

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into the Closure of the Hazelwood and Yallourn Power Stations

Traralgon—Thursday, 3 March 2022

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Ms Harriet Shing

Ms Kaushaliya Vaghela

Ms Sheena Watt

WITNESSES

Ms Liz Westcott, Chief Operating Officer, and

Ms Lisa Gooding, Yallourn Transition Leader, EnergyAustralia.

The CHAIR: I declare open the Economy and Infrastructure Committee public hearing for the Inquiry into the Closure of the Hazelwood and Yallourn Power Stations. Please ensure that mobile phones have been switched to silent.

I wish to begin by acknowledging the traditional owners of the land, and I pay my respects to their elders, past present and emerging. I wish to welcome any members of the public that are in the gallery today.

My name is Enver Erdogan, and I am Chair of the committee. I would like to introduce my fellow committee members present here today, Mr Rod Barton and Ms Melina Bath.

To witnesses giving evidence, all evidence taken is protected by parliamentary privilege as provided by the Victorian constitution and also the Legislative Council standing orders. Therefore any information you provide during the hearing is protected against action for defamation, but any comment repeated outside may not be protected by law. Any deliberately false evidence or misleading of the committee could be considered a contempt of Parliament.

Ultimately you will be provided with a transcript of today's hearing to proofread, and then it will be made public on the committee's website.

We welcome any opening comments but ask that they be kept to a maximum of 10 minutes to allow plenty of discussion with and questions from the committee.

Could you please begin by stating your full name and the organisation you are representing. Over to you.

Ms WESTCOTT: Thank you very much. I am Liz Westcott, Chief Operating Officer with EnergyAustralia.

Ms GOODING: And I am Lisa Gooding. I am the Yallourn Transition Leader, also with EnergyAustralia.

The CHAIR: Excellent.

Ms WESTCOTT: Thank you very much for the opportunity to appear with you today. EnergyAustralia acknowledges that the Yallourn power station and mine is located on the traditional lands of the Braiakaulung people of the Gunaikurnai nation, and we acknowledge them as the traditional owners as well as their living culture and connection to country.

EnergyAustralia is one of Australia's largest energy companies, providing gas and electricity to around 2.4 million customer accounts. In Victoria we serve about 500 000 customers and provide 2500 megawatts of electricity generation from our power station at Yallourn as well as 900 megawatts of gas-fired power in Victoria, at Jeeralang, which is also in the Latrobe Valley, and Newport. And we are building Australia's first 4-hour battery also here in the valley.

The Yallourn power station has a very proud heritage. Since 1921 it has been part of the Latrobe Valley, when the former State Electricity Commission of Victoria built a temporary power station using brown coal. That pioneering project was a success and led to the subsequent power stations on the site, culminating in 1974 with the construction and operation of the power station we know today.

EnergyAustralia is committed to doing our share towards Australia's transition to net zero emissions and continuing to responsibly provide cleaner, reliable and affordable energy for Victorian households and businesses. We are determined to demonstrate that coal-fired power can exit the market in a responsible way that supports our people and ensures customers continue to receive reliable energy.

Recognising the strategic importance of the Yallourn power station, EnergyAustralia approached the Victorian government with a plan to retire Yallourn and transition to cleaner energy in a way that does not leave the workforce or the community behind. This resulted in the announcement on 10 March last year of

EnergyAustralia's plan to bring forward the retirement of the Yallourn power station to mid-2028, to provide a \$10 million package to support the Yallourn workforce and to build a 4-hour utility-scale battery of 350 megawatts, scheduled to be online before the end of 2026. Since our announcement in March last year we have been making progress during the early stages of the transition by finalising the site location of the Wooreen energy storage system, and it will be at EnergyAustralia's Jeeralang power station here in the Latrobe Valley. This energy storage system is a 4-hour utility-scale battery of 350-megawatt capacity, and it will be operating within the Latrobe Valley before the end of 2026. It will create around 80 jobs during construction, and we are committed to employing local people to help deliver the project.

