T R A N S C R I P T

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

Mr Augustin Honorat, Chief Executive Officer, and

Mr Jamie Lowe, Head of Regulation, Engie.

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. I wish to welcome members of the public that are in the gallery today.

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

To witnesses giving evidence, all evidence taken at this hearing is protected by parliamentary privilege as provided by the Victorian constitution and the Legislative Council standing orders. That means that any comment you make here is protected from defamation 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 given is being recorded, and you will be provided with a proof version of the transcript. Ultimately transcripts will be made public and put on the committee website.

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

Mr HONORAT: Thank you, Chair. My name is Augustin Honorat. I am the CEO of Engie, a French company, and I am French as well.

Mr LOWE: Jamie Lowe, Head of Regulation at Engie.

The CHAIR: Thank you.

Mr HONORAT: I would like to start with acknowledging that this meeting is held on the traditional lands of the Gunaikurnai nation and pay my respects to their elders past, present and emerging.

Thank you for the opportunity to join you today and contribute to this inquiry. Our submission and my comments today reflect our position as a significant employer and investor in the energy infrastructure in the Latrobe Valley both before but also after the closure of the Hazelwood power station and mine. I will revisit the rationale for closure of Hazelwood, detail our experiences in site rehabilitation and outline some opportunities that might be considered in the context of the wider energy transition in Victoria. I do not intend to draw parallels to other power plants or to comment on the circumstances or time frames under which they operate or close, noting that each scenario is unique and the contexts differ significantly.

Our decision to close the Hazelwood power station was determined by three conditions which had progressively developed and came together in 2016, about six years ago. Operationally, after more than 50 years the plant was working beyond its design life. It was commissioned in 1964, and its operational life was extended multiple times by the SEC and by private operators to a point where it was no longer possible to replace or refurbish the plant's critical systems to keep it operating, let alone operating safely. I note 52 years is probably one of the longest lifetimes for a coal-powered station in Australia.

Economically, Hazelwood required hundreds of millions of dollars in upgrades to continue operating safely, and this capital would have had to be deployed in a chronically oversupplied and low-price wholesale environment at the time, where the prospect of any economic return was very unlikely.

Strategically, the Engie Group committed to exiting its interests in coal generation worldwide, viewing the environmental, social and economic costs of coal as too high. Engie at that time set a new direction to enable

the transition to decarbonisation for our customers, which is a strategy that we continue to progress today in Australia, in the region and worldwide.

Engie and our Hazelwood joint venture partner, Mitsui, spent several months ahead of the November 2016 closure announcements trying to, first, investigate options for the future of the plants, including the possibility of repurposing Hazelwood for natural gas or biomass. The second thing that we did was canvass interests and options to sell Hazelwood to another operator, and the third thing that was done was to consult widely with state and federal governments to explore the prospect of a staged closure. But once it was clear that none of these options were available, Engie set out to achieve the best balance for our employees, shareholders and the community. And I put here 'the community', because engagement and involvement of people from the Latrobe Valley has been part of our operation since 1996, when we acquired the power station, and continues today through the rehabilitation program.

Even after closure, Engie has been one of the largest employers in the region. During earthworks season and at the height of our demolition program recently, we have had upwards of 500 people working on site after closure. We have also committed to local labour targets, and across the project, including demolition and earthworks, we have achieved an average of 75 per cent local labour on site. We have also retained our CSR program in the region, with half of our annual national partnerships budget spent with Latrobe Valley charities. This partnership delivers much-needed services to help alleviate food poverty and to support people with vocational and educational opportunities, including our longstanding relationships with FareShare and the Smith Family in particular.

