

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2025-26 Budget Estimates

Melbourne – Friday 6 June 2025

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Jade Benham

Michael Galea

Mathew Hilakari

Lauren Kathage

Aiv Puglielli

Meng Heang Tak

Richard Welch

WITNESSES

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

John Bradley, Secretary,

Elizabeth Molyneux, Deputy Secretary, Energy,

Stan Krpan, Chief Executive Officer, Solar Victoria,

Matt Vincent, Chief Executive Officer, Resources Victoria,

Alistair Parker, Chief Executive Officer, VicGrid,

Adele McCarthy, Executive Director, Policy and Regulation, 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

Maxine Loynd, 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.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting, the lands of the Wurundjeri people. We pay our respects to them, their elders past, present and emerging, as well as elders from other communities who may be here with us today.

On behalf of the Parliament the committee is conducting this Inquiry into the 2025–26 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 is broadcast live on the Parliament's website. The broadcast includes automated captioning. Members and witnesses should be aware that all microphones are live during hearings and anything you say may be picked up and captioned, even if you say it very quietly.

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.

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

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

Lily D'AMBROSIO: Thank you, and good morning, everybody. There are a series of slides that I would like to step people through to describe in very broad terms progress made in the energy and resources portfolio, including of course outcomes of this budget.

Visual presentation.

Lily D'AMBROSIO: We know of course with our electricity industry things are changing, and they are transitioning. We know that existing coal generators that we have relied on for many, many decades to provide that secure and reliable electricity are ageing, are becoming more unreliable and are scheduled to leave the market. Replacing that electricity is really critical, and renewable energy generation and storage projects are the cheapest way that we can do that. They are also of course important to keep the lights on and keep bills down, because we know that they are the cheapest new-build technology that we can have to create those new electrons that we need into the future.

Our state's integrated energy policies are underpinned by the lowest wholesale prices in the national electricity market, and that is reflected in retail bills. The average default offer electricity prices for households and small businesses are lower than those of other states in the national electricity market. Achieving 95 per cent renewable electricity to supply Victoria by 2035 is estimated to add about \$9.5 billion to annual gross state product and will support tens of thousands of new jobs. Energy users switching to more electric and energy-efficient appliances brings further cost-of-living relief immediately – that is really important here – and that is supported by government information and various incentives and discounts.

The next slide talks about significant process that we have made to date. We have delivered, as a government, billions of dollars in private investment in electricity sector transition. That has been driven by legislation, with various reforms, guidance and targeted support. Since the 2019–20 financial year Victoria's renewable electricity capacity has increased by around 84 per cent. This includes 2.3 gigawatts of wind capacity, 2.5 gigawatts of solar PV capacity and 600 megawatts of large-scale solar. Households are contributing significantly to this transition, and they are saving money.

We are supporting households to make this energy transition. Reforms include 7-star energy efficiency, all-electric new homes and minimum rental standards to make Victorian homes cheaper to run and more comfortable to live in. We have supported more than 400,000 households to install solar panels, hot water and battery systems through our \$1.3 billion Solar Homes program. And we will continue to deliver the Victorian energy upgrades program, which since 2009 has provided discounts to nearly 2.4 million households and 180,000 businesses.

There is a lot I can say, but I am just looking at the clock. But certainly in terms of achieving our renewable electricity targets, we are well on track. We will achieve 40 per cent by this year, and we will achieve 65 by 2030 and 95 by 2035. We have delivered wind energy generation targets, and there are quite a few there that are up on the screen. I will not go through all of them.

I will move, though, to the next screen if I can. The budget allows governments to do more, and this is important because we need to do more. This budget supports our energy transition with investments of \$152 million to strengthen the department's core energy functions and help ensure safe, reliable and affordable energy is maintained throughout the energy transition. There is \$50.6 million for a one-off \$100 power saving bonus for eligible Victorian concession card holders. Funding is also provided to expand the services of the energy assistance program in response to increasing demand. There is \$20 million to enable faster planning approvals for renewable energy projects in Victoria by incorporating them in the state planning policy framework, and the Minister for Planning is doing a fantastic job in really helping to facilitate our projects coming on line through these reforms. There is \$13.2 million to progress planning and undertaking activities to deliver the first 2 gigawatts of offshore wind energy capacity in Victoria.

The next slide takes us through to other supports, including our further investment in the state's interest in the Marinus Link interconnector. There is \$2.3 million to develop a renewable gas scheme that will assist to secure renewable gas volumes for gas-powered electricity generation users that cannot electrify to be able to support them in any case. That supports of course our state's emission reduction targets. We continue to support the Solar Victoria hot-water rebate program with a further \$29.7 million, and there is \$12 million to develop a

safety and quality assurance framework as part of the reintroduction of insulation as an offering in the Victorian energy upgrades program to improve energy efficiency.

The next slide goes through the things that we are continuing to deliver, and these are ones that we committed to before this budget but certainly continue in terms of their support through this budget: delivering our 100 neighbourhood batteries program, delivering on new renewable energy generation and storage projects, fostering the growth of Victoria's offshore wind energy industry, upskilling the workforce through worker training centres, providing energy affordability services to increase consumer awareness and engagement in the Victorian energy market, continuing to facilitate the transition of homes to renewable energy through programs such as the Solar Homes program, of course continuing the Victorian energy upgrades program and continuing to ensure security of gas supply to Victoria, promoting an orderly transition.

The next slide is really about the crucial building blocks of developing up our resources here in Victoria. Resources are a critical foundation for our economic future and living standards. We need to unlock more supply of essential construction materials and realise Victoria's critical minerals opportunities to build new renewable energy supplies. This budget provides \$40.5 million for a sustainable mining and quarrying sector through strong regulations, \$7.5 million to extend the Resources Victoria approval coordinator until 2027 and \$1.7 million to continue to manage abandoned and legacy mines and quarries on Crown land to address public safety and environmental risk.

Slide 9, which is the last slide, is the funding for implementing the *Victorian Critical Minerals Roadmap* to tap into Victoria's critical minerals endowment – it is worth about \$200 billion – as well as improve the state's competitive advantage, creating up to 7000 jobs and supporting manufacturing. It is ensuring that gas developments are carried out responsibly through strict safety, environmental and social requirements and delivering major legislative reform to shift the regulatory system from prescriptive work plans to a duty-based system. That absolutely frees up the resources of businesses and also is more about targeting those higher risk operations that require more oversight and more targeted support. Also, we are implementing the *Latrobe Valley Regional Rehabilitation Strategy* to guide the rehabilitation of coalmines in the Latrobe Valley to valuable next land uses. And we are continuing to deliver on the government's commitments to examining benefit-sharing options for local communities and traditional owners in the resources sector. It is on the back of a very successful program that we are implementing in the energy portfolio in terms of community benefit sharing arrangements, and we are having a similar approach in the resources sector. Social licence is really important, community support is very important and being able to share in the benefits that the state as a whole receives from the mining, if you like, of our natural resources is really important to be demonstrated in terms of benefits locally for communities that are the hosts of many of these projects and operations. Chair, I will leave my comments there. Thank you.

The CHAIR: Thank you very much, Minister. The first 10 minutes is going to Mr Welch.

Richard WELCH: Thank you, Chair. Thank you, Minister. Minister, I refer to page 15 of the 'Department Performance Statement' budget paper and refer to DEECA's objectives, one of their objectives being 'reliable, sustainable and affordable energy services'. Minister, the latest ABS CPI figures show an increase in electricity costs for Melbourne of 16.2 per cent between 24 March and 25 March. When can Victorians expect the promised lower electricity costs? They are promised by the government anew year after year, but they never materialise.

Lily D'AMBROSIO: Thank you for your question. We have a very strong story to tell in Victoria. The story is quite clear that Victoria continues to have the lowest wholesale and retail electricity prices in the national electricity market.