We are also committed to delivering an energy transition that supports our people and the Latrobe Valley while locking in new energy storage before Yallourn retires. We have appointed our workforce transition partner, Directioneering, to understand the Yallourn workforce's needs and develop a transitional support program that will help guide and assist our people to plan for their future. For each of our people it will be different. Some will want to retire. Some want to have new careers. Some want to start small businesses. So our aim is to help guide our people through this decision-making process and equip them with tools they need for their success. In the lead-up to mid-2028 we will be supporting our people with a range of programs, including training and skills development, career planning, financial counselling and assistance for redeployment. We know the majority of our people want to stay in the Latrobe Valley following Yallourn's closure, and really they are seeking clarity on potential future employment opportunities. This is an area where government agencies such as the Latrobe Valley Authority have an essential role to play in both advising about potential opportunities and attracting new industries and businesses to the region. We really welcome the opportunity to work with the LVA and other Victorian government agencies on this.

Learning from the experience of Hazelwood's closure, funding directed to growing existing businesses and attracting new industries to the region ahead of Yallourn's potential closure could assist in a smooth transition for the local economy. Providing such funding ahead of Yallourn's closure would give businesses time to scale up or make investment decisions that create future employment opportunities not only for Yallourn's workforce but also for the broader community. We encourage government at all levels to develop and implement policies that will create economic growth and deliver long-term sustainable jobs for the region. We have developed a partnership between Star of the South, Federation University and TAFE Gippsland to map potential employment pathways from Yallourn to the offshore wind industry. We are also about to embark on a conversation with the community about the future of the Yallourn site and what should guide EnergyAustralia as we work through the vast potential this important land between Moe and Morwell has to offer.

Meanwhile our commitment to the social development of the Latrobe Valley region remains the same. In the lead-up to Yallourn's retirement in 2028 we will continue to maintain the power station, drawing in local suppliers and workers. This includes our community grant sponsorship programs and importantly our maintenance programs that ensure Yallourn's ongoing reliable operation to serve our customers. These programs draw in local suppliers and additional workers each year. All the while the health, safety and wellbeing of our people is our priority.

Securing approval of a final rehabilitation plan well ahead of Yallourn's closure will be a key objective for EnergyAustralia over the coming years, as this will help ensure workers can transition immediately to work on Yallourn's rehabilitation without any gap in employment. EnergyAustralia is open to exploring redeployment opportunities for our people to work with large employers in the region once Yallourn closes. With six years before us, we are committed to delivering an energy transition that supports our people and the Latrobe Valley while locking in new energy storage capacity before Yallourn retires. The announcement of Yallourn's retirement date last year was the first step in delivering on this objective, and we will continue to collaborate with our stakeholders as we work to repower Victoria. Thank you.

The CHAIR: Thank you, Ms Westcott. That was quite a detailed and informative opening statement and presentation. I found it interesting to hear the work you are doing in terms of transition, and it was fantastic to hear about the collaboration between a number of locally based businesses, the TAFE sector and government. I might pass over to committee members to ask the first questions. I might pass over to Ms Bath first.

Ms BATH: Thank you, Chair. As the only upper house member for Eastern Victoria Region here, I will carry on all the questions for the Eastern Region MPs. Thank you. I think this is quite a landmark day in a way, because this is a really important day. We are hearing from three power generators that really have been and

continue to be the pivotal energy source of our state—and our country at times as well. So thank you for being here and sharing your very important views, as will the others later on this morning.

Yesterday, it is my understanding, the new CEO for the LVA made mention that in his opinion coal-fired power stations would be ended by 2032. Now, that came as a surprise for me. What I would like you to walk me through from EnergyAustralia's point of view is: you have been a stable source of electricity, dispatchable, 24/7. What is our future going to look like and what will be the risks to interruption of supply—whether that date is correct or not I would question—as we move through this transitional period? What are risks to supply?