At Engie we have had three major focuses, main areas of focus, since closure in March 2017. The first was to support our people, the second was to rehabilitate the site in a safe, stable and sustainable manner, and the third was to prepare the site for the future. Supporting our people was the first objective and first area of focus. It was immediate. It was about making sure our people had fair and timely access to their entitlements, support services, job retention and redeployment activities. We offered employees amounts above the contractual redundancy payments, and we were active participants in the worker transfer scheme, a program that helped place 90 former Hazelwood workers into jobs created through early retirements at other power generators in the Latrobe Valley. We also repurposed our operational teams on the site, and about 100 of our employees have become involved in the rehabilitation program itself, which is really decommissioning of and demolition activities at the former power station and rehabilitation of the former mine. They have gained unique skills and experience, and a number of them have joined other companies since that will face similar rehabilitation challenges for their own assets.

The second area of focus, which is still ongoing today, was to rehabilitate the site, manage the impact of 50-plus years of industrial mining and mitigate the primary risks associated with these activities, namely ground subsidence, battery stability and the risk of fire. We have invested several hundreds of millions of dollars in this massive project and created hundreds of jobs, which is a project that is closely monitored by our shareholders worldwide. Huge progress has been made on both the power station demolition, which is almost complete now—and I guess you will see this this afternoon—and the mine rehabilitation, which is well advanced. We have made good progress there, and importantly with a very strong health and safety focus. We have had not one lost-time accident in the last five years, since closure.

An important feature of this work involves filling the mine void with water to manage all three of the major risks that I just outlined. Creating a lake is by far the best way to reach this outcome, but we recognise water is an important resource and critically important for irrigation, agriculture, environmental health and other needs in the region. Therefore our approach to water has been to recognise and avoid impacting the entitlements of existing users, of other users, ensure water is available for new economic development in the region and slow or pause filling in periods of drought or water scarcity. The rationale for using water within the mine void has been informed by government studies, by dozens of technical reviews that we have conducted, by the original intent of the State Electricity Commission of Victoria when we bought the asset in particular and also by international experience, again from other coalmine transformation projects in places like Germany. Importantly the community has also told us that this is the option they want us to deliver through stakeholder surveys that we have conducted over the past five years. I will not say more as an environment effects statement process is currently underway and we are an active participant of the same.

The final area of focus for Engie, and perhaps the most exciting of the three, has been to prepare the site for future investment and a holistic redevelopment of the site that would be useful to the local community and to the state. So we have worked hard and developed what we call a concept master plan, which is a document that we have made available to the committee, which you may have here with you. We have communicated on that in February 2020 and since, when we released the document and exchanged it with stakeholders. This concept master plan outlines the potential for agriculture, tourism, light production and of course new energy industries to use the site and the economic opportunities that can come from such investments and activities. It forms an invitation to the community, business and all levels of government to drive the potential redevelopment of the site, and at Engie we are committed to playing our part in this redevelopment.

We will play our part in terms of new energy assets that will be useful to energy security and the sustainability and affordability of energy in Victoria. That is why late last year Engie and our partners started construction at the Hazelwood site, and again I hope you can see that this afternoon very concretely. It will be the largest fully privately financed and owned battery in Australia.

We expect to commission the 150-megawatt battery by November of this year, and it will be available for next summer's high-demand period. The battery reflects how we see Hazelwood today—as a site with a strong potential and natural advantages that can support economic prosperity and growth for the region in a new generation of energy. It is also a site that is getting ready for redevelopment opportunities, and not just in energy.

From an energy point of view there are three advantages that I would like to outline. The first is that the site sits alongside high-quality electricity transmission infrastructure, with significant capacity available for new technology. It is 4000 hectares in size and includes available space to build larger and larger energy assets that will be key for the energy transition of the state. So the 150-megawatt battery that we are building is just the first stage of much larger assets. The site resides in a community where there are great skills and great experience in terms of energy management but also in terms of construction. So this battery should be considered as phase 1, and we will continue to explore more opportunities. We hope this is an example that can be followed by other industries—energy of course, but also agriculture, tourism, light production, as I said—that will create economic activity and importantly jobs for the Latrobe Valley.