Richard WELCH: But they have gone up by 16 per cent.

Lily D'AMBROSIO: What I will say to you is that there are a number of matters that do impact a market and pricing, and we saw that in 2022. We had a global crunch on gas supply and prices. That then impacts of course how pricing occurs in Australia, frankly, because –

Richard WELCH: But you have promised lower prices, so –

Lily D'AMBROSIO: No – if you can do me the courtesy of letting me finish. Can I finish my answer?

Richard WELCH: When will we get lower prices?

Lily D'AMBROSIO: Well, can I finish my answer, please? Thank you. We have been very clear that before we came to government retail power prices were very high, and in fact retail prices before we came into government rose by 34.1 per cent under the previous coalition government. Now, what we have done is continued to build the new replacement electricity and also helped Victorians create their own electricity on their rooftops. That has been demonstrated and the –

Richard WELCH: Are prices coming down, Minister?

Lily D'AMBROSIO: I have always said Victoria's retail electricity prices are the lowest in the national electricity market.

Richard WELCH: But they are going up, aren't they?

Lily D'AMBROSIO: What I have said to you is that the more renewables that we build in our system to replace our electricity supply –

Richard WELCH: No, Minister –

Lily D'AMBROSIO: I would – well, if I was at home –

Richard WELCH: If I may, the question was: when will the prices come down?

Lily D'AMBROSIO: Well, what I have said to you all along is that whilst – and this is what I have said publicly and on the record, to say that building more replacement power –

Richard WELCH: So you cannot say when the prices will come down?

Lily D'AMBROSIO: I am saying to you that if you are a household, you would rather be living in Victoria because you are getting the cheapest electricity prices in the country.

Richard WELCH: So when they look at the 16.2 per cent rise in their bills, they should be grateful. Is that what you are saying?

Lily D'AMBROSIO: Well, can I just say we introduced the VDO. We were the first state in the country to introduce the VDO. That automatically dropped the previous standing offers by a significant percentage.

Richard WELCH: Do you make any commitment going forward that prices are going to come down in the next year?

Lily D'AMBROSIO: My commitment is that we will continue to work hard to create more electricity supply so that we can continue to put downward pressure on electricity prices.

Richard WELCH: But it not been working to date, has it?

Lily D'AMBROSIO: Well, what I have said to you, it has been working to date, because Victoria continues to have the lowest wholesale and retail electricity prices in the country –

Richard WELCH: Okay. Thank you, Minister.

Lily D'AMBROSIO: and electricity futures prices for Victoria are projected to remain the lowest in the country.

Richard WELCH: And Victorians should be grateful that they have gone up 16.2 per cent.

Lily D'AMBROSIO: Well, you have said that; I have not. What I can say to you clearly is that households in Victoria – and small businesses for that matter – are better off in terms of electricity prices and bills living in Victoria than in any other state in the country.

Richard WELCH: Minister, what is your definition of ‘affordable energy services’? What is the magic affordable number for household consumers and small businesses and large businesses? How do you define ‘affordable’?

Lily D’AMBROSIO: ‘Affordable’ is getting the lowest electricity prices in the country. That is what –

Richard WELCH: That is it?

Lily D’AMBROSIO: What do you mean, ‘That is it?’ What I am saying to you is that we will –

Richard WELCH: It is as crude as that?

Lily D’AMBROSIO: What I will continue to say is that the more electricity that we can bring into our system, the better off all Victorians will be with lowering their prices. But it is not just about the price, it is also about the consumption. If we can encourage families to take up more energy efficiency measures in their homes, thereby using less electricity all up, that actually saves, and those savings are permanent.

Richard WELCH: Do I understand correctly that you have an affordable energy policy but you cannot define ‘affordable’?

Lily D’AMBROSIO: Victoria’s VDO is the cheapest of any of the states under the DMO. In fact in Victoria the average saving – the difference, if you like – between our VDO and the DMO is about \$431.

Richard WELCH: I do not think those acronyms are very helpful for every household paying bills. These acronyms are good on spreadsheets, but how do you define ‘affordability’? You have got an energy affordability policy, so how do you define that? How do you measure against it?

Lily D’AMBROSIO: I measure it against having the lowest wholesale and retail electricity prices in the country, having the biggest energy efficiency program in the country, and probably up there globally, which is helping Victorians every day save money on their electricity bills.

Richard WELCH: So even if it is unaffordable in practice, in the real world, that does not matter, because as long as you have met that benchmark –

Lily D’AMBROSIO: No. I do not want to be verballed on this, because that is not what I am saying. What I am saying is that we are measured by the actions and the investments we take as a government, and our focus has always been, from day one – unlike the time that we took over from, when people’s disconnections from the energy supply went to record levels not seen since the Kennett years. That is what we came with, and where we are now is that we have got the lowest wholesale electricity prices.

Richard WELCH: What a relief. Wonderful.

Lily D’AMBROSIO: And we are continuing to provide ways for Victorians to save money. This budget measure includes of course more money for the power saving bonus, targeting those most vulnerable in our community, the Energy Bill Relief Fund –

Richard WELCH: Minister, I do not think most Victorians live on spreadsheets. I think most Victorians are trying to pay their bills –

Lily D’AMBROSIO: And we are helping them every day.

Richard WELCH: Is it just simply not a matter of fact that energy prices are not going down, they are going up, and you promised that they would go down and they are still going up?

Lily D’AMBROSIO: Do not verbal me. What I have always said –

Richard WELCH: It is a question. I am sorry, I am entitled to ask a question in this forum.

Lily D’AMBROSIO: No, you are presuming I have said certain things that I have not.

Richard WELCH: Well, you have said that prices would come down.

The CHAIR: Excuse me, Mr Welch, I can remind you that, yes, you can ask the questions, but you cannot tell the minister how to answer the question. Despite you not liking the answer to her question, she is attempting to answer it, so please allow her to answer your question. Thank you.

Lily D'AMBROSIO: I think I have answered it, so thank you. There are many programs that I am happy to go through that are all targeted towards households to save money on energy bills, and there is also work we have done for businesses. We only have to look at the Victorian energy upgrades program. Last year alone 440,000 Victorian households, I think the figure is, took advantage of the discounts under the VEU program, and 22,000 businesses in one year alone took advantage of it. That is all about dollar savings off their energy bills, and we will continue to work hard –

Richard WELCH: Are you saying that prices have come down for them under those schemes?

Lily D'AMBROSIO: What I am saying to you is that without the actions of our government, their bills would be much higher. That is what I am saying. We also have the energy assistance program, which has provided one-on-one support to over 12,000 households to save significant amounts off their bills – \$2.4 million on their energy bills since 2023. That program, again, it is well targeted to those that are the most vulnerable in our community, and that is about making sure people are not left behind.

Richard WELCH: Minister, if I can get a question in, if that would be okay.

Lily D'AMBROSIO: Sure.

Richard WELCH: Victorian domestic consumers are already paying \$616 in network charges, about 40 per cent of their electricity bill, while businesses are paying \$1534, about 42 per cent in network charges. Assuming your rubbery \$4.3 billion figure is correct, how much will network charges go up for domestic consumers? How much will network charges increase for businesses?

Lily D'AMBROSIO: I am sorry – if you can clarify that, sorry.

Richard WELCH: I am sorry, Minister. Page 25 of the department performance budget paper.

Lily D'AMBROSIO: Can you repeat that, please?

Richard WELCH: I will back up perhaps. In there you see 'Reliable, sustainable and affordable energy services'. The total cost to households and businesses for the upgrade to Victoria's electricity grid required to support the shift to renewable energy will be more than four times the \$4.3 billion figure set out in the transmission road map unveiled last month.