Ms WESTCOTT: When EnergyAustralia were thinking about our transition to clean energy and how we were going to keep the system reliable and affordable, that was very much at the heart of our thinking around our closure with Yallourn. And so our stakeholder engagement is to work closely with AEMO, the market operator, who is responsible for understanding how the whole system will work together. At EnergyAustralia we are very responsible for making sure our power stations are reliable and available when needed and that we are very clear with the market on our plans. And so by giving a seven-year notice window we were very conscious that we were giving the market and industry and community groups sufficient time to plan for this transition. It does take time; it takes time to build new power stations, it takes time to build new storage systems. We are committed to building our battery storage system, but we do not try and pretend it is somehow replacing Yallourn. But it is a part of the future that is needed by Victoria. We expect others to participate in building and delivering systems and energy that is needed by Victoria, and with now six years to go we are confident that, with AEMO's modelling, companies and others will come and deliver additional energy as needed by the system.

Ms BATH: Thank you. And in no way should it all sit squarely on your shoulders. You are the next cab off the rank that is having to deal with this very real problem. As you said, there are the market operators—AEMO and the players there—but what do you need from us? We are an upper house parliamentary inquiry that will make recommendations and give feedback to the state government, so from this point of view what do you need us to know to assure that pathway? And I am not talking jobs yet—I would like to talk jobs in a minute—but the electricity supply to power our state. What do we need to know to feed back to state government?

Ms WESTCOTT: It is a good question. The openness and transparency with which the industry works with government I think is critical for all of us to continue to have a reliable and affordable future, and so encouraging companies like us but all parties in this system to be transparent and work for the collective outcome is I think the best outcome here. No one part of our system can solve this problem. Government, regulators, agencies and companies all need to work together to give Victoria the best reliability and also the lowest cost solution as we transition to clean energy. I think if we can continue to be open with each other around the challenges we are facing in small decisions or big decisions and work collectively on the problems that the industry has, that will give us the best chance here.

Ms BATH: Thank you.

The CHAIR: Just on that point—

Ms BATH: Sure, Chair.

The CHAIR: because I think it is an important point and I just wanted to work out what it is about—I guess, what steps are you taking to make sure Victorians still have access to reliable energy? I mean—

Ms BATH: Well, I think they sort of answered that in the first part. And the second part I guess was: what do we need to know and what do we need to feed into government as to how to continue this very transparent, stepwise, process? What are some of the flags that it will not be working? I guess maybe I will flip that.

Ms WESTCOTT: I think for such a complex and large system—electricity supply—time is very important and people need time to plan.

Ms BATH: Yes.

Ms WESTCOTT: We demonstrated that we could give seven years notice on a closure of a very large part of the system, and here we are with six years to go and we need this time, collectively, all of us, to be able to

plan in a way that allows people to plan as well. Building power stations does take time. Dealing with stakeholders and addressing community concerns are best done with time—encouraging all participants to foreshadow what they think is needed with sufficient time so others can respond.

Ms BATH: Thank you. It goes, I guess, back to your point in your submission about learning from this experience, and that was the Hazelwood experience, and funding to grow existing businesses, which is really I think a key plank in this whole issue. If I can turn to the jobs aspect of the plan as well, you will be transitioning your workers into, as you have said, retirement or hopefully other locally based industries. As part of that plan (1) for electricity but (2) for employment, businesses and industries, again, what do you want to see? What are some of the key things that you want to see—milestones or engagements? How do we know it will be working for you and for the valley?

Ms WESTCOTT: I think one of the learnings that we have taken away from the closures of others is the importance of doing things before other things happen, and for us, we need to build replacement energy in the system before we close Yallourn. For our workers we need industries and we need new opportunities with sustainable jobs in the region before they are no longer required at Yallourn. Getting that order right is very important. If a worker finds there are no opportunities locally at the point they are no longer required at Yallourn, they will go elsewhere and those opportunities then cannot be fulfilled. I think if we can work together with the local government agencies, all levels of government and the LVA on growing the existing businesses but attracting new industries that have sustainable jobs to the region, that will be our hallmark of success. Seeing that in advance of the Yallourn closure would be the milestone that shows we are on the right path here.

Ms BATH: Absolutely. Thank you.

Ms GOODING: Could I just add to that.

