

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2026–27 Budget Estimates

Melbourne – Monday 18 May 2026

MEMBERS

Sarah Connolly – Chair

John Pesutto – Deputy Chair

Jade Benham

Michael Galea

Mathew Hilakari

Lauren Kathage

Aiv Puglielli

Richard Riordan

Meng Heang Tak

WITNESSES

Lily D'Ambrosio MP, Minister for Energy and Resources; and

Kate Houghton, Secretary,

Elizabeth Molyneux, Deputy Secretary, Energy,

Kate Barnes, Acting Chief Executive Officer, Solar Victoria,

Matt Vincent, Chief Executive Officer, Resources Victoria,

Laura Helm, Executive Director, Regulatory Operations,

Alistair Parker, Chief Executive Officer, VicGrid,

Danny Benjamin, Executive General Manager, Delivery and Commercial, VicGrid,

Anh Mai, Executive Director, Offshore Wind Energy Victoria,

Vanya Kumar, Executive Director, Innovation, Commercial and Investment Attraction,

Katie Brown, Executive Director, Electrification, Efficiency and Safety,

Lyn Bowring, Executive Director, Consumer, Community and First Peoples Energy Transition,

Ben Ferguson, Executive Director, Energy Transition and Strategy,

Sally Fensling, Deputy Secretary, Corporate Services,

Etienne Gouws, Chief Financial Officer, and

Linda Bibby, Acting Executive Director, Policy and Programs, Department of Energy, Environment and Climate Action.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee. I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2026–27 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside of this hearing may not be protected by this privilege.

All evidence given today is being recorded by Hansard, and it is broadcast live on the Parliament's website. This broadcast includes automated captioning. Members and witnesses should be aware that all microphones are live during hearings and anything you say, no matter how quietly, could be picked up and captioned.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining the hearing via the live stream tonight and other committee members.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Minister for Energy and Resources the Honourable Lily D'Ambrosio, as well as officials from DEECA. Minister, I invite you to make an opening statement or presentation of no more than 10 minutes, after which time the committee members will ask you questions. Your time starts now.

Lily D'AMBROSIO: Thank you very much, Chair, and hello to everybody. I would like to begin by my acknowledgement of traditional owners, the Wurundjeri people, and my respects go to all of the elders of the past, the present and the emerging.

Visual presentation.

Lily D'AMBROSIO: I want to begin my presentation with some key messages on slide 3. The 2026–27 budget is focused squarely on cost-of-living relief for Victorians and our energy security and system reliability for Victoria's energy transition, and Victoria is already delivering strong results in renewable electricity transition, affordability and system security. Those three things are critical to have in balance as we make our way through to a decarbonised energy system. Our work will continue to focus on the renewable energy transition that enables long-term jobs, investment and regional economic growth, whilst at the same time ensuring that energy bills are as low as we can get them and ensuring of course that the benefits of the transition are enjoyed right across the state.

Slide 4 goes to some more details of this. Affordable and sustainable energy underpins business confidence and economic growth and helps households manage cost-of-living pressures. Our investments are helping to keep typical household bills to around \$1354 a year, amongst the lowest in the country. Victoria's renewable energy transition will deliver a \$9.5 billion boost to our annual gross state product and strong jobs growth in the energy sector.

We are investing in the skilled workforce to support Victoria's energy future, with Solar Victoria's electrification and renewable energy training initiatives alone supporting more than 1200 electricians and 1300 plumbers to upskill today. And of course there are significant investments outside of my portfolio in the training portfolios that I do want to refer to also in passing. We are also unlocking the value of our resources by securing construction materials needed to build our state, while advancing a sustainable resources sector that supports the energy transition.

Now, slide 5 touches on budget investments. We have got \$88.7 million to drive the renewable energy transition and to help Victorians lower their power bills. This funding includes \$10 million towards the new \$40 million national training centre. That is expected to train more than 2000 tradies and 200 apprentices every year once it is up and going, acknowledging their critical role in electrification. There is \$10 million towards the third round of the Energy Innovation Fund, and that supports industrial electrification projects focusing on the food and beverage processing and manufacturing sector, one of the state's most energy-intensive industries, but also a sector that is so vital to our economic wellbeing.

Seven million dollars will help Victoria's most vulnerable community housing renters switch from gas to electric appliances, saving them money on their energy bills. \$22 million is to support our community and businesses, including \$17.7 million for prolonged power outage payments following Victoria's bushfires earlier this year and \$3.2 million to encourage data centre investment aligned with Victoria's energy emissions and economic objectives. There is money of course to continue the energy assistance program, supporting thousands of households who are vulnerable. That launched in 2023, and it has really helped many, many thousands of Victorians. \$14.7 million has been used to deliver critical national energy market reforms through our involvement in the Australian Energy Market Commission and the Energy and Climate Change Ministerial Council.

On slide 6 there are further budget measures that amount to \$66.9 million to support our economic growth and lower the cost of living for all Victorians. That includes money towards the establishment of VicGrid, money towards the state's interest in the new Marinus Link interconnector between the Victorian and Tasmanian electricity networks, money towards hot water rebates and the implementation of the Victorian energy upgrades reforms. That includes continuing to deliver hot water rebates through the Solar Homes program, helping Victorian households transition to energy-efficient electric and solar hot water systems, saving them significant dollars on their energy bills every year. Then there are continuing funds for the Solar Victoria electrification skills training program, including upskilling for plumbers, electricians, tradespeople and apprentices in electrification technologies and ensuring safety and quality in installations under our Solar Homes program. There are funds also available for the Victorian critical minerals road map to continue developing the critical minerals industry in Victoria by building on the strong foundations we have already established through the

road map, which is focused on unlocking Victoria's resource potential, strengthening domestic manufacturing capability and supporting the global energy transition.

Slide 7 talks about VicGrid as Victoria's new transmission planner, having taken over from the market operator. VicGrid is changing the way the electricity transmission infrastructure is planned and developed to ensure that it benefits all Victorians through the Victorian transmission investment framework. Frankly and simply, Victorians demanded a better approach to transmission planning and conversations and consultation on the ground, and that is exactly what we are delivering with VicGrid. Through VicGrid we are balancing the need for new renewable projects that will deliver reliable and affordable power as coal generators close, while minimising impacts on landholders, communities, agriculture, the environment and power bills.

On slide 6 we talk about the energy transition and progress made. We are making very, very good strides. We have been very, very successful in achieving all of the targets that we have set for ourselves. We have exceeded our 2025 renewables target by achieving 44.5 per cent of electricity coming from renewable sources, so we are well on the way to achieving 95 per cent by 2035. We are supporting households and businesses to lower energy bills through a range of targeted initiatives, including the energy assistance program, Victorian Energy Compare and our 100 neighbourhood batteries program, and work is progressing to support a managed transition away from reliance on gas through the gas substitution road map. We are progressing the next major reforms and investments, including advancing offshore wind development, through detailed market engagement and procurement.

Slide 7: we continue to lead the country in consumer protection reforms when it comes to the retail energy system. From 1 July Victoria will end the energy loyalty tax, as it is known, by ensuring customers on contracts older than four years are paying a reasonable price, with estimated average savings of around \$225 to \$365 per year for up to 53,000 customers moved to fair pricing. And from 1 October retailers will be required to automatically move residential customers experiencing payment difficulty onto their best offer, a reform expected to save around 135,000 electricity and gas customers a combined \$27.8 million each and every year. Our Victorian default offer continues to lead the country again by setting a default market offer and a benchmark reference price, and we are putting downward pressure on bills through strong regulation, which is what this is.

There is more to be said on this, but certainly the draft video that was released recently shows decreases in the default prices. The midday power saver will give households 3 hours of electricity free in the middle of the day from October, with potential savings estimated at between \$100 and \$1070 a year, depending on how much usage they can shift. There is lots more there in terms of the Solar Homes program, the Victorian energy upgrades program and Solar Victoria's electrification skills program.

