

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into the Closure of the Hazelwood and Yallourn Power Stations

Traralgon—Wednesday, 2 March 2022

MEMBERS

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Mr Bernie Finn—Deputy Chair

Mr Rodney Barton

Mr Mark Gepp

Mrs Bev McArthur

Mr Tim Quilty

Mr Lee Tarlamis

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Ms Harriet Shing

Ms Kaushaliya Vaghela

Ms Sheena Watt

WITNESS

Ms Erin Coldham, Chief Development Officer, Star of the South.

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 respect to their elders past, present and emerging. I wish to welcome members of the public in the gallery today.

My name is Enver Erdogan. I am Chair of the committee, and I would like to introduce my committee colleagues: Mr Rodney Barton and Ms Melina Bath.

To witnesses appearing, I will just read out a short statement. All evidence taken at this hearing is protected by parliamentary privilege as provided by the constitution and the Legislative Council standing orders. Therefore the information you provide during this hearing is protected; 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, and you will be provided with a proof version of the transcript following today's hearing. Ultimately transcripts will be made public and put on the committee's website.

We welcome your opening comments and ask that they be kept to a maximum of 5 to 10 minutes to allow plenty of time for discussion with the committee. Could you please begin by stating your name and the organisation you are representing for the benefit of our Hansard team, and then start your presentation. Over to you.

Ms COLDHAM: Thank you, Chair. My name is Erin Coldham. I am the Chief Development Officer at Star of the South. It is great to be here on Gunaikurnai country, and I would also like to acknowledge the traditional owners of the land and pay my respects to their elders past, present and emerging in this wonderful region.

I would also like to thank the committee for the opportunity to make some remarks into this inquiry, and certainly it is a very important topic and one that we have been paying close attention to at Star of the South.

I will start off by saying I am not a born and bred Gippslander, but I have spent a lot of time over the past four years in Gippsland talking to people from across this region. What I have heard in their stories is a strong affinity to this region's proud history of generating power for the state and the country. It is something that we have heard not only here in the valley but also as far as the coast and everywhere in between. If people have not directly worked in the power stations, they have had family members, cousins, grandparents, aunts, uncles, or they have supplied—they have been local businesses that have supplied to these power stations. So we know that this is a topic that is critically important and one that we are very conscious of as we seek to develop a new technology.

It is not a surprise to people in this room that we are seeing the closures, and naturally we have seen Hazelwood close, Yallourn has brought forward its closure date, and there is ongoing speculation about the Latrobe Valley's remaining coal plants and the remaining coal plants from across the country. So it is not surprising, again, that people in this region would ask: what is next? So that is where I come in in terms of this inquiry, and where we have focused our submission is in one of those technologies of the future.

We do feel there is a lot of room for optimism for this region, and one of the secrets to let the committee in on is that Gippsland is home to the best offshore wind resource in the country. So perhaps it is not a secret to everyone, but for those who are hearing about offshore wind for the first time, we do believe that Gippsland has a very rich resource that has not yet been harnessed but certainly has the opportunity to be harnessed going forward.

If I look at what we have been doing at Star of the South, we have concentrated on that Bass Strait resource. For the last four years we have been exploring up to 2.2 gigawatts of offshore wind potential. Now, to put that into perspective, particularly for members of the gallery here, we have 2.2 gigawatts, so that is about 20 per cent of the state's energy needs or enough to power 1.2 million homes, so quite a large-scale renewable project. It

would be one of the largest renewable projects in the country. So we are a little bit ambitious with the first offshore wind project, looking to go quite large.

In terms of how that translates to opportunities, one of the things that has come out in all of our conversations with community members is: what is the opportunity for jobs, what is the economic investment in this region that can come from an offshore wind sector? And we can be quite optimistic around that. While we do not have any offshore wind farms in Australia yet, we have seen from other countries, such as the UK with the Hull region, where there has been transformation of regions in decline from other sectors to thriving from these new offshore wind opportunities. So we have a focused effort, knowing that that is an important aspect to this community. We have an opportunity. These are long lead times for projects like ours, so let us get in early, talk to the people in this region. Some of the authorities that I have mentioned in our submission—the Latrobe Valley Authority, Regional Development Victoria, the Committee for Gippsland, which is a group that we are proud members of, as well as many others from across the region—have been wonderful in facilitating connections with businesses and connections with training and education institutions such as Federation Uni and TAFE Gippsland. So it is one of those opportunities where we can get in early, start to have some tangible conversations. Last year we brought an industry development manager into our team who is focused on some of these initiatives, just to name a few.

