

SUBMISSION re EARLY CLOSURE OF YALLOURN AND HAZELWOOD POWER STATIONS
Vic Parl. Upper House Senate Inquiry
27th October 2021

Latrobe Valley Sustainability Group is a small community group concerned about climate change and its causes and effects, particularly on our local area. In Latrobe Valley there are three large coal generators operating - Yallourn, Loy Yang A and Loy Yang B. Hazelwood and Morwell Power station and char plant have closed. Electricity production from brown coal fired power stations causes about 40% of Victoria's greenhouse emissions. Power stations also release pollutants which have adverse health effects, noting that statistically Latrobe Valley has above average rates of cancer, respiratory, cardiovascular illness and asbestos-related disease. We recognize that power stations have been part of the local culture for decades, providing stable employment and community support, leading to adverse effects being tolerated.

There is increasingly urgent global concern about atmospheric greenhouse gases causing global warming, particularly regarding carbon dioxide and methane associated with mining and burning of fossil fuels. As governments and business implement policies to reach net zero emissions by 2050, it is expected that Latrobe Valley power stations will come under increasing economic pressure to cease operations before reaching end-of-life of equipment. Increasing renewable energy production competes with traditional generators, to the extent that wind and solar often supply the majority of power during midday periods, thus contributing to Victorian emission reduction targets. Following the Glasgow COP26 Australia will be under increased international pressure to match global goals. As brown coal is the most CO₂ intensive fuel on earth, this pressure will fall very heavily on Latrobe Valley for early closure of all coal-fired power stations, adding to the need for transition to a new economy more rapidly.

Already Latrobe Valley and Gippsland is seeing the impacts of climate change, with more intense bushfires, extreme weather including the recent storms and flooding, prolonged drought and coastal erosion. IPCC, IEA and climate scientists all inform us that, as bare minimum, 50% emission reduction by 2030 is necessary to hold temperature rise to 1.5 degrees. The carbon budget will be exhausted within 10 years, beyond which reversal of climate change will be difficult.

Latrobe Valley power has underpinned the economic development of Victoria. Now Victoria has an obligation to support the Latrobe Valley workforce and community with a just transition. When privatisation of the State Electricity Commission occurred in 1980's many thousands of jobs were lost. There was inadequate social planning, inadequate re-employment and retraining opportunities, and poor financial advice offered. Latrobe Valley suffered prolonged depression and unemployment, where businesses and schools closed, population declined and house prices fell dramatically. Closure of Hazelwood power station and mine in 2017 had a similar but less traumatic effect, and was softened by rapid creation of the Latrobe Valley Authority.

Energy Australia has brought forward the closure date of Yallourn to 2028. This is sufficient time in which to implement a just transition for the workforce and the community. Just transition means that workers are offered counselling, compensation, retraining, alternative jobs eg in closure/demolition and rehabilitation, and new uses of the site. New uses could range from renewable energy facilities to nurseries growing vegetation for rehabilitation.

Just transition means that local businesses and education facilities continue to supply goods and services during change; that inducements are offered to attract new business and industry, and develop innovative ideas. Just transition means that the community is not abandoned.

Energy companies have provided extensive financial and in kind support to numerous groups who operate community facilities and services. To prepare for this support to be withdrawn, we propose that a Future LV Community Fund is commenced with Energy Australia making annual contributions which are invested, and returns compounded. Grants would commence after Yallourn closure. The Fund would be open to contributions from other sources.

Privatisation, and Hazelwood closure to a lesser extent, plunged Latrobe Valley into the doldrums but we have learnt from this experience and now realise that change presents opportunities. Energy industry employees and associated contractors and services have specific well regarded skills which can be transferred or reskilled to new industry. Demolition and rehabilitation will require many long term employees. Latrobe Valley is included in the Gippsland Renewable Energy Zone to take advantage of the central grid access. A number of Gippsland renewable energy projects are at different stages of proposal and development, and include Delburn Wind Farm, Star of the South offshore wind farm, Marinus Link, Morwell Solar Farm, Frasers Lane Solar Farm, Perry Bridge Solar, Fulham Solar, Ramahyuck Solar, Gippsland Renewable Energy Park and Maffra Solar. Large batteries are proposed for Jeeralang gas power station (EA), Morwell Solar and AGL Loy Yang.