I will move to the resources sector, which is on slide 11. Critical minerals represent one of the most exciting opportunities to support regional jobs and economic growth. We are delivering that road map to support the development of an estimated \$200 billion worth of in-ground resources in Victoria. Our work ensures that essential quarry resources also continue to be available to deliver homes, schools, hospitals and transport infrastructure. We have approved 90 million tonnes of quarry resources in the nine months to March this year and have reduced the end-to-end decision times by more than 30 per cent compared to the previous financial years. And of course there are significantly more reforms by way of the gas shortfalls, which continue to be pushed out because of significant reforms in Victoria, and working with the national government with respect to the supply of gas for the southern states.

The CHAIR: Thank you very much, Minister. The first round of questions is going to Mr Riordan.

Richard RIORDAN: Thank you, Chair. Minister, I have got a few questions – it is a big area that you are in charge of. Just quickly, this budget – there is a lot in there for the transition to renewable energy. It is something that you have made a hallmark of yours in recent years here in the Parliament. My question to you first up is – I have just checked the energy grid there now. Monday 18 May at 5:20 pm – we are still a little bit at work, there is still plenty going on. Of all the billions we have spent in recent years opening up wind farms – and I have calculated between \$10 billion and \$12 billion worth of wind turbine infrastructure in my own electorate, which is very significant – 1.6 per cent of our energy now is coming from that investment, 2.6 per cent is coming from all the solar farms at the moment, and still 58 per cent is still from coal and 11 per cent is from gas. My question is, when our next coal generator closes, I think within the next 18 months, are you confident, with figures like

that, that we will have enough dispatchable energy? I know you often talk about how much energy we have generated, but if it is all at midnight on a Sunday, it does not really matter; it is about when people need it. Will we have the dispatchable energy here in Victoria when we look at figures like that?

Lily D'AMBROSIO: Absolutely we will have, and you can believe me or you can believe the Australian Energy Market Operator, which does a reckoner, if you like, of every jurisdiction's progress in terms of their energy supply and security. In fact I can say to you that the Australian Energy Market Commission, in their electricity price trends report of 2025, indicated that for the next 10 years not only will Victoria have sufficient electricity supplies but it will have secure electricity supplies. That is because there is a combination of technologies that have been deployed and supported through this transition. It is about storage, it is about storage targets and that complementary firming capacity, which will be important as we transition our electricity system.

Richard RIORDAN: There is a lot of storage and firming needed if our main future source is only doing 1.6 per cent of this thing today.

Lily D'AMBROSIO: Well, you are taking a 5-minute interval out of the whole of the – and can I just say that that does not really provide us with clarity on the way that the system operates. The system operates with sufficient electricity in place, backed up with a number of technologies, including battery storage technologies, including hydro technologies in other states but also some in Victoria that we do have. All of these are also supported by gas-peaking generation too, which is very important.

Richard RIORDAN: Well, I guess that is my point. The traditional sources that we have had for a long time are doing 80 per cent of the work right now, with 1.6 per cent wind, 2.6 per cent solar and about 4 per cent coming in from batteries.

Lily D'AMBROSIO: Yes.

Richard RIORDAN: So the billions we have spent is really less than 10 per cent.

Lily D'AMBROSIO: Well, no, because you are failing to understand, and you are cherrypicking a moment in time from an app on your phone. I can say –

Richard RIORDAN: No, it is the information we put there so people are informed.

Lily D'AMBROSIO: Do you want me to answer the question, though?

Richard RIORDAN: Well, I do not know – I just asked you, 'Are you confident?' And you are saying you are confident.

Lily D'AMBROSIO: Yes, absolutely. And the Australian Energy Market Commission has been absolutely clear that Victoria continues, and will for the next 10 years at least –

Richard RIORDAN: So you would see no reason why we would have to extend any coal?

Lily D'AMBROSIO: No.

Richard RIORDAN: So that 60 per cent out today would not matter right now.

Lily D'AMBROSIO: Well, what I say to you is that there are sufficient supplies of electricity in our system for the market operator themselves, who report annually on the electricity supplies in all of the states, and it is very clear that there is more than sufficient capacity and storage pipeline also of technologies that will support that transition. All of those are underpinned by robust modelling, supported by the independent market operator and the Australian Energy Market Commission.

Richard RIORDAN: Okay. Budget paper 4 of the 2026–27 budget indicates DEECA is undertaking a new capital program titled 'Establishing VicGrid (statewide)', allocating \$15.81 million to the project. The description of this project within budget paper 3 is 'to finalise the establishment of VicGrid as Victoria's transmission planner and to support transmission project delivery.' This is a new capital project in the 2026–27

budget and has an estimated completion date of quarter 4, 2025–26, which is the end of next month – that is, the project will take 12 months or less to complete entirely.

Lily D’AMBROSIO: Sure.

Richard RIORDAN: How is it possible to have the completion date before the announcement of the funding? The funding is in this future budget, but its completion is next month.

Lauren KATHAGE: Where is the reference?

Richard RIORDAN: Budget paper 4, page 49, and it is quite clear in there. It says it is –

Lily D’AMBROSIO: Okay. The advice that I have is that it comes from a Treasurer’s advance for that work to be completed before the end of this financial year.

Richard RIORDAN: So a Treasurer’s advance is paying for it for this year.

Lily D’AMBROSIO: I believe so, yes.

Richard RIORDAN: And then does that go back to the Treasurer? Okay. And it will be completed by 30 June.

Lily D’AMBROSIO: I believe so, yes.

Richard RIORDAN: Okay. The transfer of the Victorian network declared function from AEMO to VicGrid occurred on 1 November 2025. Why is VicGrid still incurring establishment costs eight months after assuming responsibility for planning and managing Victoria’s transmission network?

Lily D’AMBROSIO: Well, there are a number of workstreams that are underway, and we need to understand that some of the functions that VicGrid are undertaking are functions that were performed by the Australian Energy Market Operator, which was our system planner for a number of decades here in Victoria. It was a very unique role that transferred over to VicGrid, because we knew what was happening and we heard loud and clear from communities that it was not doing the work that it needed to in terms of getting on the ground and listening to people but also planning in a proactive way for our transition. What VicGrid does of course is the planning work, the policy development work, to ensure that we have a planned transmission system that can support our transition to renewable electricity, ensuring that we have got sufficient supply to meet demand but also that we have a very clear focus on supporting communities, supporting landholders, communities and the industry to ensure that we have the timely delivery of transmission infrastructure to be able to support the ongoing investment of those renewable energy projects.

Richard RIORDAN: And is it your contention that, from what you have seen from VicGrid, they are doing a better job than AEMO in terms of dealing with landowners and communities?

Lily D’AMBROSIO: Yes, absolutely. I have no doubt about that.

Richard RIORDAN: How would you measure that?

Lily D’AMBROSIO: That is not to say that these are not challenging matters for communities – I get that; I understand that. But these things are never going to be easy to do. However, we can do them as well as we possibly can and continue to strive to do them well. What communities have said to us is, ‘We want people on the ground to talk to us about what works, what doesn’t work, to make adjustments.’ And we have made adjustments. VicGrid have made adjustments where they have been able to in terms of transmission and also of course to deliver community benefits and payments that go to supporting jobs and local communities.

Richard RIORDAN: Is it true, Minister, that in order to facilitate that it is almost an annual event whereby the minister changes the property ownership and planning rules in order to get past yet another hurdle that the community might throw up?

Lily D’AMBROSIO: No, the –

Richard RIORDAN: For example, we have the law now where you will fine farmers if they are trying to stop people going onto their property. You have got compulsory acquisition overlays. In my own area you have changed the boundaries of people's property; where a turbine is is not from where the turbine is but from the property boundary. Age-old laws and planning regulations that apply to every other industry have been circumvented in order to do this. Is that really listening, or is that just changing the ground rules?

