

# TRANSCRIPT

## LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

### **Inquiry into the Closure of the Hazelwood and Yallourn Power Stations**

Melbourne—Wednesday, 16 February 2022

#### MEMBERS

Mr Enver Erdogan—Chair

Mr Bernie Finn—Deputy Chair

Mr Rodney Barton

Mr Mark Gepp

Mrs Bev McArthur

Mr Tim Quilty

Mr Lee Tarlamis

#### PARTICIPATING MEMBERS

Dr Matthew Bach

Ms Melina Bath

Dr Catherine Cumming

Mr David Davis

Mr David Limbrick

Ms Wendy Lovell

Mr Andy Meddick

Mr Craig Ondarchie

Mr Gordon Rich-Phillips

Ms Harriet Shing

Ms Kaushaliya Vaghela

Ms Sheena Watt

**WITNESS** (*via videoconference*)

Mr Amogh Ananth.

**The CHAIR:** The Economy and Infrastructure Committee public hearing for the Inquiry into the Closure of the Hazelwood and Yallourn Power Stations continues.

I wish to acknowledge the traditional owners of the land, and I pay my respects to their elders past, present and emerging.

My name is Enver Erdogan, and I am Chair of the committee. I would also like to acknowledge my fellow committee members that are present today: Mr Andy Meddick, Ms Melina Bath, Ms Harriet Shing, Mrs Bev McArthur and Mr Lee Tarlamis.

To witnesses giving evidence, all evidence taken at this hearing is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to the provisions of the Legislative Council standing orders. Therefore the information you provide during this hearing is protected by law; however, any comment repeated outside the hearing may not be protected. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing. Transcripts will ultimately be made public and posted on the committee's website.

We welcome your opening comments but ask that they be kept to a maximum of 10 minutes to allow plenty of time for discussion and questions. Amogh Ananth, if you could just state your name for the record and then start your presentation. Over to you.

**Visual presentation.**

**Mr ANANTH:** My name, for the record, is Amogh Ananth, and I would also like to take this opportunity to acknowledge the Indigenous elders past, present and emerging of the land that I am Zooming in from. I am just going to set up the screen share and PowerPoint presentation. Can you see my PowerPoint?

**The CHAIR:** Yes, very clearly.

**Mr ANANTH:** Okay, I am just going to start the presentation. As the committee would have seen, I submitted a paper last year, so this PowerPoint is just a summary of that document. I looked at European coal exit strategies because various European nations have committed to coal exits in different shapes and forms, and I believe that there is scope for us to glean some lessons from these European strategies. I also have some potential local solutions to mitigate the economic impact of closing coal-fired power stations, and I have called these in my paper 'mitigating strategies'. So without further ado, I will start with a summary of the European coal phase-out situation.

There has been an increasing trend of phase-out, as I mentioned, and last year I categorised all of these nations. I used Europe Beyond Coal to then have a tracker of the status of all European nations in terms of their coal exits. In terms of nations that are 'Coal-free' we have Belgium, Austria and Sweden, so that makes up 7 per cent; in terms of 'No coal in electricity mix' we have Albania, Cyprus, Estonia, Iceland, Latvia, Lithuania, Luxembourg, Malta, Switzerland and Norway, so that makes up 23 per cent; then in terms of 'Phase-out by 2025', so that is category C, the nations we have are Portugal, France, the UK, Hungary, Italy, Ireland and Greece, and that makes up 16 per cent; then for category D, which is 'Phase-out by 2030', we have Denmark, Finland, the Netherlands and Slovakia, and that makes up 9 per cent; then we have 'Phase-out after 2030', which is category E, Germany—and I should mention that Germany is going to be a key example in my presentation—and that is just one country, which makes up 3 per cent; then in category F, which is 'Phase-out under discussion', we have the Czech Republic, North Macedonia, Slovenia and Spain, making up 21 per cent; and the final category is 'No phase-out discussion' whatsoever, and those nations are Bulgaria, Bosnia, Croatia, Kosovo, Montenegro, Romania, Poland, Serbia and Turkey, and they also make up 21 per cent.

Now, in terms of observations from these categories, for last year the combined coal power generation capacity from category C and D nations was 35.4 gigawatts, and then some interesting points from the category A

nations are that the last two coal plants voluntarily ceased their operations without any governmental influence from Austria. Then of course with the Belgian government, they did not implement a coal shutdown policy; what they did instead was they followed EU pollution laws that resulted in a gradual shutdown of Belgian coal power plants.

