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**To:** The Secretary, Legislative Council Economy and Infrastructure Committee  
**By email:** [chypsinqury@parliament.vic.gov.au](mailto:chypsinqury@parliament.vic.gov.au)  
**Date:** 29/11/21  
**From:** Christo van Niekerk  
**Subject:** Submission to the Inquiry into the Closure of the Hazelwood and Yallourn Power Stations

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AGL Energy welcomes the opportunity to provide its submission to the Inquiry into the Closure of the Hazelwood and Yallourn Power Stations currently being conducted by the Victorian Parliament's Legislative Council Economy and Infrastructure Committee.

AGL is a leading integrated essential service provider, with a proud 184- year history of innovation and a passionate belief in progress – human and technological. We deliver 4.2 million gas, electricity, and telecommunications services to our residential, small and large business, and wholesale customers across Australia.

AGL Loy Yang with 2,210MW capacity, generates approximately 30 per cent of Victoria's power requirements every year and is an integral part of Australia's national electricity market. The Loy Yang mine supplies both Loy Yang A and Loy Yang B, fuelling around 50 per cent of the state's energy requirements.

This AGL Energy submission addresses the Terms of Reference of this Inquiry as follows:

#### Transition

In June 2018, the Victorian Government extended AGL Loy Yang's mining licence through to 2065. As part of its mining licence extension, AGL committed to provide five years notice of closure of Loy Yang A Power Station. AGL welcomed this extension as it provides certainty for employees as well as the local community and time to properly rehabilitate the site following closure no later than 2048.

Although we are progressively rehabilitating, we estimate we would need at least a further 15 or more years after coal operations cease to conduct final rehabilitation.

AGL Loy Yang is committed to an orderly, respectful, and smooth transition for our people and the Latrobe Valley community away from coal-fired power generation, while being focused strongly on the opportunity to create new opportunities and investment

The experience of the local community and workforce has illustrated the complexity associated with closure of power stations and the challenges that must be planned for. We know that advanced notice and planning is essential to any closure program and that the best outcomes occur



when there is deep engagement, consultation and collaboration with our people, government and the community. With a closure date set no later than 2048 AGL Energy seeks to work closely with our employees, government, stakeholders and the community to ensure we build on our strengths and protect the future of the region.

There is increasing focus on the challenges for energy, mining and other traditional industries in regions like the Latrobe Valley. We will continue to engage with governments, business and communities to consider the best ways to balance the changes that we undertake at AGL Loy Yang over the coming decades.

AGL Energy will be proposing a demerger plan to our shareholders in 2022, and if successful, our existing operations in the Latrobe Valley, Torrens Island and Hunter Valley will continue under the Accel Energy business. Accel Energy will carry forward AGL Energy's commitments to rehabilitation of these sites.

### Industrial Energy Hubs

AGL Energy will play a leading role in the energy transition by developing its existing generation sites into low-emissions industrial energy hubs, including the Loy Yang A Power Station and mine. Planning for Industrial Energy Hubs is more progressed at our Liddell site where closure is set for 2023 and we hope to replicate this type of development and investment in Latrobe Valley

The global experience around the opportunity to transition thermal generation assets to modern manufacturing and industrial precincts tells us that making an energy hub work requires successful partnership between the private sector and government. We will continue to engage with governments, business, interest groups and communities to consider the best ways to manage the transition of AGL Loy Yang

Future plans for Energy Hubs will be aligned with government and community priorities. We want to partner with government to get the best outcomes for the Latrobe Valley community and the state.

We are not just planning for the future; we are actively engaging in new industries. One example of our current work is through our involvement in the Hydrogen Energy Supply Chain (**HESC**) pilot project. This world first project aims to safely produce and transport hydrogen from the Loy Yang site in the Latrobe Valley to Kobe in Japan. Hydrogen is a clean-burning fuel with a range of uses, from powering vehicles to storing energy. Hydrogen can make a significant contribution to the required transition to clean energy by replacing existing fuels and reducing CO2 emissions across a broad range of applications. The long term success of this project, will rely on the development of Carbon Capture and Storage technology which is progressing through the CarbonNet project supported by the state and federal government. This type of research is important to continued learning and development of new technologies

Another example of our work on investing in new opportunities includes our plans to develop a battery storage system at Loy Yang. The system will be one of the largest in Victoria at 200MW



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allowing up to four hours of storage in the longer term. Battery storage and generation is smart and clean and pivotal to providing firming capacity as we progressively change our energy sources to lower emissions technology.

