

29 March 2021
Ref No. D21/8845

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Director
Energy Assessments, Planning and Assessment
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Locked Bag 5022
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Attn: Anthony Ko
E: anthony.ko@planning.nsw.gov.au

Dear Anthony,

**RE: Major Projects – Snowy 2.0 – Transmission Connection
(SSI-9717 – Snowy Valleys)**

Forestry Corporation of NSW (FCNSW) has reviewed the published documentation regarding the development and operation of a new 330 kV transmission connection between the approved Snowy 2.0 pumped hydro generation project in Kosciuszko National Park to the existing high voltage transmission network near Nurenmerenmong in Bago State Forest.

The following comments and observations are offered.

1. LEGISLATION

The Forestry Act 2012 is the governing legislation which sets the Objectives and Functions for FCNSW.

2. SOCIO-ECONOMIC BENEFIT

Forestry and timber processing are identified as economic drivers for the LGA, and key contributors to the region's economy. The loss of potential long term forestry uses is also recognized.

The transmission corridor will essentially be in place in perpetuity. This is expected to be between 120 and 200 metres wide. The final easement would be surveyed following the completion of construction and is expected to be about 120 to 140 metres wide.

Under the Forestry Act 2012, FCNSW are obliged to maintain a long-term sustainable timber supply to maximise the net worth of the State's investment in the Corporation, and to have regard to the interests of the community in which it operates. "Community" has the inference of the forest industry, including customers and contractors.

The granting of a powerline easement up to 140m sterilises the land for future forestry use. The sterilisation of FCNSW timbered land means FCNSW can't fulfil one or more of the Objectives of the Act.

Although not possible in this location, when an easement crosses cleared agricultural land, that land can still be used for other agricultural purposes such as grazing and cropping.

Replacement land is required to grow forests for a range of purposes, including regional socio-economic value and for continued carbon sequestration benefits.

3. COMPENSATION TO FORESTRY CORPORATION

i) Land Value and Replacement Land

The documentation acknowledges that land within the Bago State Forest used for the energy infrastructure would no longer be available for use by FCNSW. Any economic loss needs to be addressed as part of the land acquisition process.

The Land Acquisition (Just Terms Compensation) Act 1991 provides focus on the land value of the site to be acquired and costs incurred by the owner as part of the acquisition. Specifically, it provides for compensation to be payable for costs that FCNSW would incur in order to acquire land and to reestablish forest.

FCNSW works to the principles and protocols provided in Attachment A when FCNSW is required to consider the impact of a public development on the forest estate.

FCNSW are seeking compensation from TransGrid to replace the land acquired by TransGrid for the substation, easement and other infrastructure. Replacement land is most likely to be cleared agricultural land, requiring compensation at market rates for replacement land.

ii) Timber Value

FCNSW acknowledge consultation with TransGrid on the commercial value of the timber in the project area.

FCNSW are seeking compensation from TransGrid for the early harvest of this resource.

iii) Establishment of Replacement Forest

There are no regeneration costs to re-establish native forest at Nurenmerenmong. The replacement land will need to be established to commercial forest.

FCNSW are seeking compensation from TransGrid to re-establish our commercial resource on another site.

4. FIRE MANAGEMENT

FCNSW must retain all current road access from the Elliott Way to Bago and Maragle State Forests for forest and fire management purposes.

Bushfire protection measures need to occur annually, agreed by FCNSW, then funded and implemented by TransGrid. This includes ongoing management of 'hazard trees' on a risk basis, at TransGrid's cost.

The cease-work recommendations during days of elevated fire danger don't align with the successful long-term established practices the State forests in NSW, including Batlow, Tumut and Tumberumba.

Preventative fire mitigation practices within FCNSW's Forest Practices Codes should be applied to the construction and maintenance works of the project.

5. ECOLOGY AND BIOSECURITY

Monitoring programs should be designed in collaboration with FCNSW so that existing programs to be complimentary and integrated. This includes, for example, koala management and prescriptions, impacts to threatened species, monitoring increases in predatory and pest species and diseases, biodiversity offset programs, and the Biodiversity Management Plan.

FCNSW would specifically seek to collaborate with TransGrid on surveys for Yellow-bellied Glider, Squirrel Glider, and the Greater Glider as part of the glider monitoring program.

All construction equipment must be washed and sterilised of soil, rock and vegetative material as a biosecurity practice before arriving on State forest.

6. TRANSPORT MANAGEMENT

The area around the substation construction site is used infrequently by the forest industry. However, the main roads around Tumberumba, Batlow, Rosewood, Adelong and Tumut are well used by both light and heavy-combination vehicles.