Lily D'AMBROSIO: Well, it is not true. Can I just say that the creation of easements for the broader public good and compulsory acquisition have been around since the ark – that is the reality of it. There have been no changes, certainly no changes to landholder rights – none whatsoever.

Richard RIORDAN: Really?

Lily D'AMBROSIO: Yes, that is right. What has happened is that –

Richard RIORDAN: If I am one of these energy companies, as soon as I notify you I get a say over what my neighbours do on their property. It is now standard practice that once you make it known whether you get a wind farm or a project up you have affected the property rights of your neighbour.

Lily D'AMBROSIO: How have you done that when it is not on your land?

Richard RIORDAN: Because the councils cannot approve something that may be within distance of where you might put a renewable energy project.

Lily D'AMBROSIO: These rules around what can occur on properties, whether it is a mining activity or an exploration activity or indeed a renewable energy project – landholders have today the same rights that they have always had to decide whether they want to allow for that development to occur for whatever fees they deem appropriate from that developer.

The CHAIR: Thank you, Minister. We will come back, Mr Riordan. Mr Galea.

Michael GALEA: Thank you, Chair. Good evening, Minister, Secretary, officials. I was actually inspired by the earlier line of questioning to take a look at the energy data, and 32 per cent of Victoria's energy came from wind in the last 24 hours. In fact more energy was produced from wind in Victoria than the rest of the country combined in the national energy market in the last 24 hours, which was interesting. Minister, I would like to ask you about what you dubbed the energy loyalty tax, and that is the new consumer protections that are being brought in from 1 July and 1 October this year to provide that assistance when people need it the most. Can you please talk to me a little bit more, referencing your presentation and your earlier remarks? Could you talk to me a little bit more about what will actually change for consumers?

Lily D'AMBROSIO: Thank you. With the market that is a deregulated market, we have over the years looked to see where the market is not working in favour of the consumer, so the person who pays the bills. Ultimately our government is one that always has at the very heart of the work that it does those people who pay the bills. What we have seen after a lot of reforms that we have already made is that we have realised that there is a disadvantage for those people who do not always find it easy to move from one contract to another. What tends to happen is that energy retailers rely on what we call sticky customers – those who get stuck on a particular contract for a number of years or that do not have the capacity or the opportunity or the circumstances in their life to shop around and look for better offers. What we have said here is that we would be requiring from 1 July a reasonable price limit that reduces that loyalty penalty, as we call it, by forcing the retailers to provide lower energy prices to customers on energy plans that are more than four years old. Victoria is the only one doing this reform. We know that there are about 53,000 customers that are in this situation, and they could be saving anywhere between \$229 and \$365 a year on average. It is really important for us to keep refining the market, making sure that we curb some of the poor behaviours of energy retailers, especially in support of consumers who otherwise would be paying more than they ought to. Ultimately, at the end of the day, the retailer provides a bill of their electrons. One electron looks like any other electron; it does not matter who is giving you the bill. They should be paying a fair price. This is about putting fairness back into that system.

Michael GALEA: Thank you, Minister. You also touched on the Victorian default offer in that same part of the presentation. Unless I am very much mistaken, that default offer is still much less than the equivalent offer in other states. Minister, what can consumers expect from the Victorian default offer come 1 July this year?

Lily D'AMBROSIO: Thank you. The default offer is an important innovation that Victoria made, going back to 2019, and then the rest of the country followed with the DMO, as they call it. The Victorian default offer is working very well to give every Victorian the confidence that what they are paying themselves, whether it is a market offer or actually the Victorian default offer, is a fair price, if you like. If people can actually get cheaper prices – well, go for it. We are really keen to help people, and that is why the Victorian Energy Compare website gives people that opportunity to investigate that. What we have done is – certainly from the draft Victorian default offer that the Essential Services Commission has provided, it actually shows of course that the VDO is becoming cheaper; it is reducing.

What is really important are just some of the statistics around how many people actually are on the default offer. As of March this year about 17 per cent of households, or just over half a million customers, and 21 per cent of small businesses were on the VDO. Now, if they were not on the VDO, I could tell you they would be on a much higher standing offer that applied up until 2019. That standing offer was much higher than what it is now, even in real terms, in comparative terms. The default offer is cheaper than the standing offer it replaced in 2019. So that is a significant improvement for them.

We are waiting for the final determination, which will be released sometime in May. This VDO will apply from 1 July. It goes from year to year. Just on the draft determination, residential customers would see a decrease of around \$46 averaged across the five distribution zones in Victoria. Small businesses would see a decrease of around \$172, or 5 per cent, and 3 per cent for residential. This, again, is very important because people see that as a really important benchmark to compare their own energy bills. Like I said, if people are really keen to shop around and look for prices, they will potentially find offers that are cheaper than the VDO. That is great. We want to make sure that the market keeps competing to give people the best deals possible, but it is important to have it there so you are actually not stranding hundreds of thousands of Victorians on prices that really are ludicrous and simply deliver a lot of cream to the energy retailers, who are always going to make money – no-one denies that they are entitled to that, but not at the expense of Victorians. A fair price is what the VDO is absolutely about, and this still of course presents, compared to the draft DMO – if that remained the same, the final VDO would still be lower than the national DMO.

Michael GALEA: Thank you. And then as you said, people can still shop around, and with Victorian Energy Compare, there is a free service that can do that without giving your data to a third-party company.

Lily D'AMBROSIO: Yes.

Michael GALEA: Minister, you also touched on the midday power saver bonus. Could you talk to us a little bit about how this will actually work in practice and how much you expect average Victorian families to save?

Lily D'AMBROSIO: This is another important reform to the energy retail market. We have said that we will introduce our midday power saver on 1 October this year. What that will mean is that for those Victorians – and we would ask Victorians to just think very carefully before they jump into this tariff. They do not have to take this tariff – it is up to them – but if they do, the ones who are likely to get the best outcomes in terms of cheaper overall bills across the year will be those Victorians who can shift their consumption or usage to those 3 hours for free, okay. That makes sense. Some people can do that because they have got batteries. Others can do it because probably they work from home or indeed are home –

Michael GALEA: Shift workers.

Lily D'AMBROSIO: Shift workers. They might have timers on their washing machines and what have you, even if they are not at home. If they can shift more of their consumption to that time of the day when prices are low anyway and there is an abundance of energy available, then that is when they are going to actually save significant amounts of money. We are estimating that around 2.6 million Victorian households could save between \$100 and up to \$1070 on their energy bills if they sign up and shift their power use. And that is really important. Communicating around this is really important. We want to make sure that people consider it carefully, and if they believe that it is right for them, then this is about allowing them to know that there will be a tariff that is a fair tariff that is being delivered by the Victorian government through the Essential Services Commission. There will be a number of other features of the program, including that it will encourage more households to use electricity at the time that the grid is full of cheap renewables, and that is why that is that sweet spot during the period of the day. The hours will be determined by the Essential Services Commission,

and there will be a number of other protections that we will have in place. What is important here is that smart meters, 99 per cent roughly of electricity customers have got that in Victoria compared to 43 per cent in other states. It is expected to be in Victoria – that is the midday power saver – twice as big as the solar sharer offer that applies in New South Wales, South Australia and Queensland combined. So that is why we are being careful about the development of this. But ultimately households will stand to benefit, providing they can shift that usage to the middle of the day.

Michael GALEA: Thank you, Minister.

The CHAIR: Thank you, Mr Galea. We are going to Ms Benham.

Jade BENHAM: Thank you, Chair. Good evening, Minister and officials. No surprises – I want to talk about VNI West. You said earlier that nothing had changed with requirements for landholders with regard to compulsory acquisition, landholder rights et cetera. That is what you mentioned earlier?

Lily D’AMBROSIO: I was referring to the previous comments around changes in legislation. So the changes in legislation have enabled, for example, a compulsory acquisition process to commence at the same time as an EES process is underway.

Jade BENHAM: So, before the EES is complete.