In terms of coal-exit legislation, if we look at Germany, we have two sources of noteworthy legislation, the first being the *Renewable Energy Sources Act—EEG—2017* which, as I have listed here in an excerpt, is looking at not fully depreciating the value of coal power under commercial law but merely altering the financial situation for the generation of electricity based on hard coal or lignite and shifting it to more of a focus on generation of electricity based on gas or renewable energy sources at the same site. Then the next example: I have included a significant excerpt that has been very kindly translated by Joshua Woodyatt detailing a tendering process in terms of how the coal exit is actually implemented in terms of amending coal-fired power generation and amending other laws in Germany. The process is also voluntary, I should emphasise.

In terms of the economic implications of Germany's coal exit strategy and moving towards local solutions based on the four mitigating strategies that I have mentioned, I will precede that and give a little prelude in terms of the economic impact. In the research that has been done there are obviously diverging opinions. So on the one hand it has been argued that there is significant impact of course with redundancies that affect workers at coal-fired power plants, and that is based on German research, but on the other hand it has been stressed that—and I think the witnesses who preceded me also mentioned this—there are significant opportunities that are associated with renewables when you consider shifting retrenched workers to employment in the renewable sector. The main thing is that of course this is a difficult balancing act. Retrenched workers can be compensated, but you cannot say the same for the environment—at least not in a monetary sense.

Assuming that the closure of the Yallourn power station takes place, I have suggested the following four mitigating strategies. This is the first one, and you will see why I suggest this in due course. This is the least recommended one, and that is just pure contractual compensation. If you look at the Germans, in June 2020 there was a mass contractual payout for €4.35 billion, so at the time when I wrote my article that was approximately \$A6 853 133 550. But as you can probably imagine, this sort of mass contractual compensation has been criticised even though it is a way of trying to amicably close out coal-fired power plants. It creates an unwanted dependence on government payouts, for one thing.

The second thing is it creates political ramifications for the parties doing this in the sense that significant amounts of taxpayer dollars end up being used in these lump sum payments.

The third is that it shifts the focus from rewarding businesses for making green moves under the Emissions Reduction Fund—this is in an Australian context, I should say, from Jotzo and Mazouz, and it shows that we are just paying out sunset industries. It does not really do much other than just providing mere compensation. I am going to talk about this now in the second mitigating strategy, but the focus should be on making investments—this is just in my opinion—rather than just compensating or paying out retrenched workers.

In that light I would like to draw the committee to my second mitigating strategy, which is investing in renewable energy vocational training. There has been a push in recent times for generating more renewable energy jobs and it has even been considered a conductor of a renaissance in Australia's manufacturing industry—although there has been criticism for governments lacking courage in terms of pushing for further growth in this sector. I would like to draw the attention of the committee to some key figures from the Australian Bureau of Statistics: in terms of full-time jobs in the renewable energy sector, from 2018–19 there were 26 850 full-time positions, which was a 27 per cent increase from 2017–18, and there was a 120 per cent increase over the previous decade. In terms of salary figures, in terms of weekly—

**The CHAIR:** Amogh, I might just ask politely if you could get to the main recommendations, because most of us have seen the submission.

**Mr ANANTH:** Okay, all right. Sure.

**The CHAIR:** That will give time for discussion and questions. I know committee members are eager to ask you questions.

**Mr ANANTH:** All right, I will move on. I have outlined the key figures here, and in terms of vocational training I just suggested this as an option for those who may not have the skills straightaway to consider the certificate II in electrotechnology, which is conveniently located at Yallourn. As I said previously, I would recommend this more strongly than the previous strategy. In terms of generating revenue for the subsidies, I have suggested a feedback system, and this is advantageous because it enables renewable operators to become recipients of feebate employees and it also creates a strategy as a viable funding source for the previous mitigating strategy. I know that in the previous witness's discussion there was the matter of powerlines and going underground, but I have made a suggestion in terms of repurposing existing transformers, just working with the already existing infrastructure and reworking it to make it fit renewables.

That is basically the gist of my submission, so I am just going to say this one more time: I think the focus should not be on compensation, rather I think it should be more on investment and investing in the future of renewables, ensuring that we can use the existing labour force and reshape them or retrain them as required so that they can contribute to a more renewables-focused energy sector.

**The CHAIR:** Thank you very much for your thorough presentation. On that note I might actually pass over to committee members to ask some questions. I might go to Mrs McArthur, who is patiently watching.

**Mrs McARTHUR:** No. Look, I will hand over my questions to Melina, if you like.

**The CHAIR:** Okay. Ms Bath, over to you.

**Ms BATH:** Thanks, Chair. And I am assuming that we are probably on limited time because there was a fairly comprehensive opening session there. Thank you, Mr Ananth. Can you tell me your background? Are you based in Melbourne? I just want to understand the level of your investment or involvement in this hearing. You have done a comprehensive desktop summary of what is happening in Europe as a comparison. I am interested to know whether you made any inquiries into the valley. Have you spoken to any of the power stations there or the renewables sector? Can you paint that picture for us?