Transport through Batlow by multi-combination log and freight transport can be avoided through the use of sealed roads owned by FCNSW. The alternative can be arranged with TransGrid under Permit (or development conditions) with FCNSW. Fees are payable for use of these roads.

The proposed Traffic Management Plan should cover construction and ongoing maintenance of the substation and transmission infrastructure, preferably in combination with the HumeLink Project.

7. CONSTRUCTION, CLEARING AND EARTHWORKS

Based on the substation design it is estimated that approximately 11,300 cubic metres of excess spoil would be generated from the levelling of the substation site and construction of the access road.

The documentation states that any soil which cannot be reused onsite as fill material, landscaping or other means would be disposed of off-site at a suitably licenced facility and/or at a location(s) as agreed with FCNSW.

The documentation states that vegetation clearing would include the use of chainsaws and tree pushers. The use of tree pushers tends to create large areas of soil disturbance, especially root balls. A tree harvester is a more cost-effective, safer and environmentally appropriate machine to use to clear standing timber.

FCNSW has not commenced discussions with TransGrid about disposal of rock, soil or mulched vegetative material on State forest. Spoil management and NOA needs to involve a methodology, operational practice and audit procedure agreed with FCNSW

Agreement must be reached between the parties for long-term storage on state forest. An alternative disposal area should be considered in the first instance.

8. POST CONSTRUCTION REHABILITATION

Post-construction rehabilitation of the substation surrounds and the easement must be planned and funded by TransGrid. The rehabilitation plan must be agreed with FCNSW, and subsequent works completed prior to rehabilitation equipment leaving the site.

9. OPTIONS ANALYSIS

The documentation states that developing the initial and ultimate connection point at Line 64 is the preferred option as it presents the least potential impact to Kosciuszko National Park.

Considered in isolation of the HumeLink project this decision forces an impact onto FCNSW and the forest industry. The commercial native forest and plantation forests near Tumbarumba, Batlow and Tumut are specifically affected.

Compensation for replacement land will be sought from TransGrid for the impact the HumeLink project has on FCNSW land and commercial operations.

10. MAINTENANCE

Ongoing maintenance of the easement at TransGrid costs is required. This includes the timely removal of trees and vegetation that encroach within the safety zone of the transmission infrastructure. This is especially important for operational fire management.

TransGrid needs to be the company responsible for clearing and maintaining clearance on this corridor.

11. NEXT STEPS

Forestry Corporation's Strategy and Risk Manager Gavin Jeffries will contact you to discuss the contents of this letter.

Yours faithfully



Daniel Tuan
General Manager
Hardwood Forests Division

Replacement Land Acquisition – Forest and Plantation Offset

Broad Principles

(no specific order nor ranking)

- 1) Forestry Act 2012 requires FCNSW to sustainably manage the land and forests for productive capacity, community and environmental benefits.
- 2) The acquiring company (TransGrid) requires cleared land for transport, powerlines and / or infrastructure.
- 3) The acquiring company will fund replacement plan (forest or plantation offset) at current Market Rates for agricultural land.
- 4) Market Rates is the cost of getting someone to sell us some similar land quality to achieve the same forested area.

Protocols – Considerations for Land Acquisition

- 1) The conversion rate from purchase area to NSA (80% conversion rate).
- 2) The Principle of Equivalency.
 - a) Replacement land shouldn't be a direct hectare to hectare relationship if replacement land lower productive Site Index.
 - b) That is, land carrying a higher productive capacity can't be replaced with land with a lower carrying capacity without an adjustment being made to the area.
 - c) For example, it could be higher rainfall land so the 100ha of MAI 20 land lost would need to be replaced by 120ha of MAI 16 land at purchase.
 - d) Of course, this could work in reverse if the replacement land is of a higher productive capacity.
- 3) Adjustments need to be made for
 - a) costs of administration, roads, and reestablishment of forest.
 - b) additional cost of managing land not contiguous with our estate.
 - c) land isolated by the powerline infrastructure.
 - d) for the poor form from first rotation.
 - e) for additional haulage, including differential pricing zones.
 - f) removal of houses, sheds, fences and infrastructure.
 - g) adjustment for replication of fixed assets, particularly roads.
- 4) Where plantation is felled to make way for power infrastructure, compensation for future loss of timber might payable as well as cost of plantation offset and early reestablishment. Carbon Farming Initiative projects may also be included.
- 5) FCNSW need to consider the impact on our ability to meet contracts, regardless of compensation for lost timber.