Ms BATH: Please.

Ms GOODING: I will just introduce myself. I am Lisa Gooding. I am the Yallourn Transition Leader. I grew up here in the Latrobe Valley, and like many people in this region I have had family work in the power industry for many generations, and they still do. So I think the change that we are really seeing in the community now is acceptance that the change is coming; the problem is how we best do it. I think that goes to Melina's question there. I think what Liz was saying in terms of the importance of a plan is critical. When I talk to our employees about what it is that they want or what training they might do, they say, 'I don't know what training I want to do. Tell me if there's a job at the end of it and I'll tell you what training I'll do'. So getting that sequence right, creating those opportunities ahead of our closure—we have created the space by giving seven years notice to enable that to happen, and we hope that we can grow industries within the power sector but beyond in this region so that those people have something to transition into.

Ms BATH: Yes. I could not agree more. I am being formal in this inquiry; it is not the way I speak to people outside. But Ms Westcott, 'sustainable jobs' is something that I keep saying over and over, because I hope I am reflecting the will of the Latrobe Valley people. It is really important. We need the fantastic livability and our hospitals, but we need to be able to afford them and we need those well-paying jobs to afford them and that transition. Chair, can I have one more?

The CHAIR: No, no. Go ahead.

Ms BATH: I am interested—and it might be a slightly sticky topic—in relation to the closure date and the power supply and the ability to keep the investment in your power station. Could you talk us through some of those issues that you are working through?

Ms WESTCOTT: Yes. So one of the key decisions with putting out the mid-2028 date for Yallourn was to give certainty to our workforce that we will be here till then as much as it is that we were bringing forward a date as well. We are very committed to having Yallourn stay in the system. Going back to our prior conversation on the Victorian reliability of the system, we believe it is still required. In time it may be that other things get built, but today Yallourn is required to mid-2028 and we are investing in retaining that asset. We have \$200 million to \$300 million we spend every year at Yallourn in maintaining the asset. Yes, it is old. It needs a lot of maintenance. But we run our outage systems, we have spent a lot of money over summer keeping

the units running and we intend to continue with that. We are working hard with our suppliers, extending their contracts to the end of life, ensuring that we have continued support for Yallourn and that we will continue to maintain a very reliable power station.

Ms BATH: Thank you. Do you want me to have a rest and I will come back again?

The CHAIR: Yes. Mr Barton, over to you.

Mr BARTON: Thank you, Chair. I just want to go on with what Ms Bath has said. I am concerned that we have heard of some great projects in offshore power, coal-to-hydrogen projects and all that but that they are very early in their stages. You are producing around 20 per cent of Victoria's energy. It is not your responsibility, but are we going to be able to have all those renewables timed right to make sure we can pick up where you have left off? I have not heard anything yet that convinces me that everything is going to be wonderful. What is your company's future in producing energy? Am I reading this right, that you are going to remove yourself from there—from producing energy itself and just have the battery?

Ms WESTCOTT: No. So particularly in Victoria, if we just stay with Victoria, we have 900 megawatts of gas-fired power generation, which we are going to continue running. The gas-fired power generation has traditionally formed a role to peak when the coal plants are insufficient, on high-demand events. In time the renewables will do a lot of the energy work in the middle of the day, but not always, and they certainly cannot always do it for 24 hours. We see the gas power generation playing a role for now in that space. Eventually in our clean energy future other technologies will be commercially scaled and be able to perform roles in those times. But for the decade we are thinking of the gas-fired power generation is vital, and we are going to continue running our gas-fired power generation at Jeeralang, which is in the Latrobe Valley, as well as in Newport to support the state's supply. That is our commitment to the world, as well as the battery, which is going to be a 4-hour battery, which today is not what batteries do. So it will be a much longer duration battery than we are used to having in the system, and it will perform a great role in the valley to support the coal generators as they retire.

Mr BARTON: When Hazelwood was closed there were opportunities for the workforce to move into the other power stations. That is not going to be a feasible option now. How do you feel? Particularly if the other energy producers also bring them forward it is going to be a challenge, I would think.