How do we make this tangible? It is a very big thing, you know: coal workers, offshore wind—what is the match here? So one of the things we are doing is collaborating, for example, with EnergyAustralia. On the day of their announcement some 12 months ago we connected over the phone and said, ‘Right, you’re going to start transition planning; we’re planning for a future workforce. Let’s understand skills exist here in the coal plants and how we can paint a picture of what that looks like for offshore wind, because we know there’s overlap’. And so what we are doing is creating with those who have worked in offshore wind globally job descriptions, one-page position descriptions, that highlight: this is the type of job you can have in offshore wind. So we can see how that overlays with the skills, and equally we can share that with the training and education centres to determine whether these courses exist or whether they are new courses that need to come to fruition before an offshore wind sector gets up and going to maximise employment in the region.

There is still a long way to go. I think it is important to say that these new technologies and industries do not materialise overnight. But it does give us the opportunity to do some of that early planning work, and we have been welcomed into this community, as I say, by a range of organisations but equally the coal operators as well as other major employers in the region.

So just in closing I do want to say that we are very privileged to be part of this community, personally coming to Gippsland and being welcomed in. Equally we were very proud over the past few years to open a local office in Gippsland down by the coast, having staff from Gippsland on our payroll wherever we can in this development phase, putting money into the economy, such as printing of newsletters and everything that we can do in this development phase, and actually making sure those dollars go into Gippsland. Looking into the longer term we have set up an industry capability network portal which has over 500 businesses registered, some 70 Gippsland businesses who are keen to participate in our project, and that is a key opportunity for us to engage and make connections with international companies who have expertise in offshore wind and see where we can get partnerships happening. So it is something that we will continue to do knowing that the future of this region is looking for those new opportunities, and I am certainly happy to take on any questions as part of this inquiry process.

The CHAIR: Thank you, Ms Coldham. That is very informative and a good beginning, especially after reading your submission as well; it complements that. On that note I might pass over to Ms Bath. Maybe, committee members, we can have 10 minutes each, and then if there is more time we can go back around.

Ms BATH: Sure. Thank you very much for coming. I know we have had a number of flat-screen engagements and in person a number of years ago, and I can as a long-time resident of Gippsland tell you it will take the clothes off your clothes line, it is that windy. So looking around the world, you have discovered that Gippsland is certainly a windy place, which is fantastic for jobs and renewable energy.

I think generally in this room there would not be a person who would say this is a bad idea; there is genuine wholehearted support for this overwhelmingly. What I would like you to explain to the committee is some of the, if I say, vulnerabilities of this project. You are in the developmental phase. You are having good

communications with entities. Where can it go wrong, and what should a panel like ours listen to and make recommendations to government about to support it so it will not go wrong?

Ms COLDHAM: Thank you, Ms Bath. It is a very good question, and one that I think is important to touch on is the role of government in bringing the offshore wind industry forward. There is ultimately so much we can do as the private sector and as the investment community to explore the opportunity. But ultimately offshore wind is one of the fastest growing global technologies in energy around the world, so there is competition for funds, if you will, and locations to invest. One of the things investors look for is policy certainty. So to touch on and certainly to acknowledge some very positive developments last year for offshore wind, in late November we saw the Victorian state government commit to three projects, and ours was one of those, and some development funding, some—certainly I can speak for our project—\$19.5 million to help with those next stage of development activities, and certainly that has shored up, I believe, \$96 million in private sector funding over the coming years to come into Gippsland. So that was an important signal to the investment community, but there is longer term involvement needed.

The second piece of the equation is the Victorian government's offshore wind sector strategy, which was again a commitment out of the 2020 budget, I believe. Seeing some of the thinking around that strategy and how government sees offshore wind playing a role in the energy transition is very helpful in terms of timing but also capacity amongst the other technologies that might be coming in at that point in time.

