2026 Victorian Annual Planning Report

Appendix 1
Government policies and initiatives

Disclaimer

Acronyms

Term	Definition
GW	gigawatt/s
GWh	gigawatt hour/s
VRET	Victorian Renewable Energy Target
VTIF	Victorian Transmission Investment Framework
VTP	Victorian Transmission Plan

Appendix 1:
Government policies and initiatives

The following government policies and initiatives were considered in addition to those included in section 2.4:

- **Victorian Emission Reduction Target**[1] – in May 2023, the Victorian Government confirmed the new emission reduction target for 2035. The new targets to reduce the state's emissions are 75-80% by 2035 and net zero emissions by 2045.

- **Victorian Renewable Energy and Storage Targets**[2] – the Victorian Government has legislated the Victorian Renewable Energy Target (VRET) which is 25% by 2020 (achieved), 40% by 2025 (achieved), 65% by 2030 and 95% by 2035 and energy storage targets which are 2.6 GW by 2030 and 6.3 GW by 2035. The Victorian Government supported eight renewable energy projects through the VRET1 and VRET2 auctions in 2017 and 2022, respectively and the offshore wind capacity auction[3] in August 2026 to support the achievement of the VRET.

- **Victorian Transmission Investment Framework**[4] - VicGrid published the Victorian Transmission Investment Framework (VTIF) final design paper in July 2023. It established a new transmission planning framework to meet Victoria's long-term energy needs. The VTIF is an integrated approach to planning and delivering electricity transmission infrastructure. It ensures that landholders, local communities and First Peoples are consulted and share in the benefits of transmission projects, supports value for money outcomes and provides greater certainty for investors seeking to connect to Victoria's declared shared network.

- **Victorian Transmission Plan**[5] - established under the VTIF framework, the Victorian Transmission Plan (VTP) offers a new approach to planning that considers important factors, including land use, environmental impacts and community views, much earlier in the process. This aims to minimise negative impacts to regional communities, landholders and rights holders, keep costs low for consumers and give industry the certainty it needs to invest in the renewable energy Victoria requires for the future. The first VTP was published in August 2025 after a public consultation period and covers a planning horizon of 15 years. The next VTP will be published in July 2027, covering the full 25-year planning horizon. Unlike the Victorian Annual Planning Report, it applies the **Victorian Transmission Planning Objective**[6] which is, in relation to Victoria:
  - To promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity with respect to:
    - Price, quality, safety, reliability and security of supply of electricity
    - The reliability, safety and security of the national electricity system
  - The delivery of transmission services consistent with a least-regrets development pathway; and
  - The achievement of targets set by Victorian legislation:
    - For reducing Victoria's greenhouse gas emissions; or
    - Those that are likely to contribute to reducing Victoria's greenhouse gas emissions

  A least-regrets development pathway refers to a process of selecting development pathways having regard to the risks associated with underinvestment or overinvestment in light of the uncertainties reflected across a range of scenarios. Projects identified in the Victorian Transmission Plan do not constitute a regulatory investment test for transmission projects for the purposes of clause 5.10.2 of the National Electricity Rules.

[1] See https://www.climatechange.vic.gov.au/climate-action-targets
[2] See https://www.energy.vic.gov.au/renewable-energy/victorian-renewable-energy-and-storage-targets
[3] See https://www.premier.vic.gov.au/victorias-first-offshore-wind-auction-go-live-august
[4] See https://www.vicgrid.com.au/transmission-planning/planning-the-energy-grid
[5] See https://www.vicgrid.com.au/transmission-planning/victorian-transmission-plan
[6] National Electricity (Victoria) Act 2005 – section 56

- **Victorian Access Regime** - The Victorian Government, through VicGrid, commenced consultation on the Victorian Access Regime in September 2025. The regime proposes a new framework for managing how renewable generation and storage projects access Victoria's transmission network, including the introduction of renewable energy zone access limits, access authorities, and competitive allocation processes. VicGrid released consultation papers and draft guidelines in September 2025 and subsequently published an implementation update in June 2026[7]. The Victorian Access Regime is currently expected to commence in mid-2027, with existing National Electricity Rules open-access arrangements applying until that time.

- **Victorian Renewable Energy Zones Development Plan** - the Victorian Government released a directions paper[8] in 2021 for the Victorian Renewable Energy Zones Development Plan. The plan will deliver upgrades to the existing transmission network, enabling an additional 2.3 GW of renewable energy to enter the grid. Stage 1[9] of the plan is underway and is expected to be completed in early 2028. For further information on the progress of the RDP Stage 1 projects, see section 3.1.1 and 3.1.2.

- **Offshore wind energy targets** - in March 2022, the Victorian Government released the Offshore Wind policy directions paper[10], which set generation capacity targets of at least 2 GW by 2032[11], 4 GW by 2035 and 9 GW by 2040[12]. Offshore Wind Energy Victoria, a division of the Department of Energy, Environment and Climate Action, is coordinating the generation development and VicGrid is procuring the augmentation to the transmission network. See section 3.1.2 for more details about planned offshore wind development activities.