Lily D’AMBROSIO: So it does not actually change the rights in the EES process or the rights under a compulsory acquisition process, except for the timing of these things being able to be run to a degree concurrently.

Jade BENHAM: So you can acquire for an easement before it is complete. This might be a question for Mr Parker. How many landholders have signed up to host easements through the VNI West corridor?

Alistair PARKER: I do not think we have said that publicly, but I do have it here.

Jade BENHAM: I think it has been mentioned on the radio a few times, on local radio.

Lily D’AMBROSIO: A bit of speculation.

Alistair PARKER: Yes. It is always important in the context of exactly what is being talked about. There are voluntary access agreements because we are early in the process, we have not –

Jade BENHAM: How many of those do we have?

Alistair PARKER: We have got voluntary access agreements with 66 properties along the route, and there are 220 properties along the route. As we progress we expect to have more voluntary agreements. But one of the things that has been quite notable on other transmission projects – and in fact worldwide we see this trend – is landholders often wait for a compulsory process to start before they engage really seriously in the voluntary processes, because they want to be sure it is not a waste of their time. They want to be sure that the process is going ahead.

Jade BENHAM: I have tried looking through the budget papers to find where the line item is to acquire land for VNI West WRL. How much have you set aside to acquire land?

Lily D’AMBROSIO: Well, it is an easement process, and I do not know that these things appear in budget papers typically – no – but I am happy for Alistair Parker to go to that very matter.

Alistair PARKER: Apologies, it is going to be a bit of a long-winded answer.

Jade BENHAM: That is okay.

Alistair PARKER: But I will keep it as short as I can. In Victoria we do not have a monopoly transmission provider. When we want to build new transmission, we go out to the market and we find a suitable party to build, own and operate the transmission line. They will own it for its entire life. It is that company that in fact enters into the arrangements with the landholders. For example, in the Western Renewables Link, it is AusNet. For VNI West, we have just appointed Iberdrola as the likely proponent to do that. So it is something that is

paid for through transmission use-of-system charges; it is not something that shows up on the government's balance sheet.

Jade BENHAM: But you would have estimated how much you were going to need to acquire land for that project?

Alistair PARKER: In the estimates for the overall project, there will be estimates of that. We do not declare that publicly, as you do not for a budget process. We do not set a number.

Jade BENHAM: Okay. We know that the community sentiment is mixed and varied – and I know it very, very well. The other part of the legislation that has been changed is to allow VicGrid to enter land without the landholder's permission. How many landholders have been charged now?

Lily D'AMBROSIO: That is not correct.

Jade BENHAM: How many landholders have been charged because they have refused entry to VicGrid?

Lily D'AMBROSIO: That is not correct. What changed a few months ago was the enforceability of existing authority to be able to enter land for the purposes of this type of work.

Jade BENHAM: And how many farmers have been charged?

Lily D'AMBROSIO: Let us get the facts right, though. That was about the enforceability of the law that existed. So there is no new right or impingement, if you like, on landholder access matters.

Jade BENHAM: How many farmers have been charged with those enforceability matters?

Alistair PARKER: As far as I am aware, no farmers have been charged.

Jade BENHAM: Really?

Alistair PARKER: As far as I am aware. I know we sought access to – I just want to get this right – about 26 properties recently. Access was impeded in a number of cases where the landholder – and we were very grateful that was a largely peaceful process, a respectful process. The authorised officers who accompanied those access attempts will now, based on the evidence they gathered that day, decide whether or not to issue fines. They issue I think initially a fine of \$800, but as far as I am aware, as of today, nobody has been issued with one of those fines. Now, you might tell me something has landed in the post, because that is an independent process run by authorised officers. They do not work for VicGrid. They are an arm of government, and so we respect their operational decision-making.

Jade BENHAM: Okay. So they are separate to VicGrid.

Alistair PARKER: Yes.

Jade BENHAM: Okay. Let us talk about the community benefits. This relates also to the SEC, and we will get to that later. We know that the community benefits and the community consultation have been poor at best. What is in place, what has been modelled, what has been budgeted for to at least benefit the community in some way? There might be 66 landholders that have signed up voluntarily to investigate, but what community benefit is there for communities along the VNI West and WRL corridors?

Lily D'AMBROSIO: I would disagree with you about matters being poor. We have had, and VicGrid have had, the most forensic and exhaustive engagement with communities over probably the last couple of years. I am looking at Alistair to just check on that one.

Jade BENHAM: The community would say different, Minister.

Lily D'AMBROSIO: Well, I can tell you how many times that VicGrid have been out to information forums and have been out to consultation with discussion papers about what community benefits could look like. Councils have put forward their own proposals.

Jade BENHAM: Do you accept that standing at a rural supermarket on a Sunday afternoon to do community engagement is poor at best because there is simply no-one around?

Lily D'AMBROSIO: Well, I do not know where you get that idea from. What I am saying to you is that there is a litany of engagements that VicGrid have gone through better than has been gone through ever before when it comes to transmission. What I will say to you is that we have made very clear commitments and legislated, and we are about to bring in remaining legislation, to entrench benefit sharing for communities. About 18 months ago we did that for the landholders. We are about to bring forward legislation – the remaining architecture, if you like, legislative architecture – around community benefit sharing of transmission and the renewable energy zones and the projects, and also of course TO benefits. On top of that VicGrid has been working with Ausnet as the proponent for WRL for Ausnet to open up I think it is about a \$50 million community benefit fund outside of the legislated requirements that will come as the projects are being built, and that was announced not all that long ago – I think about a month ago, Alistair – and that is money that the community will start seeing once applications come through and decisions are made by local communities about how they would like to use those funds.

Jade BENHAM: So if those funds are used, because councils we know, particularly out in these communities, are hamstrung with maintaining their assets – roads, for example, and sporting facilities – is that going to be a surrogate, if you like, for local government funding to fix roads and things, or is it going to be additional to that? Because there is a lot of worry within these communities that if there is that community benefit, it will just replace funding that the councils should be able to raise themselves but they simply cannot.

Lily D'AMBROSIO: Sure. We have had many conversations with councils. I meet with them quite often. They meet as a group, and sometimes they meet individually from those communities that will see transmission come through, or are likely to see transmission come through, and the renewable energy zones. They are all very, very interested to see how those moneys can be utilised on the ground in the ways that communities determine it. It is not about a substitute. This is about those additional benefits that will make their way to those communities as a result of these projects coming through.

The CHAIR: Thank you, Minister. Ms Kathage.

Lauren KATHAGE: Thank you, Chair, Minister and officials. Minister, in your presentation you included information about Victoria's renewable energy targets. Why are they important for driving investment?

Lily D'AMBROSIO: Thank you. When we were first elected at the end of 2014 just under 11 per cent of our electricity was coming from renewable sources. We are now at 44.5 per cent. And what was very clear to us at the time by industry – because we have to reflect on the fact that for the four years prior we had a flight of investment away from the state because of very draconian planning laws and effectively a sign that was put up by that government that renewables were not welcome in this state, so investment went to other states. So we were very clear that we needed to send clear signals to the investor community that not only was our government changing the planning laws but we were actually going to incentivise ways of having targets. So we set about having targets – very strong targets – and not only setting targets but ensuring that we actually facilitated the investment environment for projects to be built in this state. A lot of that is about transmission projects also, because unless you have got that transmission in place, you just cannot have those renewable energy projects being built. No-one is going to build a renewable energy project if it cannot connect to the grid and send the power anywhere. It is like you are going out and buying yourself a nice car, but you have got no way of being able to get it on the road. You cannot go anywhere with it. It is stuck in the garage because it does not have a road out. That is pointless; no-one is going to build. And we also understood that the targets were important to also understand what the existing coal generators were going to do – those that were privately owned of course – and we understood that they had their own plans around the engineering life, if you like, of these plants. And we needed to make sure that targets also factored that into account so that sufficient replacement electricity would be built well in time for the exit of those generators. If you do not do that, you have a shortage of supply and you have energy bills that go through the roof. That is what happens. And of course a responsible government needs to plan and plan well and give confidence to the investor community that they need to go on and get things built, and that is what we have had in Victoria, and we have been very successful.