Just a few closing remarks: I would like to draw on our learned experience and suggest two options for governments and policymakers to consider in the future. The first is to call for increased partnerships between governments, regulators, communities and power station operators at all stages of the rehabilitation process and before. This has been a key condition of success in other similar projects around the world, as it promotes a shared and coordinated stake in the energy transition. The second is that governments and policymakers should continue to do what has been done in Victoria—specifically, continue to develop and deploy policies that support the transition to net zero and facilitate future investments in renewables. These policy drivers unlock the value of former power station sites, drive job creation and economic opportunities and maximise benefits for communities and for the state.

The transition away from coal is inevitable. It will continue happening in communities all around the world, not just here. The challenges that are born from these closures are complex and difficult to manage to perfection, but our Hazelwood experience shows I think that a lot can be done to mitigate the negative impacts and importantly create long-term opportunities from those massive transformations.

Over the past five years we have learned a lot from our projects, and there is plenty more to learn in this journey, which will ultimately deliver a safe, stable, sustainable and valuable asset for the community. We are happy to share our experience today and in the future with all stakeholders, as we think it may be useful for similar projects in the Latrobe Valley—and in the rest of the country, indeed—and that is why we welcome our participation in this hearing today.

The CHAIR: Thank you, Mr Honorat. That was a very informative opening presentation and actually answered a lot of the questions I had prepared. The first one was: why did you decide to close the plant? And you gave us three reasons: the operational working life, the economic need for reinvestment was substantial and also that you believe there were environmental reasons and I guess the global shift away from coal. They were the three reasons you gave as to why Engie decided to close the power plant. But it is also pleasing to hear that you are reinvesting at the site at the moment. It sounds like the 50-megawatt battery—

Mr HONORAT: One hundred and fifty, yes.

The CHAIR: One hundred and fifty, yes. So there is work going on. Obviously you may be assured my committee members have quite a few questions about the rehabilitation, because we have had a number of witnesses talk about what they would like to see at that site, but also use of scarce other resources, such as water. On that point, I think as Chair I might hand over to committee members to ask the first questions and then we will go from there. But it has been a very good opening. Ms Bath.

Ms BATH: Thank you, Chair, and thank you very much, gentlemen, for being here. I said to EnergyAustralia that this is a very important day because it is collecting the understanding and the knowledge and the power, if I can say that, in terms of electricity. Your being here is really important. I asked the same question of EnergyAustralia. You are now in a closing phase or in a close phase and then a renewal in terms of batteries, but one of the very important things for the Latrobe Valley and for Victoria is a ready supply of electricity. It has been switch on, switch off. It has been, we will say, base load for all of these decades. What do you see, maybe not now as a generator but as an energy player, as the risk of our interruption of supply when successive plants come offline?

Mr HONORAT: I think energy security, affordability and sustainability are certainly a triangle that is not always easy to manage. I think there are many opportunities still with the transition that is happening now and that, as I said, I think is inevitable and creates opportunities. I think what is important in those aspects is a few things. Yes, developing more renewable energy certainly is the future, and we are committed to that not only in Australia but in the 70-plus countries that Engie operates in in other parts of the world. I heard what others have said and I fully agree. I think there is a clear direction for the world, for Australia in general and Victoria in particular here. I think what is important will be to consider and recognise the intermittency characteristic of renewables. Apart from several technologies like hydro, probably most of it, solar and wind, are intermittent, and we need to develop an energy mix that is not just renewable but also secure in terms of energy security.

That is why we think these assets like the one that we are developing a few kilometres away from here are part of the future, and my personal conviction is that storage of electricity is the future of the system that you absolutely need to develop. I will say that it is not just those very large batteries that we are developing and we are happy to develop, and as I said, the Hazelwood battery will be a multiple-stage project. We are starting with 150 megawatts, but we have up to 1600 megawatts available on the site because of the former capacity of the coal power station. So this is just phase 1 of potentially 10 or 11 phases in the future. It will be 1-hour storage, which is a good start, but here the ambition as well is to further deepen the storage to 2 hours, 4 hours and may be more in the future.