Lily D'AMBROSIO: Transmission is vital to ensuring that we can deliver the new renewable energy – that is the cheapest to build to replace the ageing power stations that will not be with us. There is one that is going in 2028, another one in 2035. Alinta Energy has been clear that they cannot see themselves going beyond the 2030s, and the AER themselves have approved tariffs based –

The CHAIR: Apologies, Minister. We are going to go straight to Ms Kathage.

Lauren KATHAGE: Thank you, Chair, Minister and officials. Minister, I also want to talk about affordability, and I think it is quite remarkable that our energy portfolio has ended up being such an important part of our cost-of-living approach for Victorians. On page 32 of BP 3 there is information there about the power saving bonus. Are you able to, I guess, talk through how that is helping with cost of living?

Lily D'AMBROSIO: Thank you. As members will know, we have had several iterations of the power saving bonus, and each one has been very successful and very well received by Victorians. This budget provides \$50.6 million to deliver a fifth round of the power saving bonus. This is about providing immediate cost-of-living relief to the most vulnerable in our community. Typically they are those people who also are on a concession card, and I am really pleased that we are able to offer a fifth round of the power saving bonus. Taking \$100 off their power bill, their energy bill, means \$100 freed up for them to be able to put towards other cost pressures, if you like, that they have in their lives, and that is important. We are looking at rolling out that offer from August this year, and it is about giving that immediate relief, especially as we come out of the winter period, and we know that bills do get that jump on the bill, especially with gas bills, but not just gas bills, and

that will be very important. If you have a think about all of the rounds of the power saving bonus that we commenced in 2018, we have had more than 4.5 million applications that have been paid through the program, and that has totalled over a billion dollars in energy bill relief provided to Victorian households. This is something that is really important.

The other important part of it is that people go to the Victorian Energy Compare website to be able to apply for their power saving bonus, and that means that they also can look at that website, because it is an independent website run by government where they can compare their energy offerings. Most people who actually jump on that website can find a cheaper offer, so it also provides that other benefit by, if you like, driving people to that website, because they can look for savings that provide more of the ongoing bill relief.

Lauren KATHAGE: Thank you, Minister. You mentioned before the energy assistance program. I see that is also on page 32. How is that helping with that cost-of-living angle?

Lily D'AMBROSIO: The energy assistance program is really critical. We understand that we came into government on the back of a terrible time in many Victorians' lives when it came to their experience of energy and energy companies. Many Victorians were faced with skyrocketing debts for energy that they could not afford, and record numbers of people were being disconnected from their energy supply. The energy assistance program is very tailored. It launched in February just over two years ago, and it does provide that one-on-one assistance to households who have got concession cards but who are struggling also to pay their energy bills. It is about that tailored support, and the partners that we have got delivering it are ones that are really trusted by those Victorians that are vulnerable. The program is delivered by our community partner Anglicare Victoria, plus others, and I was glad to visit them about a couple of weeks ago to catch up with the work that they are doing.

Since we launched the program more than 12,000 households have received support, and that has delivered more than \$2.4 million of estimated financial benefits to those households. Between July last year and April this year 2759 households have received support through the program, and 85 per cent were concession card holders, which is fantastic. Often it is not just about that immediate bill relief, but it is about other things that may be going on in their lives. Some of them have discovered that they are not even on an energy concession, so it is about actually helping them to get that ongoing bill relief, managing that with their retailer, and then also connecting them up with the utility relief grant scheme, which our government doubled I think two budgets ago. That is being delivered by our government. It is playing a really important role also for us to understand what is going on in people's lives, the most vulnerable, so that we can then continue to tailor new programs or existing programs to better meet their needs into the future.

Lauren KATHAGE: Thank you, Minister. You mentioned that with the energy assistance program 85 per cent of people who access it are concession card holders. We have gone through quite a few different programs that which you have mentioned: the power saving bonus, Energy Compare and utility relief grants. Do we know which sections of the community are benefiting the most from that or who we are supporting with that?

Lily D'AMBROSIO: Certainly. If you look at the power saving bonus, we had a few iterations. I think there were a couple of iterations that were open to everybody, every Victorian household. This one of course is specific to those that have a concession card. That is quite a number of households, because if you think about it, you do not calculate it by the number of people who have got a concession card; it is about households that have a concession card in them. So we are talking about hundreds of thousands of households that will have the option to be able to seek money from this fund. The energy assistance program – I think I mentioned that it has supported already 12,000 households, 85 per cent being concession card holders, and then there are the rest that are not, which is good. Then we have also got the utility relief grants. Again, that is about providing that one-off emergency amount of money for those that really just physically do not have the money to pay a bill. That typically goes to energy concession card holders. There are about 900,000 Victorians who are eligible for energy concessions, which is a very high number. The other thing of course is that with the energy assistance program about 26 per cent of those that have benefited from that have come from non-English speaking backgrounds, are culturally diverse.

The Victorian energy upgrades program basically is open to everybody: everyone who is swapping out an appliance or an activity in their home, and indeed businesses, with more energy efficient ones. That has been

going now for a number of years, and as I said, just last year alone we had 488,000 homes and 22,000 businesses use that. There is no concession card requirement there. That is basically anybody.

Lauren KATHAGE: Okay, great. So there are two: there is the frontline support for people who are doing it tough, and then there are scales along for people who are able to invest in reducing their energy usage at home in different ways.

Lily D'AMBROSIO: And that is really an important key, because absolutely, getting immediate savings in your pocket can happen by having the lowest cost electricity coming into your home or having rebates for solar on your roof, but if you are actually taking actions and the government helps you to be able to overall reduce your energy consumption, that is also off your bill every day.

Lauren KATHAGE: And I know supporting particularly seniors previously with accessing the power saving bonus and going through the Victorian Energy Compare website with them, so often they were able to find that they were not paying the cheapest deal that they could be, and so locking in that saving to the household then, not just that one-off but then continually each bill is cheaper and cheaper and cheaper, it is amazing how a one-off incentive like that can lead to the longer term savings.

Lily D'AMBROSIO: Absolutely, and then people are becoming more aware of what their options are and to look out. And I know that one of the beauties of the power saving bonus is that people go to the website, they get their emails from the Victorian government about the power saving bonus, and then they get annually – I think it is annually; it could be twice a year – an email saying, 'Have you checked the VEC lately, because you might not be on the cheapest offer', so it is that prompt. With the Victorian Energy Compare we have done surveys in terms of consumer satisfaction, if you like, and 81 per cent of users have had a positive experience using that website. That is really significant. That is really high. There are lots of other things that we have tested there, but that is a really important finding. And eight out of 10 users indicate they would recommend using VEC to a friend.

The CHAIR: Thank you, Minister. We are going to go to Ms Benham.

Jade BENHAM: Thank you, Chair. Morning, Minister.

Lily D'AMBROSIO: Good morning.

Jade BENHAM: I want to talk about, referring to page 25 of the 'Department Performance Statement' budget paper, DEECA's objectives, one of those being 'Reliable, sustainable and affordable energy services'. Minister, recent reports in the *Financial Review* state that:

The total cost to households and businesses for the upgrade to Victoria's electricity grid, required to support the shift to renewable energy, will be more than four times the \$4.3 billion figure set out in a transition road map unveiled last month.

Experts say the bill for building the network of poles and wires is likely to be more than \$20 billion.

Minister, what funding, if any, is there in the forward estimates, either allocated or unallocated, either output or capital, for the delivery of the upgrade to Victoria's electricity grid to support the shift to renewable energy – or is it still unfunded?

Lily D'AMBROSIO: Thank you for your question. If I can just pick up on the *Australian Financial Review*, and it is not the first time the *Financial Review* has got things wrong when it comes to what is going on in Victoria, what I can say to you clearly is that Mr Parker – and he is here, I believe, somewhere; thank you, Alistair – was absolutely misquoted in that article.

Jade Benham interjected.