And just to touch on the federal government's contribution—similar timing to the state government announcements—we saw historic legislation pass through the federal Parliament enabling offshore wind. So the Offshore Electricity Infrastructure Bill was passed and will come into effect on 2 June this year—again, another very important signal. Having said that, there is still more work to be done in that space, with detailed regulations, declaration of areas that are suitable for offshore wind and the awarding of long-term licences. So they are ongoing hurdles that we will need to continue to overcome before we can see an offshore wind industry materialise—and certainly any involvement from government is very welcome, particularly in terms of any partnership we can do—and bring our industry experience not only from what we are doing on the ground in Gippsland but equally the technical capabilities that we have brought in from places like Denmark and the UK, where people have been working for 10, 20 years in offshore wind, to ensure that that knowledge and those lessons are being brought into the policy settings also.

Ms BATH: It is very promising, and I am pleased to hear that the federal government has brought in that legislation and that it has gone through, because I know that that was one of the gates that had to be passed through. If we look at the environmental aspect, you certainly would have to go through an EES and/or other investigations. Can you just explain to the committee what some of those are to, I guess, facilitate the fact that you are thinking of that environmental space as well as the energy space?

Ms COLDHAM: Certainly. Any project that we develop needs to be very mindful of the unique environment we have, not only out at sea in the marine space but equally for the onshore transmission that would come from the coast up and connect into the Latrobe Valley. So for the past two years we have been collecting environmental data on seabirds, shorebirds, marine mammals and fish. We have done onshore ecology studies. So you name it, we have done quite a lot of work, and I will say again contributing to the Gippsland economy in having our staff out in the region and our specialists doing those studies. But there is a big task ahead to calibrate that data, analyse it and prepare it into reports.

So just touching on the formal processes, we are actively going through an environment effects statement process here and an environmental impact statement with the commonwealth government through the EPBC Act. So those two processes—one of the complications of offshore wind is that we are in commonwealth waters but we also cross state boundaries. So being the first of its type, some of that information, all of those technical studies that we present—firstly, we will identify what the existing environment is like, what would the changes be if we were to implement an offshore wind farm and how can we minimise any environmental impacts through that process? But it does also require, naturally, the engagement and cooperation of government authorities to understand that information, make those assessments and give some certainty on the approvals in terms of what is acceptable and what is not. We expect to submit those reports over the coming years, but it is quite a lengthy process to go through before we can have that certainty as well.

Ms BATH: Thank you. Can I have another one?

The CHAIR: Yes. According to me you have still got 4 minutes.

Ms BATH: Thanks, Chair. Good. This inquiry is very much around the future and sustainability of jobs and ongoing jobs, from my perspective anyway. Could you just re-explain to the committee then, jobs during construction but then ongoing jobs and where they would sit in the landscape?

Ms COLDHAM: Yes, certainly. First of all during construction—and actually the number two question we get asked is about the jobs that people can expect from this project. The number one question is: when are you going to start? When is construction happening? Because people want to see some action, but certainly jobs is a very key topic. So we undertook some early modelling, some economic modelling, and I refer to our submission and some of the numbers in there. What that told us, and again modelling is based on a set of assumptions, so those assumptions that we took in for a 2.2 gigawatt project, we can expect to see around 760 direct jobs in the Gippsland region. There is quite a big effort in terms of the civil construction and the onshore works to build that project. Equally, during the long-term operations and maintenance phase, that is where would see some several hundred ongoing jobs, and the types of skills that we will need are very similar to what exist in this region, so just to name a few: boilermakers, welders, mechanics and electrical engineers. These are all skills that you need for an offshore wind sector. And we typically do see more jobs with offshore wind compared with onshore renewables, just given the highly skilled nature of the work and the logistics out at sea. Looking at the geography, naturally the coast is not right here in the Latrobe Valley, but certainly there are opportunities for this region. It is about having those conversations, understanding where some of the barriers might be and seeing how we can facilitate those jobs going forward.

Ms BATH: Now I will ask you my first question second—for a time line in an ideal situation. I know we have talked about this, but I just think it is important for Hansard and the committee.