**Mr ANANTH:** Sure. I am from Melbourne. I did have a look at the Latrobe Valley. I looked at various websites. But I should say I originally did this as part of a university subject—as an assessment task on renewable energy. Because this happened to be a hot topic in the media, I thought, 'Well, I may as well make it a real-world exercise and submit'. In terms of the European case study, I consulted on this topic with my lecturer, and he suggested that it would be a good idea to consider the European strategy, especially because this is a Victorian parliamentary committee, and he said the people who make submissions are probably going to make locally based submissions. He said this is a good case study to look at because it is a fresh perspective that other people may not have considered. That is the background, if that makes sense, in terms of where I decided to get this European case study from.

**Ms BATH:** Thank you. And I think the committee will view it in that context. I thank you for your response. My final question would go to retrenched Yallourn workers studying in an electro-technology course, and I know that quite well because my son is actually studying in that course—he is becoming a sparky in Gippsland, which is good news. But I am going to challenge that theory, in that there are about 1000 workers at Yallourn who are going to lose their jobs come 2028. Is it wise to have all those people going to do this electrotechnology course? Is there capacity in the TAFE sector at the moment and/or into the future? Is there sufficient support staff? I want to kind of delve into that and challenge that as a basis. I think the point of view you are saying is we need to transition to renewables and this is one avenue, but by all means would you like to elucidate that?

**Mr ANANTH:** Sure. We do have time. I think you mentioned 2028—is that correct?

**Ms BATH:** Yes.

**Mr ANANTH:** Yes. Pardon my maths, but what is that—six years? That is a significant amount of time. Obviously it is an option; I am just stating it as an option. The government may find other options, but I think it is more the sentiment that counts, because we want to avoid, as I have emphasised, mere lump sums. I mean, maybe it could be an option. When we sit down with the workers we could make it more on a case-by-case basis and just make it an option. That is one thing. The other thing is maybe we could do it in batches. Especially with the pandemic being the way it is, the more that we have the chance to sort of upskill or re-skill,

that is going to be advantageous. So, I mean, look, we could do it in batches over the next six years, right? It could be implemented in batches. It could just be an option. I am assuming we are not going to be retrenching all of the—I think you said, was it, nearly 1000 workers? I am not sure if we are going to be retrenching all of the workers at the same time, but if it is going to be done gradually, perhaps we could offer places as those batches are retrenched.

**Ms BATH:** I think it is highly unideal to have an exit strategy over a period of time. My understanding from EnergyAustralia is that the power station still needs to work at capacity until that time. So the logistics around that might be challenging, but I thank you for your commentary anyway.

**Mr ANANTH:** All right. Yes. So from my point of view, I am just providing options. These options may not be the most ideal, but I think they are options nonetheless.

**The CHAIR:** Thank you, Amogh. Thank you for that. I might pass over to Ms Shing. Ms Shing, do you have a couple of questions to ask?

**Ms SHING:** Thanks, Mr Ananth, and thank you, Chair. I want to pick up on a couple of things that you have talked about in relation to stimulus payments and therefore being able to deploy them to retraining as a better model—based on the European experience—than compensation and the Kohleausstiegsgesetz having been something which the community has been very resistant to accept given the impact it has had on their hip pockets. You have mentioned the €4.35 billion payout which was really significant for compensation payments, and I want to focus on what has happened in the Latrobe Valley as part of the payments that have arisen under redundancy agreements and also a worker transfer scheme. I am not sure if you are familiar with that scheme, which was developed and negotiated and implemented as the very first one in Australia as a consequence of the decision by Engie to close Hazelwood. But also the retraining which has been done through the Latrobe Valley Authority in partnership with the Gippsland Trades and Labour Council, Gippsland TAFE and private industry is something which I think goes to the heart of what you have talked about.

I would be keen to get your impression based on the work of the Latrobe Valley Authority in fact to partner with educational training opportunities, pathways, unions, business and the community and the extent to which that fits alongside your recommendations as you have put them in your presentation today and to get a bit of context from that. I think your academic expertise and perspective is really useful, but also what that means in a practical setting I think will be of direct relevance for the committee too.

**Mr ANANTH:** Yes. So, I mean, I think from doing my initial research last year—I am just trying to, you know, take my mind back—I do remember looking at the Latrobe Valley Authority's website and I do seem to remember looking at the worker transfer scheme, but I cannot remember off the top of my head. But, yes, I think that would be a great idea. I think your question alluded to having the Latrobe Valley Authority endorse transfers, was that correct?

**Ms SHING:** Well, it has a central coordinating role in relation to the worker transition scheme, working with coal-fired power generators and operators and then also working alongside training providers, the trades and labour council and others to get workers retrained. Rather than the stimulus payment that has been done through access to educational pathways. That is something which this committee and inquiry has heard a lot about as to how that has actually impacted upon workers affected by the closure of Hazelwood.