Ms WESTCOTT: Certainly transferring workers from one power station to another is a good opportunity in a closure scenario, but it actually happens all the time. Our workers do move between us quite a bit. Our workers are highly skilled. It may be that a coal-fired power station looks like an old technology, and it is, but the skill level of our workers in maintaining that equipment and keeping it running every day is very high. These are capable people to work in multiple industries—very high manufacturing capability, very great control system thinking. I can see a lot of potential for them outside of the power industry in emerging industries. They have got a lot of great skills. We need to help industry come here and utilise these excellent skills.

The CHAIR: I think that is the big concern more broadly for the state. It is about the Latrobe Valley issues in the region and also the power generation issue we have all touched upon. It has been said by some that with the closure of all the coal plants that means we are going to see an increase in energy prices. What is your view on that?

Ms WESTCOTT: Yes, so forecasting energy prices is challenging for many, and I leave it to others to do that, quite honestly. What we are focused on is making sure we give sufficient notice so that people can plan and keep our system reliable. And the more time we have to plan, the better the affordability will be—we do the right investments because we have time to do that and we are not having to react. So that is really our goal: to be very transparent, keep our programs and keep our plants running reliably but be clear when they are not going to be there so others can fill the gap.

The CHAIR: You have got plans for the Wooreen battery. That is the 4-hour battery, which obviously in today's technology is quite advanced if you look at some other batteries around the globe. Do you have any other plans for renewable batteries in Victoria or any other renewable energy?

Ms WESTCOTT: That is the only one that we are actively in the construction of, if you like. We have a lot of plans, and we are waiting to see what the market might need. We look at our Yallourn site, and it is obviously ideally situated to have access to transmission, so we continue to think, ‘What’s the right answer for there?’. Part of our engagement for the valley is understanding what the community are looking for on this land at Yallourn: what the best use will be in general, what industry might wish to participate in the lands there, what our rehabilitation will need to be for our mine and how that will interrelate. So having a big plan for Yallourn, I think, is one of the goals we have as part of the transition—that it becomes something people can see: where the future of your Yallourn will be, what is going to happen here.

The CHAIR: I guess it has been a year since the announcement, or almost a year. Have you had that kind of community engagement about what the community wants to see with the plant site?

Ms WESTCOTT: We certainly have, and I might pass to Lisa, who is much closer to it.

Ms GOODING: No, it is a really good question, and what we have been doing in the past year is starting the preparation for that. So this year our intent is to start an engagement process with the community about the future of the Yallourn site. It is 5500 hectares, quite visible from the Princes Freeway, and I think there is a lot of uniqueness to the Yallourn mine that people may not appreciate relative to the other mines. It is far shallower, and it has had the overburden pushed in after the mining, and there has been rehabilitation there for decades. You know, the guys down at the mine have already started building the shorelines and planting the trees for picnic areas. It will be a far more accessible mine in terms of if there is a lake put in over time that the community could access into the future. So this is part of the conversation that we will begin this year with the community about what the future use of Yallourn could be. We have also got critical assets there in terms of transmission infrastructure and other pipelines. There is a lot of vegetation in the region as well; perhaps there are carbon offset opportunities. Those are all the things that we will look at in the period ahead.

The CHAIR: Fantastic. You mentioned already, touched on I guess, working with and the role that the Latrobe Valley Authority can play. What has been your experience with them so far? Have you had much to do with them so far?

Ms WESTCOTT: Yes. It has been a highly constructive relationship. We can certainly now acknowledge the challenging role that they have had and will continue to have, but it is a great relationship and it is one that we want to continue to work closely with. I know Lisa is much closer to it, but we are very grateful for the organisation and its purpose.

Ms GOODING: Yes, and there are a lot of learnings. It had a hard run in terms of trying to scale up quickly in the beginning, but there is a lot of learning from the people there about the experience they had with the Hazelwood closure, and we have been engaging with them in regular dialogue about those learnings and how we at Yallourn can, with the benefit of time, put those things in place now so that there are the courses available at the TAFEs and the universities ahead of time—they are scaled up, ready to go. We are doing a process at Yallourn to understand: what are the skills of our workforce and what are the courses that might be needed in the future so that we can create that hopefully seamless transition so that everything that is needed is where it is needed at the right time.

