



SEC Pioneer Investment Mandate

The Victorian Government is bringing back the State Electricity Commission (SEC) to accelerate the transition of Victoria's energy sector, putting power back in the hands of Victorians.

The SEC will invest an initial \$1 billion towards delivering 4.5 gigawatts of power through new build renewable energy generation and storage projects. This will increase the amount of renewable energy in the system, drive down emissions and power bills and create thousands of jobs. It will provide the equivalent replacement capacity of coal-fired power station Loy Yang A, which is set to close in 2035.

A search is now underway for its Pioneer Investment in new renewable energy generation and storage projects. The market search process for investment includes a Registration of Interest (ROI) from market participants to identify suitable renewable energy generation and storage projects across Victoria.

This document provides guidance on the SEC's Pioneer Investment approach. This will be the SEC's first step in delivering renewable, more affordable power to Victorians, while creating more jobs and growing our economy.



Bringing back the SEC

It is internationally agreed that action needed to reduce emissions and manage climate change is becoming more urgent. Victoria has risen to this challenge, cutting its emissions by more than any Australian state, and doubling its renewable energy in the past five years. But there is much more to do.

Energy powers every part of our lives. Yet today, our state still relies on emissions-intensive coal for 60 per cent of our electricity generation. To achieve Victoria's renewable energy target of 95 per cent by 2035, we need to be bolder, and move faster.

That's why the Victorian Government is bringing back the State Electricity Commission (SEC). The new SEC will accelerate the energy transition, pushing more renewable energy into the system, driving down emissions and power bills, and creating thousands of jobs.

The SEC will do this by:

- Being an active energy market participant, working with industry to invest in and speed up the delivery of renewable energy.
- Pushing more renewable energy into the system with the aim of reducing wholesale prices.
- Working with industry to create thousands of jobs in renewable energy – in solar, wind, storage and emerging energy solutions.
- Investing in training, skills, and generating the renewable energy workforce of the future.

The government-owned SEC will invest strategically to accelerate Victoria's transition to an affordable, reliable, and zero-emissions electricity system in partnership with the private sector and current and future government initiatives.

For Victorians,
this means renewable,
more reliable, and more
affordable energy.

For industry,
this means certainty
to invest in renewables
and build a skilled
workforce.

For our state,
this means greater
control of our power
supply. Owned by
Victoria to benefit
Victorians.



Project criteria

The SEC's Pioneer Investment represents the first step in the development of the broader SEC portfolio. Working closely with the Expert Advisory Panel, the SEC is also working on its longer-term 10-year strategy that will include the ongoing Investment Mandate. The market search process will help inform that work.

To ensure the Pioneer Investment sets us on the path to deliver on our objectives, we have established the following criteria to guide the first investment/s in wind, solar, storage and other suitable renewable energy technology.

- 1. Strategic alignment:** An investment that contributes to the SEC's objectives to accelerate the transition away from coal by securing renewable and affordable energy for Victorians and delivers commercial returns.
- 2. Technology:** A proven renewable energy and/or storage technology that will contribute to Victoria's renewable energy and/or storage targets.
- 3. Size:** A minimum target of 100 megawatts (MW) in size with a preference for larger capacity. The Pioneer investment may involve a portfolio of multiple projects aggregating to larger capacity than the single project's minimum capacity.
- 4. Location:** Located in Victoria, with preference for projects that support Renewable Energy Zone (REZ) development and/or efficient operation of the grid.
- 5. Project Delivery:** The ability to meet key government policy objectives including local content (such as capability building, supporting local suppliers, jobs and skills), social licence, early and high standards of engagement of local communities, Traditional Owners' Corporations and Aboriginal Victorians, the Fair Jobs Code, and the Social Procurement Framework.
- 6. Timing:** A preference for projects with a defined delivery strategy, and for projects that can begin operations and/or deliver electricity as soon as possible.
- 7. Partnership:** Have a partner/s that is seeking commercial returns, is committed to Victoria's energy transition objectives and can bring key capabilities such as development, technical and commercial expertise.