But I think it is only one part of the equation. I think there will be other parts in terms of storage that we need to pay a lot of attention to, and that is what we are doing in Victoria and in other parts of the world. I am talking about decentralised storage. I think—and we see the incredible potential of Australia because of the penetration of rooftop solar—the next step is to install batteries at home to be able to leverage the full potential of solar. There are home batteries that exist today, but the next big frontier, if I can say, I think is with electric vehicle batteries, because the battery of an electric vehicle can provide not just 1 hour or 2 hours of storage—

Mr BARTON: Days of power.

Mr HONORAT: but days, exactly. And you can consider an electric vehicle, yes, as a car, but also as a mobile battery. We absolutely need to take that into account in the future energy mix, and we are working on that and on projects that we call vehicle to grid, which says exactly that. We will charge the battery of a vehicle when the sun is on and maybe the wind blows and you do not need that extra electricity on the grid—quite the contrary; people are ready to pay you for taking that electricity. So taking that electricity at this moment and discharging it at night when there is no sun obviously or in the evening when your air conditioning is on is certainly something that we need to consider. So we are working on those projects. I think they have a lot of potential. It will not just be centralised batteries but this kind of energy storage and also community batteries positioned in the network, batteries that are intermediate between home batteries and large-scale batteries. The second—

Mr BARTON: Just on the subject there, we can also just with the home batteries, can't we, draw back into the grid for high-demand days when people's batteries have all been charged up around their homes. They can go back into the grid and prop up—

Mr HONORAT: That is a very good point. And we call that in the technical lingo 'virtual power plants'. So using those home batteries, putting them as a network and managing them remotely to support the grid is exactly what you are saying. We have one operating in South Australia right now, 6 megawatts, and we are building one in Victoria.

Ms BATH: And on that—it is a good point—upgrades to the grid: you know, the power stations have worked by shunting electricity down to our homes, and now there needs to be this upgrade, and that is going to take continual evolvement, as this moves forward, and cost. That was a statement. You can make a comment on it if you like.

Mr HONORAT: Yes. Look, just two things on this point. The decentralisation of energy generation I really think is the future and will avoid the massive increases in costs that our customers or the customers will suffer if we upgrade all the networks because we continue on a centralised generation model. I think this is a model of the past. Of course we will continue to build some centralised generation, like the big battery we are building right now, but I think the future is with decentralised generation, which will be at the level of a home, at the level of a neighbourhood, at the level of a district. And we will then avoid building those very expensive networks and building hundreds of kilometres of powerlines. So that is one.

And I think the second thing that we need to work on—and I was a bit surprised when I arrived here four years ago that this was completely absent in the energy debate I think; maybe I am a bit extreme here—is energy efficiency. I think it is something extremely important that Australia and Victoria should work on. I am talking about how we can help our customers reduce their consumption without impacting their day-to-day lives, their business et cetera. But reducing energy consumption I think is critical. It is good for the planet obviously. When you do not have to produce kilowatt hours of electricity you obviously do not pollute, but it is also excellent for their own economics, if I can say that. So their bills are lower if they consume less energy. This is something that is hugely developed in other parts of the world—Europe, for example; I come from there, so I have noticed that there. And there is a lot that is done there to reduce electricity consumption, because obviously the best kilowatt hour is the one that you do not have to produce because you do not need it. And insulation is part of that.

The CHAIR: That is an important point, because it is an issue that we have. Obviously the cost of living is a common public issue. Is that because there is a price point? Because a lot of people would say with a lot of essential utilities since privatisation much of the fees you pay are not for the usage, they are for the connection. So it is interesting. It is perverse that there is no incentive for you to necessarily reduce your consumption of a lot of these essential resources, whatever they be—water, energy et cetera—because a lot of the costs are fixed with the connection and infrastructure fees. Therefore, regardless of if you consume a lot more or a lot less, your price differential is just not there. Do you think that maybe the pricing policies have a role to play in that? Because you talked about Europe. So how did Europe achieve that? What could we learn from that? How did they reduce, I guess, energy consumption?