Since 2014, we are now up to about 79 large-scale wind projects operating in Victoria. We have got significant amounts of solar projects that have been built, so our share of renewables powering our state went up from 10.8 per cent to 44.5 per cent in 2025. Can I just say that it is no accident that that has meant that we have got consistently the lowest wholesale electricity prices in the country and consistently the lowest electricity bills in the country, because of that cheap replacement electricity coming into the system in a timely fashion.

Lauren KATHAGE: Minister, you were quite emphatic before to Mr Riordan that coal is closing. Why is that certainty around that important for investment in renewables?

Lily D'AMBROSIO: Well, it is important because when we think about the electricity system, you can only sell as much as the system wants. Okay? You can overbuild renewable electricity, but we always need to make sure that you have enough available to meet peak periods and to plan ahead. But you need it so that you know that you are actually investing in a project that will be utilised – that will actually be called on to supply that cheap renewable electricity when it is needed. That is the business case for anything that you build: is there going to be a need for it? Whether it is new electricity or whether it is something else, is there going to be a need for it?

If you know that a generator is exiting the market by a certain date and you know that well in advance, you can put all the planning in place and have the certainty in place to enable that new replacement electricity to be built in time. If you have a disorderly exit, if you like, of generation, where you are blindsided by it, as was what happened with Hazelwood, for example, that is when you see price spikes, because you just do not have that replacement electricity built in time. That is why we need to also plan around transmission – where are these new projects going to be built for this cheap renewable electricity? You need to make sure that you build in anticipation, so you need those transmission projects done. All of this, when you look at all of the system-wide benefits, means that you are going to have the lowest power bills that you can have whilst you are managing the transition well.

Lauren KATHAGE: You are saying system-wide, so I think it sounds like storage targets play a part in reaching –

Lily D'AMBROSIO: Absolutely. And just as a point, we are going to need a whole bunch of firming technologies as we get to 95 per cent electricity. Gas is an important part of that – gas peaking. But what I can say to you is this: the more we can rely on battery storage, which is cheaper than gas, the bills are going to be cheaper. If you have a look at the first quarter of this year, I think it was the Australian Energy Regulator report – I think, sorry – that showed that we had a significant reliance on battery storage technology, which meant in fact it actually trumped gas peaking plants most of the time. Because it is available and it is cheaper than gas, it comes into the market ahead of the most expensive at the time. The more we can rely on that, the cheaper everyone's electricity bills are going to be. We are still going to need gas peaking plants, of course, as we get to 2035. I have been really clear from day one – some people choose not to listen to it – that 95 per cent renewables means the other 5 per cent is gas peaking plants. But because gas is really expensive, we want to make sure that we only use as much as we possibly need. That is why it is important to have those really big energy storage targets. We are well and truly on the way to achieving our 2030 energy storage targets – we are actually well ahead of attaining that target. We will continue to develop that up as we transition and do it well. A well-planned transition will mean that we will have lower bills as a system-wide approach, and that is what you need – you cannot cherry-pick these things.

Lauren KATHAGE: So then the policy settings that are helping us to get to that storage target?

Lily D'AMBROSIO: Well, we have legislated the renewable energy storage targets – we were the first state to do that – and that again gave a lot of confidence to the market that our government was open to this. Also, can I say that the Premier and the planning minister about 18 months ago announced some reforms to the planning processes through the development facilitation program to fast-track, if you like, battery storage technologies. We have seen significant numbers being approved and being built in Victoria. Batteries are already overtaking gas power generation, typically providing over 10 per cent of Victoria's power during the evening peak. That is really important. The more batteries we have in the system, the better off we will be, because it will mean that when renewable generators have surplus electricity, that can be stored in batteries and it can then be used at the more expensive times of the day or evening to displace more expensive electricity. That is why you need to have a whole mix of technologies coming into the system.

We are also working with the Commonwealth government, and we have established a bilateral agreement for the capacity investment scheme. That includes the underwriting of the Commonwealth for renewable energy projects in Victoria, including wind projects and battery storage projects. Also of course we are working, at the instigation of the Victorian government from a few years back, on what we call the electricity security mechanism in Australia. That is a new mechanism for the market. I will not go into the details unless people want me to, but that will effectively incentivise the new build of replacement electricity and storage that we require to have a good transition.

Lauren KATHAGE: It sounds like a mix of targets, investment, policy and legislation to demonstrate to the market that certainty and –

Lily D'AMBROSIO: And the State Electricity Commission has actually played a really important role in providing those additional renewable projects.

The CHAIR: Thank you, Minister. We are going to go back to the Deputy Chair.

John PESUTTO: Thanks, Chair. Good evening, Minister and officials. Minister, I just want to carry on the discussion a bit around social licence and particularly rural and regional communities and transition infrastructure. I just want to get your thoughts, if it is okay, on comments by Tony Mahar, the Australian Energy Infrastructure Commissioner, who last week came out and expressed some concerns in his role as commissioner that he thinks there is – I am paraphrasing – an underestimation of the challenges around respecting and giving some voice to communities that are feeling the displacement that can come from these things. I will just read out a couple of his quotes and then ask you to respond:

My overall assessment after this first year is that the challenges are more complex and deeper than I had even imagined. Australia's ongoing energy transition is nationwide and long-term, but it is also happening at an increasing pace and will affect different regions differently. Inevitably, it involves real disruptions and some uncertainty for communities, as it brings a lot of new things into the landscape ...

And he did refer to some developers as 'cowboys' – his word, not mine. Do you agree with the commissioner?

Lily D'AMBROSIO: Look, I have had a very good relationship with Tony Mahar now since he took over from Andrew Dyer I think about 2½ or two years ago. I meet with him regularly. I know that he has good ongoing engagement with VicGrid also. As I said earlier, these are not easy transitions – I know that – but what it is that we can do and we strive to do is put our best foot forward in terms of that engagement with local communities.

John PESUTTO: And can I ask – sorry, Minister, to interrupt: are there specific things, comments by Mr Mahar and others, that have prompted you and the government to think about in order to maybe revisit some of these issues?

Lily D'AMBROSIO: Can I just say that I have had regular meetings involving Tony Mahar, the VFF and the actual proponents of the transmission projects also over probably about three years, and of course the department and VicGrid, and we absolutely take on board a lot of the feedback – and also groups of individual farmers, landholders and groups of councils – to keep refining the way that engagement happens but also looking seriously at all of those issues or questions that need answers that landholders in particular led –

John PESUTTO: Can I put one of them to you. In a lot of these communities the people that you speak to are not necessarily anti-renewables, but they will raise many issues. One that is often raised certainly with me and my colleagues is: at what point do we have to think about the availability and utilisation of prime agricultural land and things like that? Can I just get you to comment briefly on how you see – I will call it – a contest between policy objectives?

Lily D'AMBROSIO: Yes, and it is awful word.

John PESUTTO: But you can understand their deep concern.

Lily D'AMBROSIO: Absolutely. Can I just say to you that the approach that VicGrid and I took in the very early days of the planning around the renewable energy zones was to deal with these issues about 'We're having projects that are built all over the place,' and there are a number of issues there. One is: are they being built in the best places possible vis-a-vis the actual landscape and the use of the land, or are they actually being

built in areas where there is very little transmission infrastructure? To do this well you want to make sure that you minimise the cost of building too much transmission infrastructure where you do not need it or having a whole bunch of projects built that have to be curtailed because they just cannot get connection. All of this is what we were faced with as a government a few years ago, and that is why we have gone down the road that we have to have greater visibility to have more anticipatory planning around transmission. But also there are those issues around: where do these projects go? Can they live side by side with prime agricultural land and all of those things? Can I just say that with the draft renewable energy zones that have been put out there I know that there had been a lot of engagement with the VFF. The VFF took a red pen to a number of the areas that were able to be carved out of the renewable energy zones to avoid. There are some things that we cannot avoid, but where they have been able to VicGrid have done the best they can to minimise the impact.