**Mr ANANTH:** Yes. I think that is a great idea, and I think that works well with the strategies that I suggested.

**Ms SHING:** Great. And just with the last little bit of time that I have, in the context of Yallourn and that six-year notice period, when it was announced last year there were seven years—which is the longest notice period of any closure in Australia—negotiated with the operator. I am keen to understand your view around a phased closure and what that looks like—on the one hand being able to supply energy with the security that is needed for demand, but on the other hand to actually ease into transition in a way that has occurred in other jurisdictions.

**Mr ANANTH:** Yes. I seem to remember when I was doing my research that I was looking at other jurisdictions, and I think this might have been covered in the unit that I did, which was 'Climate at war'. I seem to remember looking at South Australia. Yes, it is a challenging process, but I think because we have got so

much time I think we can see what works. Obviously we do not want to cause disruptions in terms of power supply. I think that is probably the most important thing to prioritise as we work through these challenges. But, I think—

**Ms SHING:** So to your mind is that addressed by an increased investment in training as it relates to new energy and market opportunities, including solar—renewables, I suppose?

**Mr ANANTH:** Yes, with renewables, especially with things like rooftop solar. I mean in terms of my home our family decided to get rooftop panels that were subsidised—I cannot remember if it was the state or the federal government. You will have to forgive me for—

**Ms SHING:** Well, the home of Solar Victoria is in fact in Morwell, which is right in the heart of the Latrobe Valley, which is I think a big part of the work the Latrobe Valley Authority is doing. Thanks very much, Chair. I will leave it there. Thanks, Mr Ananth. That has been a really useful submission. I really appreciate the time you have put into the presentation today.

**The CHAIR:** Thank you for that. I might pass on to Mr Meddick to ask a couple of questions. Mr Meddick, over to you.

**Mr MEDDICK:** Thank you, Chair, and thank you, Mr Ananth. I am quite interested in the comparisons between Europe and Australia, particularly in Victoria, because I think where someone else has already done it there are always lessons to be learned: this is the way to do things, this is not the way to do things. When you have got an example you can do that. I think Victoria is doing really a cracking job in that respect.

I am just curious in that you mentioned this incredible amount of money that was a compensatory package to these power companies. I am just curious: those amounts of money that were compensation, were they tied through legislation to retraining of workers transitioning into other industries or renewable power generation, or did an amount of that money then have to be dedicated strictly to payouts for people who were wanting to retire? Or was it just simply, 'Here's an enormous amount of money as a power company. Thanks for doing what you've done over the years, but see you later', and were the workers left hung out to dry? I am just curious how that all worked. If it was that there were certain amounts dedicated to retraining and transition, what was the success rate around that? Do you know, or was that not really covered in your research?

**Mr ANANTH:** I think I might have to take that one on notice. Mr Woodyatt very kindly translated a significant chunk of the legislation for me, and then of course I Google translated the whole piece of legislation. Of course it was dodgy, so that was why I sought someone to help me out. But I can go back and take a look. But just from memory there was a bidding process, and I think that was based on how ambitious energy providers were in terms of committing to their coal exit. So I think it was based on that, just from memory.

**Ms SHING:** Yes. Just to intervene there, there were conditions that were part of what capacity generators could put in as part of their closure plans and what that looked like as far as phased transition, given the overall time frames for the exit strategy—if that helps.

**Mr ANANTH:** Thank you, yes.

**Mr MEDDICK:** It does. Thank you.

**The CHAIR:** If committee members do not have any more questions, we might actually conclude on time. So I will thank you, Amogh, again for your presentation. I really did enjoy seeing the comparison—seeing what other jurisdictions globally have done and how it compares with our state—but obviously some of those programs I am guessing were done at a federal level and coordinated by the federal government. That is really the only question that I had. So was that the German federal government or the state governments in these German regions?

**Mr ANANTH:** I am trying to remember now.

**Ms SHING:** It was shared. Sorry, Mr Ananth, I am just going to interrupt you there. The overall national government auspiced the scheme, but it was then shared. So the east German component and the Rhineland component then had localised arrangements for funding, but the lion's share was delivered and shared across the country—

**The CHAIR:** Thank you very much for that.

**Ms SHING:** which has happened in other jurisdictions as well—

**Ms BATH:** Thank you, supporting witness.

**The CHAIR:** Thank you very much. Amogh, again, thank you for your submission and presentation today. I really enjoyed it. It was very informative. It was a pleasure to have you.

**Mr ANANTH:** My pleasure.

**Ms SHING:** Thanks, Mr Ananth.

**Witness withdrew.**