The CHAIR: You have kind of answered my next question I had. I wanted to ask you about how you were preparing your workforce for the closure date. So it is getting them I guess retrained and trying to—

Ms GOODING: That is right.

The CHAIR: fit them into other projects that are going on in the region.

Ms GOODING: Yes. So this year we will kick off a series of workshops and one-on-one engagements, and really the purpose there is to hear from each individual about what their intention is for the future. We know we have an aged workforce at Yallourn, so we anticipate perhaps about half may seek to retire at the time of closure, but what are the ambitions of the others going forward? Do they want to stay in the power sector? Do they want to stay in Gippsland? Are they prepared to move further afield? At EnergyAustralia we would like to retain the talent that exists within Yallourn for our other assets. So there are lots of opportunities there, and it is really about teasing that out of our workforce in the period ahead so that we can put the support and guidance in place to help them do that.

The CHAIR: That is consistent with what we have heard from other witnesses as well. Yesterday we heard from the Gippsland labour council, and they said a lot of the energy sector workers are quite a mature workforce, so some will probably decide to retire. So I am guessing that will probably happen with some of your staff and your employees. This is a job for life, and probably at the end of the closure, in 2028, they will probably retire. Is that the—

Ms GOODING: That is what our expectation is. And they are a really important part of the workforce. Many people have worked for decades at the same site down at Yallourn. So in terms of helping those people, because they too will have a transition, we will be looking to put support in place around transition to retirement so they can plan for their future beyond Yallourn.

The CHAIR: Thank you. For now that is all I have. Back to Ms Bath.

Ms BATH: Thank you. That is good. We will do a tag team. Just picking up on that, Ms Gooding, in terms of your feedback and that conversation—that which you can share—I think it is a really important platform to be able to share back to, we will say, governments or leverage makers, because it is a bit of the chicken and the egg. If I am a worker—I am just going to paint a scenario—well, I want to know where I am going to, as you said: what are my options, what job? I want to stay in the valley; that I think would be a common theme. But, I guess, can you feel confident that you can share that with whatever government bodies there are? So that is the first one, and that feedback. But my concerns often are flagged around bureaucrats and government heads always making decisions, or making decisions. You spoke earlier about expanding local industry, attracting new Latrobe Valley friendly industry, if I can say, not cherrypicked from far away. So there are two separate questions there. What is really key around that communication between your local industries? And is it there now, or how does it need to expand?

Ms GOODING: I think that is a really good point. We are in active dialogue with members of the local community from Committee for Gippsland, which has many member businesses, as well as in conversations with other generators in the region, seeking to develop those links so that we can create those pathways for our workforce going forward to be able to transition into. I think, as I mentioned earlier, we have got the time now in the lead time until Yallourn closes to start thinking about what else is needed. Is there other investment that is required to help bolster some of the local businesses so they can take on an extra person at the time of Yallourn? I think starting to plan and prepare for that now could be an important and helpful pathway so that people from Yallourn can have a seamless transition into a new career path.

Ms BATH: Absolutely. And you spoke about Star of the South—we heard from them yesterday—which is really important, and those skills. Going to your retired workforce, and I am workshoping this as I go, do you think that there would be that phase of them being able to transition almost to the TAFE sector, or some, to be part of that education as well? Is that a potential sideline, or do you think people will say, ‘I’ve had enough’? I know we are forecasting a thought.

Ms GOODING: My understanding is that there are some workforce from Hazelwood, I understand, who did go on to work in the education provider sector post career there. So I think those opportunities exist. We saw people work at the local council. We saw a lot of people doing cert IV construction as well and moving into that field. So I think there are a whole raft of opportunities available there. I guess that is what our skills assessment that we will be doing this year and talking to our people to understand what their aspirations are is really targeted at, so that we can start to work with them; okay, so if there are people with interest in working at a TAFE, we could start that conversation with TAFE to start helping guide them in that direction.