John PESUTTO: Thank you, Minister. You may not be able to provide this information now, but could I get an undertaking if you cannot to come back to the committee: could we have updated advice on total estimated investment costs associated with VNI West, the Western Renewables Link, the extent to which we might foot the bill for the ConnectEast spur into Victoria and also Marinus? I do not expect you to have those answers. If you do, great; if you do not, would you be prepared to come back to the committee with updated costings?

Lily D'AMBROSIO: Absolutely. These things do not appear on budget to us, but of course they end up on bills – I get it. What I will also come back to you with is the total system benefits, because I can tell you now that when you add up the cost of building and what it enables in terms of the new electricity that is being able to be built and delivered, there is a net benefit on people's bills – a net benefit – when you look at the whole system costs.

Richard RIORDAN: Wouldn't that net benefit mean the price has gone down on their bills?

Lily D'AMBROSIO: A net benefit, yes.

Richard RIORDAN: Which means your bill has gone down.

Lily D'AMBROSIO: Yes. And if you do not do them, you have got to look at the counterfactual. The counterfactual is that if you do not do these –

Richard RIORDAN: We have to believe you on the counterfactual, but the fact is –

Lily D'AMBROSIO: Well, no. You do not have to believe me, but you can believe the market operator, which is independent; you can believe the AEMC, which is independent; and you can believe those institutions that do industry-standard modelling. If you have got a bunch of generators that are leaving the market and you do not have transmission built, the counterfactual is that everyone's bills will go up significantly because you will not be able to build the replacement electricity. That is what will happen. That is the counterfactual.

John PESUTTO: Minister, just picking up a point Mr Riordan asked you about in his questioning: for the record and for the benefit of this committee can you inform this committee whether you have received any advice in relation to Yallourn as to whether its closure date could be extended à la Eraring or the potential for the Callide B-type extension? Can I ask if you have received any advice of the risks of the need to extend?

Lily D'AMBROSIO: There are no risks. There have been no requests. My answer to this –

John PESUTTO: Or any advice?

Lily D'AMBROSIO: No, there is none. Can I just say to you that the market operator have been really clear – and they do their annual reports every year on electricity supply and pipeline supply right across the national electricity market, including Victoria – with everything that is known, that over the next 10 years at least there is no issue of a lack of electricity or energy security for Victoria. That is the confidence that everyone can have. I will, though, add that it is in some people's interest to speculate and make up rumours about Yallourn, but I can tell you I speak to EnergyAustralia and they are very clear about what their program is, and the market –

John PESUTTO: The problem is I think we are all speaking to EnergyAustralia, Minister.

Lily D'AMBROSIO: Who is speaking to EnergyAustralia?

John PESUTTO: I think a lot of us speak to EnergyAustralia and hear different things.

Lily D'AMBROSIO: I do not think that is the case at all.

John PESUTTO: Minister, in the time I have –

Lily D'AMBROSIO: The Australian Energy Market Operator is absolutely confident, and the Australian Energy Market Commission in their price trends report make it really clear that there are no issues in Victoria in terms of electricity.

John PESUTTO: So no advice?

Lily D'AMBROSIO: Well, it has not been needed, because the plan is there and it is being delivered.

John PESUTTO: I just have a final question to put to you just in relation to data centres and what they will do to demand. Depending on what forecasts you look at, that could be as high as 8 per cent of demand, or I have seen figures as high as 12 by 2030 and beyond. Are you concerned, and if so, have you commissioned any advice or received any advice about how you protect grid stability and security and energy prices for consumers as these data centres come online? Does your government commit to make sure that – even if you have to come back, given we will run out of time – given the impact of data centres on demand the development facilitation program will be used judiciously to ensure that the public does have a genuine say and that the community is not excluded from very important decisions? For example, the NEXTDC approval took 75 days, but there will be other cases where communities are affected in different ways. Could I ask you about that?

Lily D'AMBROSIO: Thank you. Certainly it is hard for me to comment on the facilitation program – that is the planning minister's realm – but I can absolutely assure you that nothing matters more to me than the clarity that I have that data centres are going to be really important for us right across the country for a long time but, importantly, that consumers should not be paying for them, either through increased bills or shortages of supply.

The CHAIR: Thank you, Minister. Mr Tak.

Meng Heang TAK: Thank you, Chair, Minister and officials. Minister, the Victorian energy upgrades: I refer to budget paper 3, page 30, where it says the government is providing funding for implementation of the strategic review of the Victorian energy upgrades program. Also, in the same budget paper on page 33 it says the government is providing funding for electrification training and more hot water rebates through Solar Victoria. Minister, how are both of these programs providing cost-of-living relief for Victorians whilst also reducing emissions?

Lily D'AMBROSIO: Thank you so much. The Victorian energy upgrades program is really a significant part of our government's program for reducing energy bills for Victorians. It is a program that has been around a long time, and that is why we have invested to ensure that it remains fit for purpose and that it is absolutely modernised to be able to do more of that heavy lifting. What it is about: the Victorian energy upgrades program is the biggest of its kind in the country. What it does: it has a clear focus on reducing the consumption of electricity through energy efficiency means, and that is really important because ultimately the cheapest electricity that you can use is the electricity you do not use. So if you use less electricity to heat up your hot water, heat your home or cook or what have you – or gas even for that – whatever you do not use is money in your pocket. It has also been tied to emissions, and that has been the case since the program commenced. It continues to deliver significant savings in emissions through all of its activities. We are very clear that with all of the additional activities we have added to the VEU program it now enables any household that wants to do more electrification, or all electrification, to be able to get rebates or discounts off those replacement appliances to help reduce their energy bills from day one. It is something that we are very proud of. It sits alongside of course significant rebates that we continue to provide to Victorians for solar PV systems and our rebates also for solar hot water systems.

All of these go to saving Victorians significant amounts of dollars off their energy bills. If we have a think about 2025 alone, the VEU program cut Victoria's emissions by 5.9 million tonnes and delivered more than 340,000 discounted energy efficient upgrades. On average, households who use the VEU save about \$110 a year off their bills every year, because those upgrades are there every year, so you reduce your consumption

every year, and businesses have been saving about \$3700 a year on average. Even if you do not use the VEU program yourself, there is a net benefit to every consumer because when you are consuming less electricity, you are actually pushing down wholesale prices for every Victorian, and everyone pays a wholesale price on their energy bills, whether they are in the VEU program or not. That has been a net benefit.

In terms of the rebates that we have been providing, because I think you did talk about the VEU but also some of the other rebates, we have had an increased popularity of our rebates for efficient electric hot water systems, and they continue to grow, and we have had support – rebates for over 83,000 efficient electric hot water systems. Those alone, people swapping those out – typically people wait until their hot water system just breaks down, and some people can choose to fix it, but if they do not, if they simply replace it, they are looking at saving about \$300, on average, or \$330 off their energy bills every year simply by having that efficient electric system. So we have announced another \$28 million to keep those hot water rebates available. That is on top of the more than \$1 billion that we have already provided through rebates, including the solar rooftop rebates that we have had.

All of this has helped to deliver 2.4 gigawatts of rooftop solar capacity across Victoria, which is a significant amount, and ultimately that is about people being able to reduce their energy bills. Ultimately that is what people look for when they get those solar panels on their roofs and the hot water systems; it is about those cheaper bills. At a time when people are facing increased cost-of-living pressures, mortgage rates going up, overseas wars that choke the supply of fuels that come into our state – the downstream impacts of those are not fully felt yet – the more of these things that we can do to help Victorians every day with the cost of living will go some way to giving them the relief that they deserve, and we will keep looking for more opportunities to do that.