Lily D'AMBROSIO: No, let me explain. Mr Parker was not referring to the Western Renewables Link or the VNI West projects. These two projects are for AusNet, and they are managing those. What I would say in a broader sense in terms of transmission is that not building transmission is going to see people's power bills go up, because you will not be able to connect new replacement electricity. You will have the lights go out and you will have prices go through the roof. People need to understand that transmission is an investment that facilitates the build of replacement electricity. And also AEMO, who are responsible for managing demand and supply and how transmission operates thus far in Victoria, they forecast that the gross market benefit, for

example, just of the Western Renewables Link alone, is forecast to be \$2.1 billion out to 2050. So projects such as these are not just dreamed up. A lot of cost-benefit analyses are done. The counterfactual is always really important – so if you do not do something, what happens? And if we do not build transmission, I can tell you what happens: people's lights go out and power prices go through the roof, no matter where people live in the state.

Jade BENHAM: So that \$4.3 billion is without the Western Renewables Link and VNI West. Including those two transition networks, are we closer to the \$20 billion? And is that \$4.3 billion figure a class 5 classification?

Lily D'AMBROSIO: If I may, I might just ask Alistair to fill in on those specific details. Thank you.

Alistair PARKER: Thanks, Minister. Thank you for the question. The \$4.3 billion estimate for the Victorian transmission plan is a class 5 estimate.

Jade BENHAM: What does that mean exactly?

Alistair PARKER: That means that the estimate is at an early stage, because we are making broad investment decisions, so the cost estimates are minus 50 per cent – they might be 50 per cent lower – or plus 100 per cent, so they may be 100 per cent more.

Jade BENHAM: So it is a guess?

Alistair PARKER: Well, I think that is very unkind to the people who –

Jade BENHAM: I was going to say if there is a 150 per cent variable, that is a pretty broad variable.

Alistair PARKER: Yes, but really well established practice in the industry at the early stages. The Victorian transmission plan is a strategic plan for transmission. I think it is really important – the minister has touched on this – to emphasise we do not propose transmission projects unless the costs of those projects are entirely outweighed by the benefits to consumers in terms of reduced prices and so on. At this stage we are comparing the costs of that transmission investment against other possible transmission investments. It is industry practice at this stage to rely on those sorts of estimates. What we will do over the next two or three years is engage with the community really fully, work up detailed engineering designs, detailed engineering plans, and work out where exactly each individual transmission tower can be put. We can have a much firmer cost estimate as we do that, and that will only really be very firm once we actually engage contractors to deliver the project. That is just part of the normal life cycle. You can tell from my grey hair I have been doing this a while. It has been the same since I was 17 or 18 and starting out, and it is the same today. There is just a life cycle here. We have used well-respected professional advisers to help us with those estimates, but they are very high level.

Jade BENHAM: Okay. Thank you. Minister, why then would you not be honest with Victorians when you quote the cost of the transmission network but leave out the major ones, like the Western Renewables Link, VNI West and the Marinus Link cable under Bass Strait – all of this? We have just heard there is a 150 per cent margin of error. So why wouldn't you be more honest with Victorians and give the estimated total figure, including all of those major transmission networks?

Lily D'AMBROSIO: It is not about being dishonest – that is what you are implying. What I am very clear about is that Marinus Link is a project that has already gone through the processes of costings and benefit analysis, and that is moving forward, and it is the same with VNI West and WRL. The work that Alistair and the VicGrid team are focused on in terms of the Victorian transmission plan is those projects that sit outside that scope. It is very clear and evident that that is the case.

Jade BENHAM: But consumers are still going to be paying for those. Coming back to Mr Welch's point earlier, right now domestic customers are paying up to \$606 in network charges, which is about 40 per cent of their electricity bill. Businesses pay about 42 per cent in network charges. Poles and wires are very expensive to put up, and like you said, we need these transmission networks. So how much are network charges going to continue to increase? Two years ago in the lower house you said prices were continuing to come 'Down, down, down'.

Lily D'AMBROSIO: Two years ago I said that?

Jade BENHAM: Yes; 16 May 2023.

Lily D'AMBROSIO: Okay. So what is your question?

Jade BENHAM: I am asking: how much more are those network charges going to rise given the expensive cost of the transmission network?

Lily D'AMBROSIO: The simple answer is that with transmission projects, because these are regulated assets, none of them go ahead unless they meet a clear cost–benefit analysis and the Australian Energy Regulator is satisfied that they provide a consumer benefit. Ultimately, that is the test that we have to accept.

Jade BENHAM: Isn't the consumer benefit though, as you said on 16 May 2023, bills coming down?

Lily D'AMBROSIO: And what I have said to you is the VDO is lower than what it replaced when we came into government. The VDO actually came down 6.1 per cent in the 2024–25 period.

Jade BENHAM: But prices are going up.

Lily D'AMBROSIO: Well, the VDO is a benchmark for all other market prices. That is how it works. What I am saying is that the counterfactual of not doing transmission – one, it has got to meet the test of ultimately providing net benefits to consumers, and you have got to consider this in a net sense. So it is not just the build of transmission; it is about what it enables in terms of the new generation projects that can get built, the storage projects that can get built, which is all about supply of cheap electricity, which then is what goes through –

Jade BENHAM: Minister, but what about the benchmark of families that cannot turn on their heating at night, because it is too expensive for them to do that now?

Lily D'AMBROSIO: If you let me finish, transmission, as I said, is important. They have to meet certain tests of ultimately providing a net benefit to consumers or else they do not go ahead. The projects that are in the mix will only go ahead if they provide a net benefit to consumers, and the net benefit to consumers is considered in light of, 'If you don't do this, what happens?' If you do not do this, you do not get the new replacement electricity that comes on line, so you will be left with not enough electricity, which is not a happy thing for anyone, and of course bills go up.

Jade BENHAM: So part of the cost–benefit analysis is not how much it is going to add to electricity bills for families?

Lily D'AMBROSIO: Well, it is.

The CHAIR: Apologies, Ms Benham. We are going to go to Mr Galea.

Michael GALEA: Thank you, Chair. Good morning, Minister. Good morning, Secretary and officials. Thank you for coming along today. Minister, I would like to draw your attention to the Victorian energy upgrades program and, speaking of cost-of-living measures, specifically the line item in budget paper 3, page 28, also referenced on page 32; there is a line item for insulation upgrades. Minister, how will this support Victorian families and especially support them to keep their power bills low?

Lily D'AMBROSIO: Thank you. Now, insulation is one of those things that people sometimes take for granted or do not even think about at all when it comes to one of the ways that you can actually keep your home warmer in the winter and cooler in the summer, which has multiple benefits: one, the health benefits are there and are evident; and secondly, of course it is better for your bills because you are consuming less energy to keep your house warm in the winter and less energy to keep it cool in the summer. We have done a lot of work to prepare the return, if you like, of insulation to the VEU program. The discount that will be available from early next year will effectively halve the average ceiling insulation purchase and installation costs. It will cut it by around half from about \$3000 to about \$1500. We know that 30 people a year in Victoria die of hypothermia, and the evidence does suggest that most of those people contracted hypothermia in their homes. That is not a figure that should make anyone comfortable, not at all. The measure going into the VEU is all about putting money back into people's pockets, because we know that just with ceiling insulation alone an average family can save about \$400 on their energy bills. And there is a calculation on health benefits too, for those that are really interested in this; the health-related saving is an additional \$850. These are real figures, and

this is going to be a real benefit to those people who are the most vulnerable, if you like, or exposed. There are about 200,000 homes in Victoria that do not have any form of ceiling insulation. They will be our first focus, and of course it is about then ramping up the system so that at some point soon after we will have insulation available to anyone across the VEU program.

Michael GALEA: Thank you, Minister. And will this project help to support local jobs and industry in the sector in providing these insulation services?