The intention is to accelerate the renewable energy transition by partnering with industry and co-investors. We are seeking to invest in projects that can be brought forward and/or accelerated with the SEC's involvement, while maintaining expectations of commercial returns.



Market Search process

The objectives of the Market Search are to:

- Identify projects where investment from the SEC could help accelerate the delivery of new, additional renewable generation and storage capacity into the market;
- Elicit proposals that would benefit from SEC partnership and as a result, deliver additional value through partnering on the project; and
- Start building a pipeline of potential future investments over the medium to longer term that align with the SEC's emerging objectives and 10 Year Strategy.

Timing and process

The SEC's Market Search approach includes the following indicative timeline:

2 to 15 May 2023

- A Registration of Interest (ROI) seeking registration from projects that meet the SEC's project criteria.

Late May 2023

- A select market engagement phase, targeted to specific registered projects which have the potential to best meet the criteria for the Pioneer investment/s.

Late May to mid-June 2023

- Invitation of interested parties based on select market engagement to submit an investment proposal.

From mid-June 2023 onwards

- Assessment of proposals to develop a shortlist of opportunities.
- Detailed due diligence of shortlisted parties, and subject to satisfactory outcomes of this process, preferred investment/s will be recommended to government.
- Execution of deal/s, subject to approval.





Registration of Interest for the Pioneer Investment

The ROI will be released on 2 May 2023.

For updates and further information,
visit: www.vic.gov.au/sec-investment

Frequently asked questions

Why do we need the SEC?

Australia's energy sector is transforming. As ageing coal-fired power stations close, we need to transition to renewable energy. Victoria's electricity system has relied heavily on coal, which increases our carbon emissions and has threatened the stability of our power supply.

The government-owned SEC will invest with the industry to accelerate the transformation of the sector. Government-owned renewable energy will create thousands of jobs, bring billions in investment and help Victoria achieve its nation leading renewable energy targets.

How will the SEC cut power bills?

The SEC will increase the amount of reliable, renewable energy in the market by building and investing in renewable generation and storage. This low marginal cost, reliable energy will put downward pressure on wholesale power prices, delivering benefits for all Victorians.

How will the SEC create jobs and grow our economy?

Victorians will benefit from our investments in renewable energy and storage. The transition to renewables, investment in businesses, training new workers, and building new infrastructure will create thousands of jobs.

It is estimated that transitioning Victoria's energy system to renewable energy will increase Gross State Product by around \$9.5 billion and help create 59,000 jobs – including 6,000 trainees and apprenticeships in solar, wind and emerging energy industries.

Why be part of the upcoming Registration of Interest and market engagement?

SEC is being re-established to accelerate Victoria's transition to an affordable, reliable and zero-emissions electricity system in partnership with the private sector.

The registration of interest process is the first step for the SEC to engage with project proponents to identify suitable projects that meet the criteria for pioneer investments. It is also to understand and engage with projects that may support the longer-term pipeline for SEC investment, and to determine how SEC can support bringing forward projects that accelerate the renewable energy transition.

What if my project is less than 100MW?

The SEC is seeking to make a material Pioneer Investment and has set a target minimum project threshold of 100MW. SEC will explore potential for this first investment/s to involve a portfolio of multiple projects aggregating to larger capacity than the single project's minimum capacity. The SEC is open to discussing co-located storage capacity with existing or proposed renewable projects, and standalone storage projects in excess of 100MW of capacity with a range of storage durations.

However, the SEC is also seeking to build a pipeline of future opportunities following the Pioneer Investment market process, so if your project meets the remainder of the SEC's criteria, we would be interested to receive information about it.

What are the SEC's intentions around owning and operating renewable assets?

The level of ownership and control over the operation of the SEC's Pioneer Investment will depend on the nature of the projects identified in the Market Search, the partner's commercial value proposition, and the additional value SEC can bring to the project. This will be determined through the market engagement and evaluation process.

If my project is receiving other forms of government support (such as from VRET2 or the Commonwealth), can I participate in this market process?

The SEC is open to exploring all investment opportunities for its Pioneer Investment irrespective of existing commitment from other public and/or private sources, subject to meeting the project and assessment criteria.



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