Mr HONORAT: So what we call energy efficiency, it can be done at all levels. I mean for residential customers, for SMEs, for B2B customers, large industries et cetera there are ways to address this question with all of them. Let me take the example of a residential customer. You have multiple aspects where you can work on this to reduce their energy consumption. The first one that is probably the easier one, although it is a bit cultural and needs a change in behaviour, is to make customers—mums and dads, if I can say—understand that there is a link between their behaviour at home and the energy consumption and helping them reduce energy consumption with very simple things like 'Don't open your windows when you are heating or when you are cooling'. Air-conditioning your home is a basic right but still very important. Putting a lid on a pan when you want to have water boil, this is another example. You can reduce energy massively—halve the consumption of energy—if you do that. So very simple changes in behaviours is something that you can work on, and actually we are doing exactly the same with the retailer that we have. It is called Simply Energy. They provide this kind of advice to our customers. They help them understand the link between their electricity consumption with an electronic tool that shows the consumption and the cost for them on a per hour basis so that they can understand that better. So that is kind of the first stage, behavioural. But then you can go to other stages and invest

effectively in your home, or in your business if you are the owner of a small or medium enterprise or a large B2B company. You can do that with a few things: again having better equipment, better air conditioning, better heating, better insulation of the roof or the walls or the windows. I was struck when I came to Australia; you do not have double-glazed windows here, or quite seldom.

The CHAIR: In a lot of the inner-city councils it is being employed now. The energy rating for new homes is a much higher standard than what is traditionally there. So I think you are right, we are probably a bit behind. Stuff that I had seen when I travelled to Europe—to the Netherlands and other countries—10 years ago, it seems we are implementing them now with the planning processes.

Mr HONORAT: Exactly. I will give you the floor—

Mr LOWE: No, no.

Mr HONORAT: but just to finish on that, I think the reason is also because in Europe there have been electricity price shocks in the past, especially when oil prices went through the roof at the end of the 70s. So then I think governments and stakeholders realised that it was important not just to have a better energy system but also to consume less energy. I think what you are doing right now, what you mentioned, is exactly right. I think it is important, especially if we consider that electricity prices may remain relatively high in the future. Sorry, Jamie.

Mr LOWE: No, all I was going to say was I think all those microlevel changes are significantly important around behaviour, but going back to the macro question you posed, Melina, ultimately what we do not see in Australia is certainty around closure dates for key assets to allow people to plan. A lot of the tension at the moment is not really about coal assets closing over the next 20 years—everybody accepts they are going to close—it is around the timing of those individual closures of assets. So in order to get greater confidence in the industry and greater confidence in the community I think greater certainty around the timing of those closures—really the debate we are having at the moment—is the one that will drive the multimillion- and billion-dollar costs.

Ms BATH: Thank you. That is a really important point. I will go to some of the things you mentioned in the beginning of your presentation. When the announced closure was on—my office is in the valley and I live Gippsland—I had many people, some of them were unit controllers, coming to me and saying 'Why? We wanted the staged closure. We felt that it could have been a staged closure'. Which certainly would have helped in that transition and probably helped with energy costs at the time, which spiked. And I thought that you said that you sought conversations with government around that. Could you unpack that and, going forward as a recommendation, what would you say to other coal stations and government ears in relation to a staged closure?

Mr HONORAT: Yes. Unlike you, I was not here at that time—I joined only four years ago—but it is my understanding that at the time Engie had discussions with the federal government and the Victorian government to try to find the best outcome for the plant. As I mentioned, a staged closure was a scenario that was on the table. However, it is very difficult to close those large completely inflexible assets in an economic manner if you have a staged closure. At the time it was considered that it was not economic—and maybe, Jamie, you can offer some comments, because you were here at the time—but then the decision was taken to go directly for a full closure. It is difficult to imagine that you can operate only part of the plant, only 10 per cent or 20 per cent or 50 per cent. Again, as was said before, I think with Yallourn, that equipment is not that flexible and you cannot run them up or run them down as you need or as the market needs.