Ms COLDHAM: Certainly. We are really conscious of the time lines, and like I say, when we saw that Yallourn had brought forward its date to 2028 we saw that as a really important time frame to have new power coming into the system. So that is a target date that we would love to have our full operations up and going by, but naturally we need to continue on the approvals course and see some of those things keep in step with what we are doing. But it is certainly doable. So our approvals will take us through to 2024, we expect, and then certainly in 2025 we would be looking to make those final investment decisions and going forward with construction and operations. Certainly—as I say, we are an optimistic team—we think it is achievable, but it certainly will require everything to continue at a good pace.

Ms BATH: For the gates to open at the right time, both on a federal level and through regulation and requirements on a state statutory level.

Ms COLDHAM: That is right—certainly approvals, grid connection processes, all of the different permits that you need to have those assurances that you can go ahead with your project. Procurement is another thing I would touch on in terms of the global supply chain. As I mentioned earlier, there is quite a lot of competition for offshore wind around the world. It is quite a tight market, so attracting the interest of those global suppliers to come and spend time and look at the opportunities here in Australia is another important consideration in how we can go forward.

Ms BATH: Thanks, Chair.

The CHAIR: Thanks for that, Ms Bath. Mr Barton.

Mr BARTON: Erin, thank you. This is a really interesting project, isn't it? I love it. So where are we exactly at the moment? We have got the environmental impact happening now, and then we have the feds opening the gate in June. What happens now? What other hurdles are there on the regulation side of things?

Ms COLDHAM: Sure. Maybe just at least ticking off what we have done, because it always good to know, what we have got confidence around is the actual wind. Ms Bath touched on this. It is very windy out in Bass Strait, and we have had those wind- and wave-monitoring devices out for more than two years now, which has given us some good assurances around the opportunity. All of that environmental work is continuing, so those processes will continue to evolve. I guess you could say it is a hurdle in terms of how some of the potential impacts will be understood and received, what feedback we might get on those and how that might change the

project and the way we go about things. So we expect that to occur at least over the next two years as we go through those processes.

As I mentioned earlier—and again, I do not speak for the federal government—our understanding is they are working on the more detailed policy and the regulations that will enable the *Offshore Electricity Infrastructure Act* to operate as it is intended: so the actual licensing scheme, how to go about applying for a licence, what the cost recovery framework looks like and certainly then going forward into the actual declaration and the necessary consultation with people not only across the region but the other users of the sea that might be out there, to ensure all of those checks and balances before licences can be awarded. So again, I do not speak for the federal government, but that is our understanding of the process and we will continue to engage with them on those next steps as we go through.

The other point I would touch on, as I mentioned earlier, is grid connection. We are in a very complex landscape with generation coming out, generation coming in and the coordination of that. So perhaps touching back to the Victorian government's role, it was pleasing to see investment in the new body—VicGrid, I believe it is called—with the renewable energy zone development, and I understand there is further ongoing policy work in that space. We will be very interested to understand the outcomes of that and whether there are changes to the way that transmission in the grid and the market currently operate, because there is quite a lot of change and volatility going on at the moment.

Mr BARTON: I am assuming the wind is more consistent offshore—that is why we do it—and that offsets the cost, and I am assuming it is a lot more expensive to build out there than chucking it up on the coastline itself. Obviously it is new for Australia, but how many countries around the world are already doing this? And they have been doing it for 20-plus years or something, haven't they?

Ms COLDHAM: Yes. Thank you for the question, Mr Barton. It is a very fascinating journey that offshore wind has been on. The first turbine was installed in the ocean in 1991, and since that time we have seen the UK really ramp up its ambition in offshore wind, so that is one of the market leaders in offshore wind. They have a target of 40 gigawatts of offshore wind by 2030. We have also seen the recent acceleration of offshore wind in the United States. Another project within our investor's portfolio is the Vineyard Wind 1 project. Eight hundred megawatts has just broken ground off the coast of Massachusetts, and we are seeing quite a strong pipeline—again I think a 30-gigawatt target by 2030, working up to 100 gigawatts of offshore wind by 2050.