Gippsland has been designated as a hydrogen hub, which encompasses production from renewable and other sources. For example, there has been production of hydrogen at the Hydrogen Energy Supply Chain (HESC) project at Loy Yang.. LVSG is not supportive of the HESC project as it will emit large amounts of greenhouse gas, even though some gas may be able to captured and stored using CCS technology. In addition, considerable energy is used to liquify the hydrogen gas for transport and regasification at the destination site. Plans to open Port Anthony Hydrogen (near Toora) are advancing, to make use of waste wood and byproduct of biochar.

Geothermal and bioenergy are just beginning to be developed as an energy source. The new Gippsland Regional Aquatic Centre is heated by geothermal resources pumped from below the coal layer. Pumped hydro, air compression and gravitational energy can also be considered.

These new projects will require managerial expertise, EPC, skilled labour, employee training and components which could be manufactured in Latrobe Valley eg wind towers, solar cells. Floating solar could take advantage of the many water bodies available and on future mine void lakes. The solar panel floats are bulky to transport, and could be moulded here, creating another industry. Wind turbine blades are cumbersome to transport and could be manufactured closer to the wind farm site.

Diversification is necessary to spread the economic benefits across the community and employment opportunity across all abilities. Wealth creation has not been evenly distributed and the transition should be used to assist those who are disadvantaged and in poverty. Latrobe Valley Authority has identified the sectors of food and fibre, energy, tourism and health as our primary strengths. Census data shows that the major employers are health and social services, small business and education.

Housing is an ongoing need, and in short supply. Energy efficient retrofits and new builds will reduce energy bills for residents and reduce emissions whilst providing jobs. The same applies to commercial premises and community buildings. As always, it is preferable to source materials and labour locally, thereby supporting existing businesses and offering expansion opportunities.

The Latrobe Valley and surrounds are well endowed with National parks, significant wetlands, lakes, rivers and beaches which are much loved and frequently used by our people and visitors. Many jobs could be created in sensitively managing these precious natural places to restore habitat and increase biodiversity. Invasive weeds and pest animals are threats that desperately need to be brought under control. The Alpine-Strzelecki Bio-link development to create a wildlife corridor which crosses the Energy Australia landholding and their conservation area in the Morwell Wetlands, where a diverse number of waterbirds and other species frequently visit.

Recycling is now legislated to reduce emissions, recover resources and reduce landfill - industries are developing around recovery and reuse, and a plant is proposed for Morwell. Advanced manufacturing could have an alignment with LV heavy industry engineering and new endeavours such as the impending used lead acid battery recycling plant. The Morwell Food Processing Hub is in development and may include alternative food production such as plant based 'meat' and insect protein. Geothermal heat and other wasted heat could be used for glasshouse agriculture and aquaculture. Agri-solar creates dual income streams for the farmer, who may also be able to take advantage of emerging soil carbon credit market, which can assist urban businesses to offset their emissions.

The Latrobe Valley Authority was hastily created to assist Hazelwood workers and the local economy. It is maturing into an innovative Gippsland-wide body. and has shown willingness to think 'outside the box' and we believe that it should be properly funded through the period of closure of the power stations. This will allow retention of experience and connections which have been developed over the past four years, and assist with the completion of many projects which have commenced, such as the microgrid trial in Heyfield. Understandably there are variations of opinion amongst authorities eg local and state govt bodies, Committee for Gippsland etc but to achieve best outcome for the region, cooperation of all is necessary to achieve the best result for the area. However it has been an advantage to have a lead organisation which is authorised to explore and implement new ideas - something which is showing how Latrobe Valley can be a change leader. Adequate funding should be provided now to enable transition planning to continue as the Yallourn closure draws closer.

In closing I note that Latrobe valley has given much to Victoria for the last 100 years. It is now time for Victoria to return the favour by stepping up to support the Latrobe Valley economy, business and community in a just transition to a sustainable low carbon future.

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