Mr LOWE: I think it is important to reflect on—there is this sort of story that comes along from time to time that the Hazelwood closure was a complete shock, but if we go back to 2013, I think we had Collinsville power station, Northern power station and Hazelwood power station all engaged in detailed discussions with the federal government around their contract-for-closure schemes. We had each of them talking to their state governments about what they could possibly do with their assets, whether they could gasify them or do other things like partial closures, and what it all comes down to with all of these assets is effectively it is uneconomic for any extended period of time to do anything but close. So shortly after 2013–14, when you had those discussions occurring, you saw the Collinsville power station closing, you saw Northern power station closing in May 2016 and then you saw Hazelwood closing in March 2017. So a staged closure may theoretically be possible, but if we can only do that for six months or 12 months and it breaks down continuously that whole

time and there are concerns around its operation, it just becomes unviable. So at the end of the day the only realistic option for a lot of these assets like Hazelwood when they reach the end of their life is closure. It was signposted, and there was a lot of discussion in the two to three years in the lead-up with both industry and government around this space.

Ms BATH: Thank you. Another question: if we go forward to the planning around the rehabilitation of the mine void, you said you are the proponent in an EES. Is it possible that you can share with the committee the time frame around that just to provide some commentary for the community?

Mr HONORAT: I wish I could be very detailed and precise on the time line, but the reality is that it is not yet defined. It is under discussion right now with the different stakeholders, but it will take a bit of time because it needs to be extremely detailed and informed by a number of studies, and the scope of that is being discussed right now. Jamie, you are in charge of that.

Mr LOWE: Yes, so ultimately Augustin is right. Over the next few months to the middle of the year, sort of June, July, we will be undertaking a scoping exercise to see what studies we need to undertake based on the fact that we have done 100 technical studies previously. Some of those technical studies will be sufficient and some will need to be updated, and there will be gaps based on the scope identified by the minister. We will also engage with key community groups and key environmental and other interest groups, and that process has started. By the middle of the year we hope to have a better understanding of the length of time. Obviously I am ambitious and excited to get an outcome, and I know a lot of people in the community and in government and with other political interests are very excited because it is an important piece. That is why we are really building up, along with that scoping exercise, a large community engagement process which we hope will open the doors in some ways to Hazelwood and what has been happening over the last couple of years, because it is really quite impressive what has been happening on site. I think a lot of the community are moving to a space now where they want a more active discussion, and that discussion has moved a long way past the impacts of closure per se. Now it is: 'What does the future hold for us?'.

Ms BATH: I have got more, but would you like me to take a rest?

The CHAIR: I was going to give Mr Barton an opportunity, and then we will come back to you, Melina.

Ms BATH: Thanks, Chair.

Mr BARTON: Thank you. How many people have you got working out at Hazelwood at the moment, and how long do you envisage your presence being there?

Mr HONORAT: As I said, at the height of the demolition and mine rehabilitation we had over 500 people. I would say right now that we would have about 200, maybe, working. It is majority earthworks, so in the mines, to rehabilitate, to consolidate the batters of the mine and to prepare for the future, if I can say. The demolition activities are almost finished now. There is still some recycling that needs to be done and some management of the site where the power block was, and you will see that this afternoon. If you add to that the 60 to 80 people that we will have to build the first phase of the battery, you will have an estimate maybe of how many people we have on site right now. It varies, obviously. It varies with the seasons because during the winter it is a bit more difficult to move earth and dirt, but in the summer we have about that number of people working there.