Now, I have touched on the Northern Hemisphere, but where it gets really interesting is in the Asia-Pacific, and they are expected to be the market leaders in offshore wind over the next 10 years. Japan, South Korea, Vietnam, India—all of these countries are seeing it as a very attractive option to shore up their renewable energy future. The reason why—you have hit the nail on the head—is that with wind being very consistent out at sea, projects can be built at scale because they are not competing with other land uses, such as agriculture or all those other things that we see on land, and the turbines themselves can be much larger, being out at sea. What we are seeing, just to put it into perspective, with the 13-megawatt turbines that are being installed in the Dogger Bank project in the UK is that one spin of one of those turbines will power a British home for two days. So if you think that one spin can power a home for two days and you think of having hundreds of turbines in the sea at that size and that scale and at a higher consistency, it starts to become a very attractive option, which is why so many countries are prioritising offshore wind as one of their leading energy technologies going forward.

Mr BARTON: What is the size of the project in terms of area size, and how many turbines?

Ms COLDHAM: Currently we have an exploration licence, which was granted to us through the federal government while the broader regulations were being worked out so that we could get the ball rolling. That is a 496-square kilometre area off the coast of towns like Port Albert, Yarram, Woodside Beach and McLoughlins Beach. As I say, that is an area that we believe could produce up to 2.2 gigawatts. If we look at the turbines—it depends on what turbines we choose, but at a maximum around 200 turbines. If we went for a much larger turbine—again, this is one of the complexities of working in a fast growing industry: we are having to assess a turbine that does not exist yet. Just to give an example: four years ago, when I started on this project, the biggest turbines that were being talked about were 10 megawatts. Now we have got 15-megawatt pilots going out, and so we are exploring up to potentially 18-megawatt turbines. So if you do the math on the division of turbines

and the actual capacity of each single unit, it helps you determine how many you would get, but up to 200 as a maximum.

Mr BARTON: And how far offshore—I know all these things are in play—would you imagine it would be? Is it a kilometre offshore?

Ms COLDHAM: Currently our exploration licence area at its closest point is around 7 kilometres from the shore out to about 25 kilometres. The reason why that area is so important is the sea depths. Ideally, to have the fixed turbine foundations you need sea depths of around 20 to 40 metres, which is perfect for that area that we are exploring.

Mr BARTON: One of the criticisms of turbines has always been that people complain about the noise. Will that be an issue if they are that far offshore?

Ms COLDHAM: The noise of the waves will far outweigh the noise of any turbine for people on the coast. Perhaps if you were in a boat right underneath the turbine, I am sure you would probably hear it, but certainly it is not a concern, typically, from what we have seen overseas.

The CHAIR: That is a good question, because that is actually what I was going to ask, Mr Barton. You and I had the same question in mind. Going on from that same issue about being offshore instead of onshore, what are the benefits of being offshore for the wind turbines?

Ms COLDHAM: Just going over some of the earlier ones: the consistency, the strength of the wind—it is a lot windier out at sea. Another one that is linked to the temperature is that it is cooler offshore. So on those very hot days, when sometimes the turbines can come under stress if it is over 40 degrees, say, it is typically cooler offshore, so you do not have as much of a concern.

The other thing that is fascinating—and this is a study we did in 2020 with data from the Bureau of Meteorology—is that we looked back over 30 years and we found a unique weather system that showed that every time it is hot, and I am talking about those 35-plus degree days where the electricity system comes under pressure and everyone is putting the air conditioner on, those are the times that the offshore wind is at its strongest in Bass Strait. So it is really interesting because it shows there is a direct link between the peak demand for electricity as well as when the wind is strong out there, and it is not correlated to when other forms of renewables are coming in. So on a daily perspective—we are getting a bit technical here—certainly what we have seen is that solar is very strong during the day. That is wonderful, but as the sun starts to set that is when we are going to need other things to come in. Again, towards the end of the day is when the offshore wind in Gippsland is a bit stronger. So that is why we feel it is an important contribution to the future energy system. It is not the only solution, but it has a role to play based on those unique weather patterns that we have seen.

The CHAIR: It is very important, because I think what we are hearing from this hearing is people want that information. I guess there is a lot of misinformation out there, so explaining how even during the peak demand period you are hopeful, based on your studies, that this will be able to meet the needs of the consumers—I guess that is always one of the concerns of transition.