### Workforce

In 2017 AGL Loy Yang was proud to have been the first power generator to have signed up to the State Government's Worker Transition Scheme targeting an intake of around 50 former Hazelwood workers.

The scheme allowed us to provide employment opportunities and retain local skills while supporting the community we operate in.

It is important to note that as we move towards a carbon-constrained future absorbing displaced workers will become more difficult, like-for-like jobs and worker transfer will be limited. It's important for government to support new economic development and diversification of industry locally to create new job opportunities and support the energy workforce in ensuring they are equipped with the skills these new jobs will require.

### Enterprise Development

AGL values and understands the importance of supporting the local economy. In 2021, Loy Yang A invested \$116,000,000 into the local economy through our relationship with 169 Gippsland suppliers. At a state level \$307,000,000 was invested in over 650 suppliers. Following the closure of Hazelwood Power station, we understood local supply businesses were impacted and facing a time of uncertainty.

To help with the transition, AGL offered local businesses the opportunity to take part in its Enterprise Development Program, facilitated by Federation University. The program covered how to identify core business, where to find new customers, and how to enhance their online presence.

The program helped AGL better connect with its suppliers and raised its profile as the largest employer and revenue source in the region while equipping those businesses who took part with the skills to grow and diversify.

While the program helped a number of AGL Loy Yang's suppliers it has also strengthened the businesses relationships with these suppliers and promoted the company in the community, building on its social licence.

### Rehabilitation

In line with the Latrobe Valley Regional Rehabilitation Strategy our objective for rehabilitation is to create a safe, stable and sustainable landforms for future generations.

The mine was originally designed to be rehabilitated using water and progressive rehabilitation is already underway for a water fill. Progressive rehabilitation plans have been developed for AGL Loy



Yang Mine, which have evolved over the life of the project based on learnings from rehabilitation trials, improved understanding of geotechnical, hydrogeological and other risk factors to align with regulatory and community expectations.

Progressive rehabilitation takes place as and when areas become available, that is the area is free from production or that does not carry significant mine infrastructure required for ongoing operations (conveyors, artesian and surface dewatering pump stations etc). Progressive rehabilitation is only possible where long term mine planning certainty exists.

AGL Loy Yang has a final landform concept for the site which could, pending technical assessment, accommodate multiple land uses such as energy production (solar/wind/hydro), agriculture and cropping, return to native vegetation or industrial developments.

AGL Loy Yang has adopted a set of rehabilitation principles to provide a framework for planning and undertaking rehabilitation activities and for setting appropriate objectives and targets. The principles are outlined below:

- Rehabilitation will be conducted such that all statutory requirements are met, commitments to stakeholders honoured and corporate policy implemented.
- Planning for rehabilitation will be fully integrated into project planning and decision making.
- Rehabilitation will be planned and undertaken in orderly, cost effective and timely manner.
- The rehabilitation planning process will be responsive to changing technical, environmental, social, economic and political circumstances.
- Rehabilitation costs will be regularly revised, and adequate accounting provision maintained.
- Multi-criteria decision analysis will be used to evaluate rehabilitation options and land uses to ensure that the decision-making process is transparent, readily understandable and fully documented.
- Rehabilitation planning will include the local community in the decision-making process.

Based on these principles and further detailed analysis, we have identified that the mine is significantly more stable with a full lake solution. The risk to stability is higher as a dry void or during filling than when full and the filling period must be effectively managed. The rate of fill should be maximised to reduce the exposure during filling.

A full pit lake will go a long way to meeting the high-level objectives of safe, stable and sustainable as set by the Hazelwood Mine Fire Inquiry, the Victorian Government and adopted by AGL Loy Yang.

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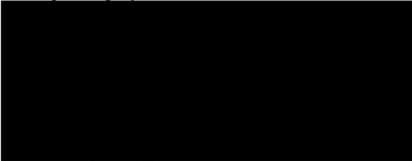


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In addition to this, a full lake will allow connection with surrounding waterways if desired, or alternatively act as a flood retention area to protect Traralgon from flooding. Access to affordable water with certainty as soon as possible is key to achieving best practice rehabilitation.

We are seeking support for a whole of government approach to addressing the best outcomes for mine rehabilitation, which allows adequate time to plan and create certainty. We understand that a collaborative approach with all levels of government and community will result in the best outcomes for all. We want to be part of an energy transition that supports our people, the environment and our community.

As always, we are happy to discuss further if you have any questions in relation to AGL's response, please feel free to contact me.



**Christo van Niekerk**  
General Manager, AGL Loy Yang

