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Development Projects – Shaw River Power Station Project

23 September 2008

Hon Justin Madden, MLC  
Minister for Planning  
PO Box 500  
East Melbourne VIC 3002

Dear Minister,

## Referral of the Shaw River Power Station Project for a decision on the need for assessment under the *Environment Effects Act 1978*

Shaw River Power Station Pty Ltd, a wholly owned subsidiary of Santos Ltd (“Santos”), encloses for your consideration a referral in accordance with the *Ministerial Guidelines for assessment of environmental effects under the Environment Effects Act 1978* (the “Guidelines”) of the proposed Shaw River Power Station Project (the “Project”).

The Project is comprised of a base load, gas fired combined cycle power station near Orford and associated infrastructure and works including an underground gas transmission pipeline connecting the power station to the Lara-Iona pipeline near Port Campbell. In addition, we intend using recycled water from the region in an efficient air or dry cooling system that minimises water use.

The proposed Project triggers one of the automatic referral criterion listed on page 7 of the Guidelines, being the ‘potential greenhouse gas emissions exceeding 200,000 tonnes of carbon dioxide equivalent per annum, directly attributable to the operation of the facility’. For this reason and others detailed in this letter, Santos and its consultants believe that it may be appropriate for you to decide that an environment effects statement (“EES”) should be prepared for the Project.

The Project responds to the Victorian Government’s policy that gas is widely seen as playing a significant role in providing a secure energy supply source, as gas produces significant lower greenhouse gas emissions, is more competitive than renewable energy and has sufficient flexibility to fuel large base load power stations<sup>1</sup>.

The location of gas-fired power stations can affect gas transmission system performance, as available capacity in existing pipelines is used up through increased demand for gas. The proliferation of gas pipeline infrastructure in Western Victoria and Gippsland has been the subject of public criticism from some members of those communities. As the number of gas

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<sup>1</sup> Energy for Victoria – A Statement by Minister for Energy and Resources (2002) Department of Natural Resources and Environment p36.

infrastructure projects on properties increases, available infrastructure corridors become constrained. There is considerable public interest in these issues, and an EES would enable the community to participate in the assessment process and have their issues and concerns addressed in an accountable and transparent manner.

The proposed pipeline route affects some 120 landowners, and legacy issues from existing gas pipeline and processing facilities have increased community concern about issues associated with construction, operation and maintenance of pipelines. While such issues can be dealt with as part of land access negotiations, a transparent and public assessment process enables landowners to more fully understand the constraints and opportunities associated with the proposed pipeline. This is particularly relevant where landowners request changes to the alignment on their properties without understanding the consequential impact on neighbouring properties.

The impact of new developments on rural landscapes is often a contentious issue. The location of the proposed Shaw River Power Station east of and adjacent to Orford will result in a change to the current rural landscape, potentially giving rise to local community concerns about air quality, noise and visual amenity. While Santos is committed to a proactive community consultation and engagement process regardless of your decision, we are conscious of the fact that Origin Energy's Mortlake Power Station Project, which was a very similar proposal to the Project, was subject to assessment under the *Environment Effects Act 1978*. This may be perceived by the local community as having established a precedent and it is anticipated the Orford community and communities along the proposed pipeline route would expect a similar process to be applied to the Project.

The Project will require a planning scheme amendment, as the proposed land use (industry) is prohibited in the Farming Zone of the Moyne Planning Scheme. A Works Approval will also be required for the power station from the Environment Protection Authority, and a pipeline licence will be needed for the gas pipeline. Planning permits may also be needed for some aspects of the project, such as native vegetation removal and the water supply pipeline. The timely assessment of the various consents that will be required for the Project to proceed is very important to us. We believe an EES prepared under the oversight of a Technical Reference Group may provide the best means of coordinating the State and local government stakeholders' consideration of the Project.

Victorian Government guidelines for planning and approvals processes require inclusive and comprehensive consultation. The Consultation Plan required under the *Pipelines Act 2005* describes how Santos will engage with landowners in relation to the construction and operation of the pipeline. Similarly, consultation required as part of the planning scheme amendment or planning permit process for the proposed power station would encompass community consultation. A distinct benefit of an EES is the opportunity to consult widely about the whole project and present information about the project and the impact assessment to the broader community, so that a diverse and broad cross section of views can be gained. Flora and fauna species listed under the *Flora and Fauna Guarantee Act 1988*, (and the *Environment Protection and Biodiversity Conservation Act 1999*) have been identified as potentially occurring in the vicinity of the proposed power station site and pipeline route.

Impacts on native vegetation communities and listed flora and fauna species, although anticipated to be minimal due to the rigorous site and pipeline route selection process undertaken by Santos, are being carefully assessed. This assessment includes field surveys to determine the level of impact on native vegetation and flora and fauna species, and the identification of areas where refinement of the pipeline route, or construction mitigation measures, may be required to reduce or eliminate impacts on native vegetation and listed flora and fauna.



The ecological impacts of the Project are of interest to both government and the community. An EES would enable local community interest groups (e.g., field naturalists) to participate in the process and understand how Santos has designed the Project to reduce ecological impacts, and will fulfil its obligations under the Victorian Government's Net Gain policy.

Similarly, the potential for impacts on indigenous cultural heritage is not yet known. Detailed on-site studies and consultation with the local indigenous groups is required to provide detail on the likely level of impacts. The preparation of a Cultural Heritage Management Plan (CHMP), which will be required for the project if it is assessed in an EES, would provide clarity in this area.

Impacts on other environmental elements, such as watercourses, traffic and roads, the regional community and hazard and risk associated with the proposed Project will also need to be evaluated.

In summary, while all of the above impacts could be assessed separately under various pipeline licence, planning, and environmental approval processes required under the relevant legislation, the likely high level of public interest in the Project and the piecemeal nature of such independent assessments lead Santos and its consultants to believe that an integrated assessment under the *Environment Effects Act 1978* may be warranted. In addition, the EES process will provide the framework for an inclusive and comprehensive stakeholder consultation program that would provide transparency, an opportunity for input, and eliminate the potential for the Mortlake Power Station EES to be used against us in our public consultation.

For the reasons outlined in this letter and information provided in the enclosed EES referral, we ask that you accept Santos' suggestion that the Project be assessed under the *Environment Effects Act 1978* and that the appropriate level of assessment is an EES. In addition, we ask that the planning scheme amendment, any planning permit, pipeline licence and EPA Works Approval assessment processes be carried out concurrently with the EES to ensure an efficient and effective assessment of potential impacts of the Project.

I trust you will also consider this Project as being important for the State of Victoria and in securing Australia's energy future.

For and on behalf of Shaw River Power Station Pty Ltd,

Yours sincerely,



Ken Spicer  
Project Development Manager  
Shaw River Power Station Project

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