I have another question, because we talked about the importance of communication, and it was fantastic to hear that you have had positive signals from the state government and now the federal government has introduced the offshore infrastructure Bill that was needed. So there is a bit happening, and I think signalling and community engagement is crucial. What have Star of the South done to engage your local communities, or the communities affected, to date, and what has been their response?

Ms COLDHAM: This has been a really core focus for us, and I note there are some members here who have been involved in our community engagement activities. We established early on that our project would be better developed if we got the input from locals and heard what the key issues were and where we needed to focus our attention. So one of the things we did, just to name some of the interactions—we have had more than 5000 interactions on this project with stakeholders since we started looking at the development, hundreds and hundreds of meetings. We established a community advisory group which features representation from across the region, so all the way from Lakes Entrance down to Waratah Bay, up here in the valley and everywhere in between, all representing different aspects, so people who are interested in birds, others that are interested in workers, and again we have got some worker and union representation on that group, so that we can come

together—it is independently chaired—and we can hear what is going on in the local communities and how that is relevant to the work we are doing. We also try to be part of the community, so we have opened an office in Commercial Road in Yarram; we have got some local staff. And we are certainly getting around to lots of events. I will say we have been pretty busy recently with all the events over summer, setting up our stalls and participating in activities like Traralgon Farmers Market and just trying to stop people on the street, because we know there are always people that will be very interested in this topic and come along to something proactively but sometimes you need to go where the people are, and we have found it has been very effective to participate in those festivals.

Ms BATH: You sound like a member of Parliament.

Ms COLDHAM: There you go. Well, we might come to a pop-up stand near you. Yes, that is right.

The CHAIR: That is fantastic to hear, because I think it is important to take the community along with you. One of the questions I had you have kind of answered, and both my committee members have also touched on it. I guess obviously the Yallourn power plant closure is now marked for 2028, and obviously it sounds like an exciting project and one of the first in Australia of this kind. You have partially answered it, but I am not sure if you have anything further to add: why does it take so long for this project to come to fruition? So you kind of did give us a time frame, but what are the, I guess, hurdles, or would you just turn back to your previous answer? Because you did touch on it, but I just wanted to ask you that question: why does it take so long?

Ms COLDHAM: Thank you, Chair. It is a complex task, I think, being the first project, because we are uncovering issues that certainly governments, regulators, have not had to deal with before, so that requires quite a lot of engagement. While it has been positive to see the progress that we have made, it really needs to continue at pace to get the project up and going to clear through some of those gates. It is important work understanding what the potential environmental impacts might be and ensuring that we are uncovering every stone in those issues and getting the agreement of all parties concerned, that we can go ahead in the way that we have planned, but also that there are long lead times for some of this construction equipment and those sorts of things. I heard recently a statistic from someone in the global supply chain who was in Scotland, and they said to me vessels, the large vessels—there are not many that exist around the world—that can lift some of these turbines, are currently booked out to 2025–26 in some cases. People are starting to book those slots. So we need to be almost progressing the project itself while the industry here in Australia is still working out how it might come to fruition.

So I think it is a positive sign that other projects are starting to be looked at around Gippsland and other parts of Australia. I think there are actually around 25 offshore wind farms now that have been popping up as dots on maps. It helps to attract that interest that Australia is serious about offshore wind. There might be some good opportunities here, and those suppliers can come and seriously consider us as a good place for further investment. Again, the stronger the ambition both from developers like us but equally from governments of all levels—it can be very powerful to attract that and accelerate the industry development.

The CHAIR: Thank you for that. I think that is a pretty comprehensive answer. I might pass over to Ms Bath to ask a couple more questions, and Mr Barton if he has any others as well.

Ms BATH: Thanks, Chair. I am interested in the manufacturing side of it. As they are not being manufactured anywhere other than probably in Europe at the moment, what potential capabilities could Victoria have to actually manufacture some of those components? Or is that in the too-hard basket? If it is not in the too-hard basket, what does government need to hear to help facilitate that?