Lily D'AMBROSIO: Yes, definitely. The VEU actually supports quite a number of jobs and has now for a number of years, and the more we ramp it up to cover new activities and services, the opportunities will become more robust, if you like. Certainly Solar Victoria, who is managing the VEU program, the Energy Efficiency Council and manufacturers and suppliers of insulation are working really well together to ensure that we are ready to go and we have got the right training in place and the right understanding of installation to be able to go from early next year. It does provide very strong boost, if you like, to local jobs, but it is also about getting it right, and that is why we are starting with the most vulnerable cohort, those 200,000 households that have no insulation at all, to give them some benefit.

Solar Victoria is really a standout when it comes to the way it has prepared and worked with industry right across the Solar Homes program, and the VEU program is also in that mix now, where there is a regulator's taskforce. So all of the relevant agencies are there together to ensure that the right auditing is undertaken and the right skills and training are available. Ultimately that is about making sure that the programs that our government supports help people save money on their energy bills every day so that Victorians can have confidence that it is being done well, it is being done safely and it is being done so that they get the maximum benefits from the programs that we give.

Michael GALEA: Interesting. Thank you. Indeed it is very good to see. We all know about the Solar Homes program and the support through that, but with this insulation support as well – that statistic you gave earlier about hypothermia-related deaths is quite shocking. I know a former housemate of mine who came from the Netherlands was appalled at how poorly insulated the house I was living in at the time was. He was living with me and compared it to other standards. So it is good to see. I know that in other portfolios building standards are improving, but these programs are really important in bridging that gap as well.

Minister, you have spoken about how the Victorian energy upgrades program helps all Victorian consumers to save on their power bills, even if they are not directly participating in the program. How does that work?

Lily D'AMBROSIO: Well, the Victorian energy upgrades program is very popular. We know that more and more Victorians are participating in it. What I mean by that is that they go for the discounted products and services, and that gives them, obviously, that direct benefit, and businesses too. I mentioned that earlier last year alone I think it was 480,000 Victorian households got those benefits and about 22,000 businesses. That is just one year alone.

Where the broader community benefit, even if they are not directly participating in any one year, is when we reduce our total energy consumption. You reducing your energy consumption means that the whole system is having less demand. When you put downward pressure on demand, you are actually making available more electricity, and when you have got more supply, that becomes cheaper. And that is reflected in the wholesale bill. So when I say that Victoria continues to have the lowest retail electricity prices, the lowest retail electricity – and gas too, for that matter – it is because of a number of things. One is that replacement with renewable energy, helping people with solar panels, it is the energy efficiency and it is the VEU, because when you reduce overall demand that means that everybody's wholesale prices have downward pressure on them. That is that is a really good aim for us to have, because we should not be using more electricity or gas than what we need, because ultimately it is about saving people money.

Michael GALEA: Excellent. The critical importance of that, especially at the moment, is very self-evident. Minister, we have recently passed legislation in the Parliament to extend the VEU program out to at least 2045, and I know that a lot of that work is about not just providing those cost-of-living supports but about also making sure that the VEU is helping our energy transition as well. What sort of role do you see the VEU playing in the transition, especially as we are working towards net zero?

Lily D'AMBROSIO: Look, the VEU is really growing in its importance and relevance to Victorians. It has been relevant for a long time. I did say that it was the biggest energy efficiency program in the country; that is true. We have legislated to continue it to 2045 because we want to make sure that Victorians can continue to get the benefits of the discounted products and services, whether they are in a home or in a business, and that everyone continues to share in the benefits broadly of lower wholesale electricity prices. What is really important is that this is also a really strong signal to the market and industry that the VEU is going to be there for the long term, and therefore you can continue to invest and innovate in the services and the products that you can develop in our state to continue to drive those energy-efficiency outcomes and bill-saving outcomes and of course comfort in a home, which is really important. It will of course also give us those carbon emissions benefits, which is a really terrific outcome also, and will continue to play a very strong role in meeting our net zero emissions targets. You will know that in the last term of government we passed legislation to achieve net zero emissions in Victoria by 2045, so the extension of the VEU legislation to that date makes absolute sense. So it will continue to play a really important role.

Michael GALEA: Thank you, Minister.

The CHAIR: Thanks, Mr Galea. We will go to Mr McGowan.

Nick McGOWAN: Thank you, Minister. Minister, I am keen to understand what modelling has been done to take into account the anticipated expenditure for the critical transmission projects. I think you were answering this question to my colleague as we just ended the time previously.

Lily D'AMBROSIO: Modelling for transmission projects?

Nick McGOWAN: Well, the impact that will have on prices, electricity prices.

Lily D'AMBROSIO: All of that is considered by the processes that the Australian Energy Regulator has in place. The Australian Energy Regulator's motivation for consideration of transmission projects ultimately is about providing the net benefit to consumers. If a project or a proposal does not meet those key thresholds, including providing the evidence for that, to understand 'What does transmission enable? Is there a cheaper way to deliver a particular project?' –

Nick McGOWAN: I understand that, Minister –

Lily D'AMBROSIO: But that is how it happens.

Nick McGOWAN: but transmission is inevitable. It is a component that is vital, as you have pointed out in your comments at the beginning –

Lily D'AMBROSIO: I am glad you accept that, yes.

Nick McGOWAN: but of course the cost is significant, and as we have heard today, if that blows out by 100 per cent to \$8.6 billion versus \$4.3 billion, what does that do on prices? Surely government has done some modelling on this. So by 2030, which is the next target in terms of renewables other than 2025, what is the modelling for 2030 on prices of the transmission projects and their cost?

Lily D'AMBROSIO: Well, look, the Australian Energy Regulator's responsibility is to monitor the proposals as they come in, and as Alistair Parker mentioned earlier, at this classified point as projects move down the process, if you like, of becoming viable and therefore commissioned to be built and then being built, there is a lot of refinement that goes on in terms of ultimately what the precise route of a project is, the costings around –

Nick McGOWAN: No, I appreciate all that, but if the *Financial Review* says it is \$20 billion –

Lily D'AMBROSIO: No, no, but the *Financial Review* got it wrong, so that is why I have said –

Nick McGOWAN: So how wrong have they got it? Obviously they are saying it is \$20 billion; what are you saying, Minister?

Lily D'AMBROSIO: Well, what I am saying to you is that with the Australian price – and this is really important – when we think about transmission projects, they are one component of a bill, as has been raised before, but with transmission charges, although certainly projects are big in numbers and price tags, in terms of what they are as a component of an electricity bill, there is a cost stack there. Transmission charges, when you consider them in the context of an overall bill, are a small component of the overall bill stack; it is around 6.5 per cent of a typical residential bill. Wholesale costs make up nearly a third.

Nick McGOWAN: Sorry to interrupt you, Minister, but the *Australian Financial Review* say it is \$20 billion, you say it is incorrect. What is it? Is it closer to \$12 billion? Is it \$15 billion? You must have some modelling that indicates to you what that cost imposition will look like in terms of the Victorian consumer.

Lily D'AMBROSIO: Look, I am happy, if you want, for me to come back to you on any detail that I might be able to provide.

Nick McGOWAN: Yes, please. Thank you.

Lily D'AMBROSIO: I am not sure if it is available, but I will do that. But I do want people to understand and appreciate that in terms of the residential energy price trends, the Australian Energy Market Commission, which is another market body, an important one, in their report in November last year, just a few months ago, they indicated that Victoria's residential electricity prices will fall by 9 per cent. Nine per cent – that is the whole of the bill. Residential electricity prices will fall by 9 per cent over the 2025 to 2034 period. These are the trends. These trends, these figures, are once you consider all of these projects or proposals that are required to be built, so really that is ultimately the test. That price trend report tells you that Victoria's residential electricity prices will fall by 9 per cent over the 2025 to 2034 period.