Meng Heang TAK: Thank you, Minister. Industrial businesses can also be very energy-intensive. How is the government supporting these businesses to electrify or reduce their energy use?

Lily D'AMBROSIO: Thank you. We know that there are different types of energy needs of businesses in Victoria. If you have a look at our food industry, they typically require heat for food production, which can be met by electric means. Now, there are a whole bunch of businesses that cannot do that, and making sure that we preserve much of the gas that we have in Victoria for those businesses is part of our program. So if we reduce our reliance on gas for the home, saving people money on their bills, we are actually conserving what is expensive gas, but it is still cheaper than any gas in the rest of the country. We conserve that for those businesses that cannot electrify. We know that between now and 2035, through electrification of the household program, we will have saved sufficient gas – conserved Victorian gas – to meet 80 per cent of the industrial load every year. That is a significant saving. That is almost like opening up another gas field without having to open up another gas field. But in terms of those businesses, we do have a program – another round of our Energy Innovation Fund for electrification targeting food businesses in particular. We know that we are the food bowl of the country, and if we can help those businesses save on their energy bills through demonstrating these electrification processes, then I think that will go a long way to really unlocking significant savings for the broader manufacturing community in Victoria when it comes to food processing and their energy bills. We need to push those bills down, and I am really pleased that this electrification program will help us to achieve that.

Can I say we have also expanded the VEU to do more activities for industries that do want to electrify, but there are also available to businesses more efficient gas processes. It is not just about electrification for businesses, because as I said, some of them cannot electrify, but where we can also help them with more gas-efficient systems of operations, then that is exactly what the VEU program is helping them to achieve.

Meng Heang TAK: Thank you, Minister. With the remaining time, I want to bring you back to Solar Homes. How is the Solar Homes program supporting local jobs and also lifting standards in the renewables industry?

Lily D'AMBROSIO: Thank you. This is something that I was very committed to when we commenced the Solar Homes program back in 2018. We needed to have a very clear eye to ensuring that the safety standards were there and sufficient auditing was there to give Victorians the confidence that they could participate in this program, be safe and have the right installers, qualified installers, coming in, doing the right job and ultimately keeping them safe but also then having good-quality systems and installations. Because of that we were

actually able to lift the whole standard of the sector right across the country. Victoria has set the standard. There are significant jobs in this. The Solar Homes program has supported over 7000 jobs in 2024–25 alone, surpassing our target of 5500 jobs. And we will not stop there; we will keep going. We have done a lot of dedicated training and workforce development.

The CHAIR: Apologies, Minister.

Meng Heang TAK: Thank you – very passionate.

The CHAIR: I am going to go to Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Good evening, Minister and officials, and thank you for all of the ground that we have covered so far with information in this session. In your opening slides, Minister, you referred to resource exploration, development and extraction. I believe on your sheet it was slide 11. Can I ask you to take the committee through all new approved and proposed oil and gas projects off our coastline and any associated costs around these that you can provide?

Lily D’AMBROSIO: Costs – okay. Firstly, there is very little resource left in state waters or onshore – that is the reality of it – which is why we have been very clear and dedicated to reducing our reliance on gas, because it is going to save Victorians money but it also means that what we do not use in the home we save for the businesses that cannot electrify and need what is an expensive gas but is still cheaper than getting it from outside of Victoria, which is really important.

Now, in terms of the activities – sorry, just let me go to that; that is the one – all up, there is about \$2 billion worth of investment in three types of things. One is gas storage, and there is one gas storage project that is happening in state waters. That is not extraction; it is actually storage. The more storage we can have, it is saved for a rainy day, all right. If we increase our storage, it helps us to ensure we do not have those shortfalls and we keep pushing out the dates of the shortfalls, and we have been very successful in doing that.

In terms of exploration and production, there is that \$2 billion of investment in that exploration and production effectively in Commonwealth waters. There is the Turrum phase 3. That is off the Gippsland Basin. There is Kipper 1B, which is looking at full production – that date there is not quite right – and which reached full production capacity at the end of 2025. There are also Amplitude Energy and OG Energy’s announced \$500 million joint venture in the east coast supply project in the Otway Basin, ConocoPhillips’ Otway exploration drilling program for the first two of six wells – I think that was announced last year – and the Turrum phase 3 project I mentioned earlier. Those are a combination of exploration and production in Commonwealth waters, and what we have seen also are these storage projects happening in state waters.

Aiv PUGLIELLI: Okay. And for any of those that you have mentioned, I understand some costs you will not be able to provide, but where you can, can you come back to the committee with some of those figures?

Lily D’AMBROSIO: Well, I am not sure what you mean by ‘costs’, because these activities are all done by the market.

Aiv PUGLIELLI: Okay.

Lily D’AMBROSIO: And that has typically been the case forever.

Aiv PUGLIELLI: So, not any investment from government that you could speak to in any way?

Lily D’AMBROSIO: No, it is not needed.

Aiv PUGLIELLI: It is more approvals coming from government rather than –

Lily D’AMBROSIO: Yes, that is right. It is the approvals processes, that is right, and the regulatory framework from government. And it is typically the case that these projects have been able to do their own exposure. These are big investors here and they take the risk, and where they find it they bring it to the surface. That is it.

Aiv PUGLIELLI: Okay. In terms of any other exploration or extraction projects around fossil fuels relevant to Victoria, are there any others that you could take us through that you have not included in that list?

Lily D'AMBROSIO: Well, there are some licences for exploration that go back a few years. They are sitting there. If we look at Lakes Blue Energy, they continue to develop and determine the feasibility – or the commercial viability, I should say – of what is called the Wombat gas field, and I think that is onshore, and ADZ Energy is progressing plans for exploration activities in the Otway Basin in 2026. So that is that. There is also gas storage happening onshore too near Timboon, which is onshore. We did change some legislation going back I think a couple of years to enable storage of gas in state waters, because I think we only had the ability to do that onshore, so we needed to close that gap. Also, we have put out to tender a couple of areas of Victoria, because there were a couple of proponents that came forward saying that they wanted to explore for gas onshore.

Aiv PUGLIELLI: As in companies?

Lily D'AMBROSIO: Companies, yes. And we put those out, we opened those up I think last year, and I think they closed in February. So I am just waiting on the department to brief me on the outcomes of that.

Aiv PUGLIELLI: Okay. Thank you.

Lily D'AMBROSIO: But as I said, there is very little that is available onshore or in state waters. We know that through the chief scientists, the lead scientists, going back a few years when there was a lot of work done on onshore gas reserves and also in state waters, and that is conventional but also fracked gas too.

Aiv PUGLIELLI: Okay. Thank you. I might move on to offshore wind, looking at budget paper 3, page 91, or budget paper 4, page 9. According to the Auditor-General in a recent VAGO report from December, as you are no doubt aware, the Victorian government's offshore wind program will not deliver the legislated 2 gigawatts of offshore wind energy for its target by 2032. Can I ask: what the particular causes are of this delay that you could speak to?

Lily D'AMBROSIO: Yes. Well, look, I am not going to dispute everything that VAGO has done. There are a number of things that are not correct, but I will not go to those matters. But I will say that in terms of delays that are known, we know that a number of things have happened. One is that the Commonwealth government, in the first application for an EES process from the Port of Hastings – in that first phase of that – spent a lot of time thinking about that and then ultimately did not approve that. That cost a bit of time, definitely. It is what it is, and I have had a lot of public comments around that. But what is very clear, though, is that subsequent to that, Port of Hastings are now going through a new process, and it has passed through the first pass, if you like, at the Commonwealth level, which is very, very positive. We have worked very closely with the proponents – there are about 10 of them – with those feasibility licences, with almost about 20 gigawatt of potential energy capacity in their projects, to open the first auction in August. That auction will be open. We are going to have a very, very competitive and crowded field of proponents coming through, and there is a lot of excitement about this. We need it and we will get it done. You will see from this budget that the ports minister also receives some funds to progress important EES work for the Port of Hastings, together with preliminary early procurement for the port.

