of Wodonga is supportive of the HyP Murray Valley.

Non-statutory consultation had taken place with the council in the preparation of this amendment. In a letter dated 03 June 2022, the City of Wodonga expressed its support for the proposed rezoning and for the amendment to be considered via the ministerial amendment pathway.

Environment Protection Authority

In accordance with Ministerial Direction No.19, the written views of the EPA were sought in the preparation of this amendment. The EPA advises that the amendment presents a low risk of harm to human health, amenity, and the environment.

Does the amendment address relevant requirements of the Transport Integration Act 2010?

The amendment will not have a significant impact on the transport system.

Resource and administrative costs

- **What impact will the new planning provisions have on the resource and administrative costs of the responsible authority?**

The rezoning will have a positive impact on the responsible authority.

This planning scheme amendment and the subsequent sale of the subject land to AGIG is the final element required to enable the commencement of works for a renewable hydrogen plant as permitted under City of Wodonga Planning Permit No. 183 / 2021.

The implications of the amendment on the council, including staff resourcing and administrative and legal costs are negligible as the planning permit for the subdivision and use of the land have already been achieved.

Where you may inspect this amendment

The amendment can be inspected free of charge at the Wodonga Council website at http://www.wodonga.vic.go.au

And/or

The amendment is available for public inspection, free of charge, during office hours at the following places:

City of Wodonga

104 Hovell St,

Wodonga, VIC 3690

The amendment can also be inspected free of charge at the Department of Environment, Land, Water and Planning website at http://www.planning.vic.gov.au/public-inspection or by contacting the office on 1800 789 386 to arrange a time to view the amendment documentation.