Ms BATH: Thank you. And also we are about to go out and see your establishment and also Engie and Hazelwood and the rehabilitation that is taking place there. There are also significant jobs in the closure of a station and the demolition and rehabilitation. You are the second in succession. Have you had conversations with Engie or the demolition folk over there? Because you will be starting to plan that in advance. What sorts of things do you need from government to put into place about your demolition and decommissioning?

Ms WESTCOTT: We certainly do communicate. There is a great community of people thinking about demolition and rehabilitation. One of the key features for all of us is our declared mine rehabilitation plan. It is a critical part of understanding the needs of the lands, understanding how the power station will operate in the future, and will be quite a significant work opportunity for our workers going forward. Government plays a

critical role with us in working with stakeholders and in consultation on agreeing what the right answer is for the mine rehabilitation. That is a critical part. We are working closely with other companies that have done demolition of power stations to understand the best way to go about that. It is still an emerging area, but there is certainly a lot more experience now around how to do a very good power station decommissioning: how you can re-use activity—what you can re-use, what you cannot—the sort of waste you need to deal with and how to do that well. I think the best effort for us will be having an understanding of the sort of activity that we will create in doing that, but it is working with the government agencies around the mine where that is probably the more acute feature for all of us: making sure we can have a clear plan ahead of closure so that the workers can transition seamlessly into the next round of activities for them—because, as you said, there is a lot of opportunity in that post-generation period for employment.

Ms BATH: I am channelling GARDS's Ms Hamilton in saying that the importance of dealing with any asbestos is critical, and that has really been on the table for a long time. I believe that Engie and Hazelwood have done a very good job of that. But that is part of it.

If I could do one more question, Chair: the water aspect is a conundrum, and we spoke to C4G about this the other day. It is a vital commodity. You know, it has multiple uses, whether it be in agriculture, for tourism, our irrigators and also mine fill. Without putting you on the spot, that is part of a discussion that you have to have with government as well. Is there anything that we need to know in that space that would help you have those conversations?

Ms WESTCOTT: Yes. Thank you. I mean, we do have this grand ambition for what we know could be a fabulous solution for the mine at Yallourn—as Lisa mentioned, having interconnected lakes, connecting the rivers, having bushland and native vegetation coexisting with recreation—but we cannot get ahead of ourselves where there are a lot of stakeholders involved. We talked about consulting with local community, but there are many stakeholders, as you mentioned, and we will need to work closely with government and all the stakeholders to see how we get that win-win solution for everyone here. That is the work ahead of us.

The CHAIR: Thank you. Mr Barton.

Mr BARTON: I can be critical of the government on lots of things, but one thing I think they have done a pretty good job on is the work they have done towards renewables. We know there is an enormous amount of renewables going on. Everything being right, we should be okay. However, people of my vintage always work to Murphy's Law—that if something can go wrong, it will. How hard is the closing down? For instance, if we do not get enough of the renewable projects over the line to produce the power that we need, the energy that we need, is it flexible enough that you could go for another year or two if needed?

Ms WESTCOTT: Yes, it is a challenging question. Our plan will be to close in mid-2028, and the industry has had plenty of time to know that. We work closely with the market operator, and they remain comfortable with that timing. Things, if anything, are accelerating in terms of replacements—wind and solar—into the system. I think critical is Victoria has good, solid gas-generation capability. While it runs often occasionally, it can run constantly as needed. It is there as a really good backup in Victoria.

Mr BARTON: Do you know what the capacity is—how much it can produce—off the top of your head?