Ms COLDHAM: Thank you for the question. It is another one that we get quite often, and I will start by saying that, yes, for the typical components for offshore wind we do not have a ready-made supply chain here. The equipment that is needed to manufacture these very, very large pieces of machinery is quite concentrated around the world, but this is where we have an opportunity. We are really at the start of that process, so this is what we call almost the matchmaking, so understanding from what we call those tier 1 contractors what the opportunities for localisation are. What we are doing at the same time is talking with businesses here in Gippsland, in the Latrobe Valley. I just acknowledge the Latrobe Valley Authority, who has helped with some of that capability mapping, but also Latrobe City Council, who have their policies and have freely provided us almost the prospectus of those Gippsland businesses so that we can start to look at, ‘Okay, well, if we’ve got

this capability here and we've got these very big contractors coming in, where can they contribute?'. It is also something that we have talked with various other industry representatives here in the region about, and I think that that is what we will see materialise over the next, I hope, one to two years—putting some more concrete detail on the specific components that could be a large opportunity.

I think also, just going to your point around what government can do, certainly when we see those opportunities for grants for businesses to upgrade their equipment and machinery there are some very tangible things that we might uncover in this process over the next one to two years that we would be very keen to put the spotlight on to government and say, 'Well, this is an opportunity. If we can see a bit of a pipeline or a bit of investment, perhaps this business would upgrade their capability or perhaps this international company might set up an office here'. So I would say it is a little bit too early to have the results of all of that, but it is something that we are focused on over the next one to two years.

Ms BATH: Thank you very much. That is a really great answer. With that, you know, there are some significant engineering companies in the valley that have had to wind back and/or diversify because of the closure of Hazelwood that would have had contracts in the mine et cetera. So that to my mind is a perfect partnership that could occur. What we do not want to see is them contracting to a point where they no longer have the capacity then to grow into componentry of wind farms, so I guess it is having that pathway for connection. Is that a reasonable feel?

Ms COLDHAM: Yes, that is right. So again, Star of the South is one project, and no-one wants a boom and bust where there is an opportunity perhaps for one project, but how can we look at what is happening more broadly across onshore renewables as well as the other offshore wind projects to make it more of an ongoing business proposition, particularly for the maintenance of these components? Perhaps just a small anecdote: I was recently at a Vestas factory, a wind turbine manufacturer in Lyndhurst, I think it was, and they actually supply to the whole of the rest of Australia. They actually also supply to parts of Asia with spare parts and ongoing maintenance, and it is because the opportunity was seen early. So we would like to see that in Gippsland, where some of this specialist expertise and the actual base for these companies can be, but certainly there are other locations that I am sure these companies are looking at.

Ms BATH: Competition. Thank you, Chair. If I can have one more.

The CHAIR: Yes, good to go ahead.

Ms BATH: Wind creates the electricity, but it has to be user friendly, so used when required. Marinus Link is another key issue around being that conduit for kinetic storage. What do you need in terms of the infrastructure changes in the valley, for the grid changes, to support this venture, and who do you need to talk to?

Ms COLDHAM: It really comes down to quite a few. I mentioned earlier the work that the Victorian government is doing with VicGrid and any changes to how transmission and those assets are regulated, similar to what New South Wales is doing with its renewable energy zone creation. So there is a role for the Victorian government in this space, but ultimately it is the Australian Energy Market Operator that we are in close contact with in terms of that grid connection and any network security concerns. We also have AusNet, the transmission network service provider. These are all important stakeholders for us to be talking with early, because we have seen projects in other parts of the state that have progressed to a point where they were ready but were not able to get the actual connection because of the complexities in the market, I would say. It is quite highly specialised, technical work and studies need to be done, and with all of the different generation coming in and out it does actually change the equation. So the timing particularly of some of the coal plants, when that comes out and how that then affects the way that the network operates and how other proponents might connect in, is something that we are going to have to keep probably repeating in terms of our estimates around that.

Ms BATH: Thank you very much, Erin.

The CHAIR: Thank you very much, Ms Coldham. On behalf of the committee I can say I found that very informative, and I am sure your presentation and submission from the Star of the South will assist in our deliberations moving forward. Thank you very much for joining us.

Ms COLDHAM: Thank you. It was a pleasure to be here.

Witness withdrew.