- **VRET 1 and VRET2**[13] – these auctions combined have supported over 1.1 GW of renewable energy generation and storage capacity in Victoria, supporting the achievement of the 2020 and 2025 renewable energy targets. Six projects which were supported by this scheme have now been delivered while another two projects are still in construction.

- **Zero Emission Vehicle Roadmap**[14] –the roadmap aims for half of all light vehicle sales in Victoria to be zero-emission vehicles by 2030. The road map is supported by a range of policies and programs including the rollout of electric vehicle charging infrastructure across regional Victoria and support for electric vehicle fleets, a target for all new public transport bus purchases to be zero emission vehicles from 2025, and the establishment of a Commercial Sector Zero Emissions Vehicle Innovation Fund[15].

- **State Electricity Commission Strategic Plan**[16] – the plan outlines the strategic actions that the State Energy Commission will undertake in Victoria across a short-term (2028) and long-term (2045) planning horizon to invest in the energy transition, support households to switch to all-electric households, and build a renewable energy workforce.

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[7] See https://www.vicgrid.com.au/industry/victorian-access-regime
[8] See https://www.vicgrid.com.au/__data/assets/pdf_file/0036/762993/victorian-renewable-energy-zones-development-plan-directions-paper.pdf
[9] See https://www.vicgrid.com.au/transmission-projects/renewable-development-program-stage1
[10] See https://www.vgls.vic.gov.au/client/en_AU/search/asset/1304450/0
[11] During 2025 the Offshore Wind Energy Victoria capacity auction was delayed, however this delay is not expected to impact the overall delivery timeline for the program.
[12] See https://www.vicgrid.com.au/transmission-projects/gippsland-offshore-wind-transmission
[13] See https://www.energy.vic.gov.au/renewable-energy/victorian-renewable-energy-and-storage-targets/victorian-renewable-energy-target-auctions and https://www.energy.vic.gov.au/renewable-energy/victorian-renewable-energy-and-storage-targets/victorian-renewable-energy-target-auction-vret2
[14] See https://www.energy.vic.gov.au/renewable-energy/zero-emission-vehicles#heading-3
[15] See https://www.vic.gov.au/department-transport-and-planning
[16] See https://www.secvictoria.com.au/__data/assets/pdf_file/0007/1321/SEC-Strategic-Plan.pdf

- **Energy innovation fund**[17] – The Victorian Government has developed the Energy Innovation Fund to support the commercialisation of innovative, emerging renewable energy technologies in Victoria required to meet the Victorian Emission Reduction Target. The fund is being delivered over 3 rounds:
  - Round 1 – was dedicated to offshore wind and supported feasibility and pre-construction activities for 3 projects
  - Round 2 was open to any renewable technology type that can support Victoria's net-zero emissions by 2045 target and supported 5 projects.
  - Round 3 is dedicated to industrial electrification, with a focus on the food and beverage processing and manufacturing sector. Successful projects will be announced by September 2026.
- **Solar Homes Program**[18] – Solar Victoria released its Notice to Market for 2025-26, introducing two new mandatory requirements and eight new recommendations to help customers realise their investments in consumer energy resources, maintain the focus on consumer protections, and continue to uplift the safety and quality of products and systems installed under the program. The Technology Guideline[19] outlines how technology will be adopted over the life of the Solar Homes Program and commits to three priority areas that will help steer the technology supported by the program towards smarter energy use and innovation to benefit all Victorians.
- **Victoria's Gas Substitution Roadmap**[20] – this roadmap was introduced in 2022, aiming to empower households and businesses in Victoria to embrace sustainable and cost-effective alternatives from fossil gas to avoid projected structural shortfalls[21] for the east coast gas market. The roadmap delivers a range of initiatives to secure supply, electrification of buildings and development of a skilled workforce from 2023 – 2030.
- **Capacity Investment Scheme**[22] – a Federal Government revenue underwriting scheme to accelerate investment in renewable energy generation, such as wind and solar, as well as clean dispatchable capacity, such as battery storage. On 29 July 2025, the Federal Government uplifted the Capacity Investment Scheme capacity to a total of 40 GW, which will be 26 GW of renewable generation capacity and 14 GW of clean dispatchable capacity. The expanded scheme will be rolled out from 2024 to 2027. Successful projects announced to date in Victoria include 2.87 GW of generation and 10.1 GWh of storage across 19 projects, with the final successful projects from Tenders 7 and 8 anticipated to be announced by June 2026.

[17] See https://www.energy.vic.gov.au/grants/energy-innovation-fund
[18] See https://www.solar.vic.gov.au/sites/default/files/2025-06/Notice-to-Market-2025%E2%80%9326_v1.pdf
[19] See https://www.solar.vic.gov.au/technology-guidelines
[20] See https://www.energy.vic.gov.au/renewable-energy/victorias-gas-substitution-roadmap
[21] See https://www.aemo.com.au/energy-systems/gas/gas-forecasting-and-planning/gas-statement-of-opportunities-gsoo
[22] See https://www.dcceew.gov.au/energy/renewable/capacity-investment-scheme