Nick McGOWAN: Is it your understanding that the costs will not exceed \$10 billion? What we have heard today is that \$4.3 billion, possibly 100 per cent worse, which is \$8.6 billion, so is it reasonable to say that Victorians can expect that they will not be footing a bill for in excess of \$10 billion for the transmission line projects?

Lily D'AMBROSIO: What I have said to you is that figure. Alistair, if you want to chip in.

Alistair PARKER: Yes. I just thought it would be helpful, Minister, to give some background and some of the economic modelling that is already available in the public domain.

Lily D'AMBROSIO: For the record, Alistair will provide it, so I will not need to come back to you.

Alistair PARKER: I also think it would be helpful to give some background on what we were actually doing in the Victorian transmission plan.

Nick McGOWAN: Look, I appreciate that, Alistair, but what I am actually after is the modelling, because as the minister undertook –

Alistair PARKER: Sorry, I am trying to get to that.

Nick McGOWAN: As quickly as you can, that would be great. Thank you.

Alistair PARKER: We have published on the Engage Victoria website the Victorian transmission plan, all the factors we have taken into account, the cost estimates as you have covered, but also at, appendix D, the economic appraisal that we have done on those plans. We obviously do various different scenarios, we do economic modelling of the energy market outcomes. There are details there on cost estimation, on the operating and maintenance costs.

Nick McGOWAN: But you said you had been misquoted, Alistair. So what did they misquote you on? What did they get wrong? Correct the record now.

Alistair PARKER: The *Australian* misquoted me. Look, we were really clear when we published the Victorian transmission plan, this is an entirely new plan. It is the first time something has been done like this in Victoria. It results from a number of reforms carried out over the last years, and we really wanted to get into the public domain what is changing as a result of this plan, what is new. Western Renewables Link – the costs and

benefits of that are already well understood. VNI West – the costs and benefits are already well understood. Marinus Link – the costs and benefits are already well understood.

Nick McGOWAN: This is not telling me what I am actually asking, Mr Parker. Mr Parker, what I asked about was the modelling and what that modelling shows in terms of the impact on consumer prices and for Victorians and their electricity prices.

Alistair PARKER: What you can actually see in appendix D on Engage Victoria is – and really the minister has explained this – does this collection of projects at a strategic level offer a net present value benefit to consumers? And that takes into account –

Nick McGOWAN: Again, I am not asking about the benefit to consumers, I am asking about the price to consumers. It is a very simple question.

Lily D'AMBROSIO: You do not want to know about the benefits to consumers?

Nick McGOWAN: Minister, I am going to move on because I have very limited time and I am not getting anywhere there. Minister, what delivery milestones were missed during 2024–25 for the wind worker training centre and the renewable hydrogen worker training centre, and what delivery milestones are set for 2025–26?

Lily D'AMBROSIO: We have had a lot of consultation with the broad stakeholder group, if you like, about the wind worker training centre and – I am sorry, you mentioned the other one – the hydrogen worker training centre. We understood from a lot of those consultations, in light of us developing up the Victorian energy jobs plan – which will be the first of its kind in the country – that it was important once we heard from stakeholders to understand what that plan would look like before we then moved towards going out to market to deliver on those two centres. It is about making sure that we are able to contextualise the value and the benefit of these two centres in that Victorian energy jobs plan we are going to be –

Nick McGOWAN: Do the applications close – it says quarter 3. Is that correct, Minister? Is that September of this year?

Lily D'AMBROSIO: Yes. We had the request for information that was released from August to October last year. That was for the wind worker training centre. And the application guidelines –

Nick McGOWAN: So this is for the renewable hydrogen worker training centre?

Lily D'AMBROSIO: No, this is the wind worker training centre. The application guidelines were released or opened in April and the process closes on 16 July. It was in the context of developing up the Victorian energy –

Nick McGOWAN: What about the renewable hydrogen worker training centre?

Lily D'AMBROSIO: Certainly we will have more to say on that shortly, in terms of the timing for that. But I will also say that when we did the request for information for the wind worker training centre we also did one for the renewable hydrogen worker training centre in August last year. As I said, we heard loud and clear from industry that they really wanted to understand all of the work and engagement we were doing across the sector on the Victorian energy jobs plan – for us to land that first. Once that became clearer in terms of its direction, it would be more favourable to have those training centres go out to market when they are, which is at the moment.

The CHAIR: Thank you, Minister. I am going to go to Mr Tak.

Meng Heang TAK: Thank you, Chair. Minister, I have an exciting question regarding the Solar Homes program referred to on page 26 of the 'Department Performance Statement', which details Solar Victoria's performance measures. The paper shows that during 2024–25 the hot-water rebate approvals target was 27,000; however, the expected outcome was 36,900. Minister, can you please tell the committee details about the factors that led to the program's increase and how the demand was met?

Lily D'AMBROSIO: Thank you. When the Solar Homes program was commenced in 2018 we established some benchmarks, or targets, for hot-water rebates. This is a real success story, because the number of requests

that have come in from Victorians for those rebates has grown dramatically – really dramatically. That is because people are making the link between having solar on their roof and using that free energy during the day to not just of course cut their energy consumption but potentially even use it to heat up their hot water instead of more costly ways of doing that. Heating up your hot water with gas is very expensive – more so than using your own solar for that, for example. That is why in 2024–25, in that period, the program is expected to approve 36,900 hot-water rebates. As you mentioned, that is very much higher than the target was earlier. It is about 35 per cent higher than the total of 27,500 hot-water rebates approved in 2023–24. So you can just see the jump every year in the demand for those rebates.

It is a great success story, because Victorians know that they can save quite a lot of money on their energy bills every day. If their hot water system is breaking down, if they can replace it and get a rebate but also the VEU contributing on top of that – so a double discount to buy a non-gas product, a new one – then that is what they are doing. People vote with their feet. They hear good stories from their friends and neighbours and the word spreads. So really this is a great success story. There are 60,000 hot-water units that have been installed, and that is well and truly above the target that we originally set for the Solar Homes program for hot-water rebates.

Meng Heang TAK: Thank you, Minister. Can you also please outline the protections Solar Victoria has in place to ensure that this system is installed safely?

Lily D'AMBROSIO: Safety is always a key priority for this government. I mentioned earlier that Solar Victoria are the gold standard when it comes to safety, and they are the ones who have been delivering the Solar Homes program since 2018, around that year, to the degree that other states are learning from the standards and the quality assurance processes that we have got in place. We are committed to the highest safety and quality standards across the renewable energy sector, and we have got strong industry support for the safety and compliance measures that we have implemented under the program. When it comes to some of the examples here, the auditing program that we have had in place now for a number of years is risk-based. So you are actually targeting the ones that you are thinking might be a problem, so you are likely to get a bigger reading, if you like, than if you just did it blindly across all of the installations. But the rate of all systems found to be unsafe, if you like, across the life of the program has reduced from 3.2 per cent in 2018 down to 0.3 per cent as of 21 May 2025. That is a national standard. It has shown a marked improvement in compliance and safety standards that we have achieved.

It is not just the rebated items that have improved in a sense; we actually set a new threshold for the industry right across the board, and that is what we are continuing to do. For example, just earlier this year we introduced a new requirement: all eligible products across the Solar Homes program must be provided with a minimum five-year whole-of-system warranty, including quality of work. That is because, as we continue to drive the uptake of the VEU and provide these new discounted products and services, so do we want to improve the overall standard of the sector. And there is a big sector out there that is outside the VEU. This is going to benefit the whole of the sector and all consumers. We do this through notices to market.

Just on that front, we prohibited door-to-door sales in 2021 and we prohibited telemarketing in May 2024 – these are those that participate in the VEU program – and all of these are about improving quality of products and service as well as the actual consumer experience and consumer protections. Retailers and installers agree that Solar Victoria's safety and compliance measures are making the industry safer all round, with 93 per cent stating that Solar Victoria has been successful in making the industry safer. That is a really strong figure, that is an exceptional figure, and that is leading the country in terms of safety and quality and consumer protection.