Aiv PUGLIELLI: Okay. Thank you. And that auction – it is August, you said, that that is due to occur?

Lily D'AMBROSIO: In August it will kick off, the formal auction.

Aiv PUGLIELLI: Okay. Just given all the things that you have noted, do you feel that you are in a position to assure the public that there will be no further delays around offshore wind?

Lily D'AMBROSIO: Well, look, we keep working assiduously on this, and we are passing every milestone that we have set for ourselves. One of them has been the progress of the electricity services entry mechanism, the ESEM, which is basically the mechanism that is there to ensure that there is sufficient funding available for any renewable energy projects to come to market – to give them the confidence to have financial investment decisions made. We have worked very closely with the offshore wind energy sector to that end. We as a state have insisted for a number of years to have a market mechanism nationally. We were hoping for one from a few years ago, but a few previous Commonwealth governments failed to deliver. Anyway, we have got a

federal Labor government that knows how to deliver, and they are doing that with us. We insisted very early on in the development of that national mechanism that there would be an accommodation for technologies including pumped hydro but also offshore wind, and that has been achieved. I am very pleased that at the last meeting of the energy ministers and climate change ministers we were presented with the drafting instructions for that legislation that will deliver that mechanism for offshore wind.

Aiv PUGLIELLI: Thank you.

The CHAIR: Thank you. Minister, we are going to go to Mr Hilakari.

Mathew HILAKARI: Thank you, Minister and officials, for your attendance this evening. Minister, I am just going to follow up on some of those questions around gas, and particularly looking forward to beyond 2029 and the east coast gas shortfalls on days of peak demand. You have mentioned some of the challenges around gas and the amount that is available in Victoria, including with fracking. I am just hoping you could go to some of the ways that this government is addressing those potential gas shortfalls?

Lily D'AMBROSIO: Yes. Thank you. This is certainly something that has been very much a key plank of our work in government going back a number of years now – that we needed to plan for what is a natural depletion of our gas resources onshore and offshore. Well, onshore there is very little – that is why they moved offshore back in the 1960s and 70s. But the fact is, proponents that want to look for gas and explore are welcome to do it. They come, we give them the exploration licence, obviously they have got to meet all the conditions you would expect them to, and off they go. But if we are sitting there twiddling our thumbs and hoping to hell that someone is going to find a bonanza of gas onshore or in state waters that is going to meet the shortfall, then we are going to be absolutely abrogating our responsibilities to our economy, to businesses and to households.

So how do we do this? Well, there are a number of approaches. We actually removed the ban that the previous government implemented on onshore and in state waters exploration and production of gas – even conventional gas. That was banned for four years, so it set the industry back a lot. We are very clear that the gas that is available is very expensive, so we have set about, through more energy efficiency programs, encouraging and helping Victorians to go more electric or all-electric for those that want to do that. We know that we cannot continue to grow the gas network, because what we are doing is sinking significant costs onto the shoulders of Victorians for generations to come and locking them into very, very high bills for generations to come.

We have advocated strongly – and we were the only state and probably the only party for a long time – to call on the national government to establish a domestic gas reserve. We finally achieved that. There will be a domestic gas reserve policy that will start next year, which will mean that we will eventually stop seeing the exports of domestic gas leaving our shores at the expense of our own gas security. It is an absolute disgrace that governments nationally have allowed that to happen, to the point where gas exports at some point from Queensland were actually sending too much gas away and they were importing it from Victoria. In what world do we do that? Anyway, that is a change, thankfully, so that is really important.

All of this has meant that the market operator in the latest GSOO report released this year has indicated that the shortfall in gas for the southern states has been pushed out by a year. Now, every year we see another year that it is pushed out, which is good because our policies are working and it is also saving, so we are using less gas so we are conserving the limited gas supply that we have. We are conserving that for industries. We are going more electric, which will save people on their bills every year, and we are pushing out those shortfalls. So this is very pleasing. It shows that the policies are right for the state and for the country, and we will continue to do that work so that we can continue to have confidence that there will be sufficient gas supply to meet our needs over the long term – and we will continue to need that for some time to come.

Can I just reflect on the fact that all of our policies in Victoria – we are expecting to see a reduction in fossil gas use by 44 petajoules annually by 2035, and that is the equivalent to around 85 per cent of Victoria's industrial demand in 2024. That is that every year – every year. That is significant: 85 per cent of Victoria's industrial demand will be met simply by not using it in the home.

Mathew HILAKARI: And you mentioned a moment ago industries that cannot transition. There are going to be some of those. I have certainly read in the paper – some of my colleagues here read the paper every morning, and they ask a series of questions in this hearing – and I read the paper this morning, and one of our

steel producers is using 50 per cent wind out in Laverton, which is wonderful, but there are some industries that just simply cannot transition out of gas in the way that they could out of coal. So our gas substitution road map, how does that fit in and how will those industries be able to thrive in Victoria with these challenges?

Lily D'AMBROSIO: Thank you. Our gas substitution road map deals with three things. One is greater energy efficiency, and transitioning away from expensive gas where you can through electrification and looking at alternative renewable gases and fuels – really important. Now, that example that you mentioned is really exciting technology, because it can show that in high-heat industry there are substitutes available. They will be expensive, though. At some point of course hopefully a maturity of that will lead that technology to be more readily available and able to be taken up. In the meantime there is a lot of work that we are doing on alternative fuels, including our work on our industrial renewable gas guarantee, and that is to grow renewable gases through the use of waste, if you like, and ensuring that we can have a program that can actually provide a renewed feedstock. It also goes to that issue of – and sorry, I should also mention that just last week the Premier and I stood there with Viva Energy in Geelong announcing funds for them to work on plans for their own transition away from fossil fuels around diesel to renewable fuels, renewable diesel blends. That is Viva Energy. They understand the importance of doing that work, and we are hoping to get matching Commonwealth funding for that. What is important there is that the more of this we do – the more we have home-grown energy, whether it is fuels or electricity – the less exposed we are to volatile prices and the price shocks and the wars and all of those terrible things that happen globally which we are confronted with right now. That is where we need to go as a state, that is where we need to go as a country, greater independence in terms of our fuels – you can do that through renewable fuels and growing that, and the market is moving that way – as well as of course greater reliance on renewable electricity. We are in the box seat for that, and we are growing that and we have got a plan to achieve that.

Mathew HILAKARI: I know you have talked a little bit about dwindling supply already and some of the support that we are doing. I am keen to hear more about that, but also on the support for households as we transition to electrify. Some communities have never had gas at all, so they are already in that situation, but for many that process of electrification is expensive. How are we supporting communities in doing that?

Lily D'AMBROSIO: It does not have to be more expensive. I think this is the critical thing. We know that building a new home all-electric does not have to be more expensive than doing it as a dual-fuel.

Mathew HILAKARI: Much cheaper over the lifetime of the home.

Lily D'AMBROSIO: It is also much cheaper over the lifetime of the home. Also if you are looking at swapping out appliances, typically people swap out their appliances when they reach end of life, so you are up for a cost anyway for the replacement. When you combine the VEU program and the rebates that we have got available, it need not cost you more. If you want to get the Rolls Royce of anything in life, then you are going to pay for it. But if you want something that is reliable, is good quality and does the job for you, it need not cost you any more, and you are saving money on your energy bills from day one. The evidence is really clear about the energy savings from more efficient electric appliances. It is not because they happen to be electric, it is just those appliances are far more energy efficient. You use very little electricity compared to what you would have if it was a gas appliance, and that is where the savings come in for households.

The CHAIR: Thank you, Minister. Minister and officials, thank you very much for appearing before the committee tonight. The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request. The committee will now take a break before beginning its consideration of the portfolio for the State Electricity Commission at 6:55 pm. I declare this hearing adjourned.

Witnesses withdrew.