Mr LOWE: Moving to the part of your question in regard to the link to the site, it is just important to reflect that our rehabilitation plan ultimately has us engaged and monitoring and maintaining the site throughout the rehabilitation and mine-filling stage and then afterwards. Until we have achieved the objectives that we set out in that rehabilitation plan, we would not be expecting to remove ourselves from the site. So while that level of employment and engagement will decrease over time, we are talking about a responsibility that will extend a significant period into the future from here.

Mr BARTON: Are we talking a decade?

Mr LOWE: We are talking decades, yes.

Mr BARTON: Just out of curiosity about the battery, what is the life span of the battery?

Mr HONORAT: We are planning, for this one, 20 years, and we have guarantees over the same period of time from the supplier. It is still at an early stage. We do not know, so maybe with a bit of luck it will last longer than 20 years, but because it is still a relatively emerging technology I would say 20 would be good already. But I have no doubt that in the next years we will have better technology, better equipment that may last longer, a little bit like how with the first solar panels and the first wind farms it was probably a shorter lifetime, and then progressively, with the progress of technology, we would have bigger equipment, less expensive equipment and with a longer lifetime.

Mr LOWE: That said, it is always important to note the location for that battery is a great location, and in 20 years time or 25 years time or whatever it may be when that asset expires it will still be a great location for a battery, so if you were going to pick another place in 20 or 30 years to repower or build a new battery, that would be the logical place. It is the same with a lot of wind farms. You know, the wind does not stop blowing at that location when the wind farm expires; you are most likely to look at repowering at that point in time.

Mr HONORAT: And that is a clear opportunity for the Latrobe Valley because of the existing electricity transmission capabilities with the three or four different power stations. You have that for the future, which is a clear asset to the community, I think.

Mr BARTON: Yes. I am really interested in the battery and power supply and energy security and all those sorts of things. With the state government investing in large-scale batteries as well, rather than spend the money on something like that, would it be better for the government possibly to be subsidising or supporting batteries for people that have got their own solar power and have a much more diverse spread across the state? I will just say for my area what I love up in northern Victoria is we have more sunny days than Queensland—so there.

The CHAIR: Just to build on that, I think it is right. Because you are talking about a decentralised concept—which sounds very exciting, by the way—would it be a better investment to just support people directly installing new technology batteries in their homes and connecting their homes to that framework? Is that a better long-term investment for our state—or in Australia, let us say; let us not talk about just here.

Mr HONORAT: I think there are multiple areas where support for new emerging technology or emerging energy assets is important; it should not be just for large-scale batteries or just for domestic batteries or just for solar panels or just for hydrogen, for example. I think it is a combination of those different components of the future energy mix that the government and other stakeholders should support so that there is in the future that mix. As I said, if they are just large-scale batteries, I think we will not get there. I think if there are only home batteries we will not get there either. So I think it is a combination of a few things. Hydrogen—let me insist on that—I think is a fantastic opportunity for Victoria and for Australia in general. The group, Engie, considers Australia as one of the most promising countries for hydrogen, and especially green hydrogen, or hydrogen produced with renewables, so I would insist a lot on that. That is a clear area I think. It is not for tomorrow. It is not for in three years time, but I think the government here and different stakeholders need to work and consider that for the future-—in the future energy world map, you can say.

The CHAIR: Mr Barton, did you have any more questions?

Mr BARTON: No, no.

The CHAIR: We will give Ms Bath the last couple.

Ms BATH: Thank you. And on that, we heard from J-Power, who is a partner in HESC, yesterday, which was really important, about generation of hydrogen, and I was going to ask you for Engie's point of view in relation to hydrogen as a battery storage: is that something that you have investigated, or fuel cells, yes, but as a storage device?

Mr HONORAT: Yes, absolutely. We think there are multiple opportunities to use hydrogen, and it is a little bit like a Swiss Army knife. Do you see the concept? You have multiple tools with hydrogen. One of them is obviously to decarbonise gas, and when you think about gas, sometimes it can be replaced by something else. It can be electrified maybe in some instances, but in other instances you cannot really replace gas, especially in industrial processes where you need that gas. So replacing natural gas, or methane, with green hydrogen is certainly one of the tools that we see with hydrogen.