Ms WESTCOTT: So for us it is 900 megawatts, but other operators and others have a decent supply of gas. We are considered to be well supported in gas generation as a state, and it does provide us that backup plan. But the market operator does carefully think about the average day, the extreme day and the 1 per cent day and looks at all the capability in the system. There is a lot of work going on in the interconnectors between our states, and a lot of our reliance for those extreme events is often through accessing South Australia or accessing New South Wales through interconnectors. I know that is part of their system plan for how the states and in particular Victoria can accommodate closures. But we know with Yallourn today there are many days the system is not needing it in the middle of the day. We have demand days where we know we do not need all of our coal generators today, and so in six or seven years that will just become more pronounced. So we will keep a good watch on it, because part of our role is to make sure all our customers, the 2.4 million customers we have, 500 000—

The CHAIR: You just raised one question in my mind: is it fair to say that maybe with the mix of energy coming in it has led to some inefficiencies in the existing plants? Because if you do not need to generate all the time—if it is stop, start, stop, start—is it inefficient? Is it adding to costs?

Ms WESTCOTT: The efficiency for a particular unit can be impacted, but for a company or then a system it is probably optimised. We cannot just turn off the old world and tomorrow have the new world. We have to build it in advance and sort of hand the baton across carefully. And in the meantime the last runners are sort of a bit tired and are not as efficient as they were right at the beginning of their day, but they are ready to hand and the system is ready to hand with surety. So it is optimised for the system to be done this way. Maybe at an individual station they look back on the day they were highly efficient. But that is part of the role we all have to do: make sure we do not just abruptly close when efficiency would indicate but we carefully close for the workers, for the community and for the system.

Ms BATH: I think that is tremendous. I am just reflecting. I might just quote you in *Hansard* when the Greens are wandering around—I mean that nicely.

The CHAIR: We have got probably time for one more question.

Ms BATH: Look, part of the remit of this inquiry was also to look at, I guess, the pluses and minuses of the Latrobe Valley Authority. We saw yesterday in conjunction with the council, the federal government funding and local government a new facility in Traralgon, a performing arts centre. There is construction there, but when the construction goes there are jobs there, but they are not at the peak of construction. Again I go back to my premise about ongoing and sustainable jobs. What would you like to see from a government body, whether it is LVA or RDV or the like, on the dialogue and the investment? What would you like from them to help your industry and your workers transition?

Ms GOODING: I think we are already seeing this in some guises in terms of starting that conversation. I think it is having all of those groups work together, all levels of government with industry and the community, talking about, ‘How do we attract that investment here? What’s needed to bring businesses here or to grow the ones that exist here so that we can create those future opportunities?’. I think we really need to focus on making sure we have got people with a strong business acumen so that we are dealing with how we can really bring business and grow business in this region. I think if we could start a process where we have maybe a more formal process around building that and thinking about that, talking about it, then hopefully we can grow those businesses and attract new ones here.

Ms BATH: Thanks, Chair. Thanks, Ms Gooding. The very last question, then. We have people like the Gippsland Regional Executive Forum and, as you have said, C4G. I do not want them to be left out of this discussion, because I think there are some wise heads in there with wise business acumen and the like. Has there been another area where you have seen a transition, whether it is across the state or interstate, where you have seen something that has worked really well in terms of a transition? If you want, take it on notice, but is there some model that you feel is useful?

Ms GOODING: Well, I think as we have embarked on this process ourselves we have looked very much to the automotive sector and some of the learnings there. I think that is part of why we have gone down the pathway to looking at providing advanced training for the workforce, and timing is critical. That was one of the things we learned. When people have time to adjust it makes the world of difference because they are able to plan for their future and prepare for it. So I think when you look at Geelong, it seems to have recovered quite well from some of the automotive and other sectors that have closed in that region. I think there are perhaps lessons learned for the Latrobe Valley region about what they did there to attract that investment to grow going forward that hopefully we in this community can also learn from.

Mr BARTON: That is a really good point. There were manufacturers down there—secondary glass manufacturers, wheel manufacturers selling wheels to Mercedes in Germany and all that sort of stuff. There is a lot to be learned from there.

The CHAIR: Definitely. That concludes our time, because I know our next witnesses are here. It has been a really productive discussion, and on behalf of the committee I wish to thank EnergyAustralia but in particular you, Ms Westcott and Ms Gooding, for your articulate and informative answers. They will assist the committee in our deliberations moving forward. Thank you for joining us.

Witnesses withdrew.