Meng Heang TAK: Thank you, Minister. Given the popularity of the program across a few years, how much in rebates has been paid out, and what kind of impact has that had for Victorians?

Lily D'AMBROSIO: Thank you. People will remember that the Solar Homes program started off as a 10-year commitment, \$1.3 billion over that period. We have delivered about \$642.4 million in rebates that have been approved since 2018. That has delivered about 400,000 solar PV, hot-water and battery systems. They are the raw figures, if you like, so we have delivered on all the fronts of the program. When the program first started, we also did have a megawatt target, and what I mean by that is we anticipated that with the rebates available for solar PV systems on roofs we would achieve so much more renewable energy collectively on people's roofs. We have far exceeded – I think we have almost tripled the megawatt capacity on roofs to what we originally were going to do. By the end of this financial year we will have achieved 2302 megawatts

installed. That is 2.3 gigawatts of new electricity – renewable, clean – on people’s roofs collectively. I think it is almost triple what we intended to achieve from the Solar Homes program.

Meng Heang TAK: Thank you, Minister. You also mentioned customer satisfaction. On page 27 of the ‘Department Performance Statement’ the average number of business days to process an application is six days. It is well below the target of 10. What has Solar Victoria implemented to achieve this?

Lily D’AMBROSIO: Yes, thank you. The philosophy is continuous improvement. That is really important, because we want to make sure that Victorians can continue to have confidence that the program is run well and as the program evolves, if you like, that that continues. Over the past 12 months we have had a strong focus on improvements to the customer portal of Solar Victoria, and it has achieved faster approvals of customer applications for photovoltaic – PV – solar, owner-occupier and hot-water customers with digital. That has increased from 28 per cent to now over 60 per cent. That is faster approvals for customers, and that makes it simpler and easier for them to get approvals.

Meng Heang TAK: Thank you, Minister.

The CHAIR: Thank you, Mr Tak. We are going to Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Good morning. Minister, last week you were quoted as saying:

There are billions of dollars of new gas investment scheduled in Victoria for this year alone ...

Could you tell us which investments you would have been referring to specifically? Could you walk us through a breakdown of those?

Lily D’AMBROSIO: Yes, I am happy to go through that. These are some of the larger ones; I am happy to mention them. These are across Victorian and Commonwealth waters; that is how the sector is. I will list them if that is what you are asking: Esso Woodside proponent, the Kipper expansion – that is in Commonwealth waters. Esso Woodside Turrum expansion – that is in Commonwealth waters. Amplitude Energy, OG Energy – I do not know if you want the actual figures of investment.

Aiv PUGLIELLI: That would be great if you can.

Lily D’AMBROSIO: Yes. The first one was \$200 million and the second was \$350 million. Amplitude Energy, as I mentioned – OG Energy – that is in Commonwealth waters, \$500 million. There is ConocoPhillips, 3D Energi and Korea National Oil Corporation – that is \$100 million, in Commonwealth Waters. Then there is Golden Beach. That is an energy storage project in Victoria, offshore, and that is about \$900 million.

Aiv PUGLIELLI: Is that the exhaustive list that you have just given?

Lily D’AMBROSIO: These are ones that are just in the last 12 months, I think, roughly.

Aiv PUGLIELLI: If there are others that you could provide to the committee, that would be great.

Lily D’AMBROSIO: Whatever it is that I can provide, yes, I will do that.

Aiv PUGLIELLI: Perfect. Thank you. Can I ask about the new gas import terminal for Corio Bay?

Lily D’AMBROSIO: Yes, sure.

Aiv PUGLIELLI: Victoria, as you know, historically has exported gas to other states. Can I clarify: does this mean through this project we are going to continue exporting gas to those other states while also importing gas through this terminal?

Lily D’AMBROSIO: This terminal is a proposal that has received planning approval. We also know that it is one of several potential regasification terminals that are being discussed, if you like, or are in the mix, including I think one in South Australia. We know the Port Kembla one is effectively kitted out. I think what is important to understand here is that the market is such that the market operator – they are responsible for ensuring we have got sufficient gas to meet our needs – has said that from 2029 there need to be some

additional sources of gas found that are beyond what is known to be in the mix or coming online, okay? They will have a role in fixing what is said by them to be a structural deficit gap – if you like, a shortfall – from 2029. It got pushed out from 2028 to 2029, which is good. That is not a matter of just bringing gas, whether it is to a terminal or whether it is through improved pipeline capacity, because it is not necessarily going to be one or the other. That is an open question for the market and the market operator to work their way through. What is important is that right now the market operator is saying, with all of what is known to them and the market, through all the market intelligence, that there will be a structural shortfall in 2029, and something has to change to make sure that there is enough gas to meet domestic needs, whether it is in Victoria, New South Wales or South Australia – in fact it is all of those states. So the notion that somehow Victoria will continue to export and yet bring in some other gas from somewhere else is not the issue. The issue is that there is a structural shortfall. When you take collectively all of the gas that is needed to meet the demand that is expected in 2029 there is that gap, and the market operator needs to move, one way or another, to ensure that that gap can be filled or else a lot of people are going to have very cold winters and we are going to see that hypothermia problem and all of these other matters grow and bills go through the roof.

Aiv PUGLIELLI: Can I ask, Minister, in your assessment, for how long into the future do you anticipate Victoria will be importing gas to our state?

Lily D'AMBROSIO: Importing gas, did you say? We are not importing gas now – not in a net sense. But we know that the market operator and the ACCC understand – and it has been reported on now for a number of years – that the resource that has been available for many decades and that we have benefited from in terms of the economic side of things is depleting. We will have to see how the market evolves. That is the reality of it. But can I say, what is also really important is that Victoria has been a net exporter. In fact we have propped up the other states now for the last 10 years. We have provided 60 per cent of eastern Australia's gas needs, and that is a significant amount of gas. There are a number of ways to deal with these types of issues of tight supply, if you like, and what the market operator is looking at doing with proposals that are out there. But it is also on the demand side. How do we reduce people's consumption? Because whatever the energy is, whether it is gas or electricity, whatever its source, we are all going to benefit if we use less of it because we are doing things differently, because that saves money on people's bills.

Aiv PUGLIELLI: You did definitely canvass that earlier. Can I ask, just moving on, our own climate laws state we need to hit net zero by 2045. Is there any –

Lily D'AMBROSIO: Yes, that is what our government has proactively said. It was not imposed on us; we have led that charge.

Aiv PUGLIELLI: Yes. Can I ask: is there any modelling or data that you can provide that shows that we can get to net zero in 20 years while still approving and extending gas works?

Lily D'AMBROSIO: I can answer that really simply. This is where, if I can say – and I am not attributing this to you, Aiv – the falsehood lies that taking one particular action somehow means that we are not going to meet our emissions targets. What I can say to you clearly is that demand for residential gas in Victoria has decreased, right? In 2022–23 residential gas demand in Victoria fell by 13.5 per cent. Then in 2023–24 it fell by a further 4.5 per cent. It is projected to fall even more in the next five years. It is forecast to decline by – not a percentage but petajoules, which is big – 18.5 petajoules over the next five years. That is a significant reduction in emissions. You have got to take all of the government's actions collectively to understand how we are tracking in terms of our commitments around emissions reductions, and we are tracking and we are on track. So the falsehood that somehow you do one action over here without considering everything else that a government has done when we are talking about net emissions reductions is very misleading, very mischievous, and causes unnecessary anxiety to people who understand and appreciate – and that is most of the Victorian community – that we have to take concrete action on climate change. That is exactly what we are delivering, and we will continue to do that.