Another one is to inject gas into the network. You have a fantastic network in Victoria. Let us use that. It is great to have. Now, how can we decarbonise that network? It is probably through green hydrogen and progressively, so this is something that we are working on as well with a project in Wodonga right now.

Hydrogen as a way to store electricity, I mean, to produce hydrogen when you have extra electricity and to burn that hydrogen to produce electricity when you need it is certainly something we are interested in as well. So, yes, I would certainly support this device.

Ms BATH: Thank you. And, Chair, last question from me. You spoke about, as part of some of our takeaways, a partnership between regulators—now, I am just going to sit regulators over there for a little bit, in terms of state government and this inquiry—community, government and industry about moving forward for sustainable jobs. What are some of the key elements that you feel that government needs to play, and we are in state Parliament here. What do we need to know to be part of that, and how key is speaking with other new and emerging industries?

Mr HONORAT: As we have tried, I think, to convey the message, energy transition in general and its impacts on regions like the Latrobe Valley and on jobs and on communities et cetera is not something that can be done solely by one kind of player—just by the power generators, for example, or just by governments' standalone orders by regulators. I think it is a common approach that is important to have, but from a multilateral approach it is demanding. It is difficult, because it needs time, it needs planning, it needs to bring people together and share the vision, but I think it is super important. What we have learned I think from Hazelwood is that those projects are massive. Yes, they need planning, but they also need a lot of resources put into those projects, and sharing the views of the different stakeholders is critical.

When I look at Australia in general, and not just Victoria but I think Australia in general, what struck me when I arrived is that there was that massive looming transition or revolution with green energy coming, but there was not necessarily a lot of consensus among or alignment of the different players on what the future will look like and how can we get there together.

Ms BATH: Or political will.

Mr HONORAT: I do not want to be—

Mr LOWE: So when we prepared the concept master plan, which is in front of you, we really saw that as providing a prospectus to industry, government and others who might be interested in the site. I mean, when you go to the site today, you will see it is quite large, and I have a lot of confidence in our workforce to do the rehabilitation and everything that needs to be done on site effectively and efficiently and safely, but we are not developers of other industries outside of energy. We do energy assets. We are not developers of parks or walkways or recreation centres. That is where other people have a role to play, and the prospectus of the concept master plan was really a call to others to say, 'What's your interest in the site and how we can help you'. And what we did is we learned from places like Germany, where people knew a long time in advance that this road would be moved, this house would be moved, a town may be adjusted, the boundary would be, and filling of the particular mine there would take, you know, 10 or 15 or 20 years. That is the sort of discussion we think the community likes.

Now, we obviously are conscious that it is not our place to pressure the community into a particular outcome or force the government to a particular conclusion, and that is the importance of the EES. But we do know it could take as little as 10 years to fill the mine, and in 10 years time you could have a usable asset there—or it could take you 50 or 100 years. Now, we have got to weigh up the advantages and disadvantages of those outcomes, and I know the community has shown to us a clear expression of where they would like things to go. So that is why we have seen overseas, in Germany and other places, good outcomes, and they give us some hope and some positive reflections of where we can go next.

The CHAIR: Thank you for that. Like I said, our time is up because we have got our next witnesses, and we have a few site visits to go to later today as well. So we have got a very busy schedule, but it has been a real pleasure and a very impressive presentation from Mr Honorat—really knowledgeable not only in the Latrobe Valley under the terms of reference of this inquiry but in broader energy policy in our state and nation and globally. I found it very informative, and it will not just assist our deliberations but our broader policy thinking

in this space. It has been a real pleasure to have both of you here, Mr Lowe also, and on behalf of the committee I say thank you.

Mr HONORAT: Thank you so much.

Mr LOWE: Thanks.

Witnesses withdrew.