Aiv PUGLIELLI: Thank you, Minister. Can I ask: what is the current status of the Hydrogen Energy Supply Chain project?

Lily D'AMBROSIO: I think it is the same status as it has been every year that you have asked me or your predecessors have asked me, so it is not really developed.

Aiv PUGLIELLI: Okay. Just further from that, I understood that the viability of CarbonNet, the carbon capture project, may have been reliant on the HESC, but given the status of the HESC's Japanese partner pulling out, what impact do you foresee the HESC falling over may have on the viability of CarbonNet?

Lily D'AMBROSIO: I have no comment to make on that, and what I can say is that, as I have said in the past, these things are exploratory, they are experimental and they have got to be proven up.

Aiv PUGLIELLI: Thank you. Just moving on, there were media outlets reporting in March of this year that Yallourn coal power station was set to stay open beyond its previously announced closing date of 2028. That was refuted by government. Can I just ask, though: is government considering closing any of the four generating units at Yallourn ahead of 2028?

Lily D'AMBROSIO: Well, let us be clear about how that decision was arrived at by Energy Australia. Energy Australia have only –

The CHAIR: Apologies, Minister. We are going to go to Mr Hilakari.

Mathew HILAKARI: Thank you, Minister and officials, for your attendance this morning. Minister, I am going to take us to resources, building on your presentation around Victoria's critical minerals road map. I will take us specifically to budget paper 3, page 36, the section entitled 'Efficient and strengthened earth resources regulation'. I am just hoping, Minister, you could talk about what these reforms are, when they will be implemented and what we are seeking to implement with this funding.

Lily D'AMBROSIO: Thank you. Resources are many and varied in Victoria. We know resource to mean our coal, our gas –

Mathew HILAKARI: The Ballarat gold on the roof of the Legislative Council.

Lily D'AMBROSIO: Ballarat gold, exactly. That is right. And then of course we have got quarries. The funding here is really vital for us to continue to have a well-resourced regulator, and that is really critical, because a lot of the activities in resources are high-risk activities and they need to be well regulated. That also goes to the issue of social licence. We know Victoria is a very small landmass but it delivers big, and some of these resources are close to where people and communities live. So it is really important for Victorians to have confidence that the regulator is well resourced and is nimble and is able to respond effectively and efficiently to issues that may be associated with any particular mining or quarrying activity. That is also about providing confidence to investors. Confidence is really critical, especially when we are on the cusp of needing to really ramp up the quarry materials that we need for our massive construction build. We have got significant commitments that we are delivering around housing build and around other Big Build projects. That means of course we need approvals to get done on time and in a consistent manner – no surprises, if you like – needing to meet various standards, that industry is supported in the right way to comply and that harms to communities and environment if there are any are mitigated or minimised. So that is really critical.

Just in terms of mines and quarries, we absolutely need that to continue to support our economy. We are investing \$40.5 million from the budget, which you referred to, to ensure that we are able to deliver that stronger regulator and that social licence piece. The benefits from mining and quarrying flow through to local communities too, and that is really critical, because many local communities are the hosts of these projects, and they are not always the most welcome projects but they are necessary. The funding represents enough uplift to the regulator. Over the past couple of years we have seen good investment come into them where the improvements are there to be seen, and we want to keep adding to those improvements.

In the last 12 months Resources Victoria has delivered major benefits by reducing end-to-end approval timeframes by 40 per cent – that is a significant improvement – and decision-making timeframes by 35 per cent. Resources Vic has also facilitated the approval of 480 million tonnes of sand, rock and gravel since 2022 alone, noting that Victoria uses around 70 million tonnes per year. You can understand we need a strong, evident pipeline for the construction industry to be confident that they have got the materials in place when they need it, making sure that the extractives – and extractives are simply the quarrying materials – are approved close to where they will be used, because that is really important to keeping construction costs low so you minimise your travel costs.

There has been significant improvement in the Earth Resources Regulator in the past 12 months. I have mentioned some of the earlier approvals, but there is also a reduction in pending mineral licence applications to 80 by 20 May this year, compared to 126 at the same time last year, and a halving of end-to-end timeframes for exploration licences since two years ago, from a high of 321 median days – that is a lot of days – to 159 median days in this current financial year that we are in. That is a significant turnaround.

Mathew HILAKARI: It is a real cost to industry if they are having to wait for approvals for a significant amount of time, so that 40 per cent reduction and the halving are a really big deal for somebody who is looking to invest in Victoria.

Lily D'AMBROSIO: Absolutely. Resources Victoria are so well equipped to really have that one-on-one outward-facing engagement with the sector. The regulator obviously has to do what it does independently, but in terms of these, it is working really well. And there has been a significant uplift in confidence, if you like, in Resources Victoria and the regulator in particular.

Mathew HILAKARI: If I could take you maybe just more broadly around critical minerals, what really is the state of the critical minerals industry in Victoria? We hear all the time about the necessary nature of these critical minerals for getting to net zero. It is actually in the title of the *Victorian Critical Minerals Roadmap: Resources for Net Zero*, and it talks to a real change in economy – how we produce electricity, how we get the things that we need every day. I would be keen to understand what the state of the industry is.

Lily D'AMBROSIO: Thank you. In Victoria it is all up. It is really looking up, and there is a real spring in the step of many that have been interested in investing in Victoria. We have been absolutely serious about getting that investment here and those critical minerals out of the ground. As part of Victoria's *Economic Growth Statement*, an important feature of that was our critical minerals road map, which was released on the same day and was referenced in the *Economic Growth Statement* of the Treasurer at the time. We have got world-class mineral sand deposits, and they contain a lot of rare earth elements. And we have known this for years; it is just that they have never had the strong market that they have now because of the renewables, because of the decarbonisation effort globally. The world-class mineral sand deposits contain rare earth elements – zirconium, titanium – which are separate to the rare earth elements. If you want to know the difference, I will have to refer you to Matt, but they are different. They are foundational to the production of renewable energy technologies that we need for a sustainable low-carbon future. Can I just say that the in-ground value for Victoria is estimated to be in excess of \$200 billion and could create, if they were fully realised, up to 7000 jobs in north-west Victoria alone. You can imagine – that is not a shot in the arm, that is just something astronomical.

Mathew HILAKARI: It is huge for that part of Victoria.

Lily D'AMBROSIO: Absolutely. Just the other day, I think it was yesterday, it was reported that the ABS released their quarterly report on national mineral exploration expenditure. It showed that expenditure in all states went down, other than Victoria and New South Wales, but ours went up by 18 per cent. We are the only state, together with New South Wales, that did not go down in terms of that expenditure in exploration. I do not know the last time I saw figures like that – I do not think ever.

Mathew HILAKARI: No, because you hear all about WA, you hear all about Queensland and I am glad that we are hearing a bit more about Victoria and what we can contribute. Minister, could you please give me a little bit more information on the road map but also critical mineral approvals that are going ahead?

Lily D'AMBROSIO: Thank you. The road map is really important because we need to ensure that we have a similar understanding and approach, although it can vary, to how the transition around renewable energy is unfolding. It is really important, and we have learned a lot. You always do when you go through new things. A big transition – we have to be open to that. What is going to be really important is that we have identified in the road map four key themes that we want to focus on. One is mapping the critical mineral opportunities, understanding where are they exactly and where aren't they, so that we can give confidence to those communities that you are not going to see all of these explorers running across every inch of the state looking for critical minerals. It is not that.

Mathew HILAKARI: The Member for Brighton can relax.

Lily D'AMBROSIO: Yes. Sorry about that – we were getting to the good bits.

The CHAIR: Thank you very much, Minister and Mr Hilakari. Minister and officials, thank you very much for taking the time to appear before the committee this morning. 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 is going to take a break before beginning its consideration of the State Electricity Commission portfolio at 10:15 am. I declare this hearing adjourned.

Witnesses withdrew.