

# **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 the State Electricity Commission;

John Bradley, Secretary, Department of Energy, Environment and Climate Action; and

Chris Miller, Chief Executive Officer, and

Elisha Civil, Chief Financial Officer, State Electricity Commission of Victoria.

**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, and we pay our respects to them, their elders, past, present and emerging, as well as elders from other communities who may be 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 and 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 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 and other committee members.

I welcome the Minister for the State Electricity Commission 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 5 minutes, and this will be followed by questions from the committee. Your time starts now.

**Visual presentation.**

**Lily D'AMBROSIO:** Thank you very much, Chair. I have a set of slides, but can I just jump to slide 3. What is really critical here in terms of fully appreciating the role of the SEC is the fact that we are investing in renewable energy projects quite significantly across the state. The SEC's remit is to deliver 4.5 gigawatts of new renewable electricity generation capacity by 2035 as well as retailing renewable electricity to government and Victorian businesses. Secondly, the SEC is supporting Victorians to cut their energy bills by making electric upgrades through the SEC one-stop shop. Thirdly, I want to focus on the fact that the SEC is building our skilled energy workforce through their careers programs and employment on their projects.

If I can move to the next slide, the progress has been quite significant to date. The SEC has achieved significant amounts just in the first 18 months of operation. It has got its first two projects of renewable generation and storage already happening. That is around 819 megawatts. That is almost 20 per cent of the SEC's target of 4.5 gigawatts by 2035 just in the 18 months, which is really fantastic. We are well ahead of schedule. From 1 July the SEC will be retailing 100 per cent renewables to government, retailing 5 per cent of electricity use in Victoria. Certainly I look forward to this: powering the schools, the hospitals, public transport and more right across the state. The SEC has also run four successful pilots for the one-stop shop. We know that the rising cost of living is an issue for everyone. Going more electric or all electric can save a household on average around \$1700 a year on an electricity bill. With solar on the roof, that number rises to \$2020. That is why the SEC is

delivering the one-stop shop to help people more easily navigate the process of going electric to cut their energy bills and emissions.

The next slide talks about the investments so far. The SEC's first two projects are accelerating the energy transition for Victoria. We have the Melbourne renewable energy hub – it is one of the world's biggest batteries right here in Victoria. I will move on quickly because I know I have only got 2 minutes left on the clock. It also plays a variety of roles in the market, including soaking up cheap energy during the day and releasing it when prices are higher, but it is also about helping to stabilise the grid and enable more projects to be connected. That is 600 megawatts. That will enable a further 1.8 gigawatts of new generation assets to be connected to the grid. That is one of the benefits of batteries placed in the right spot. The SEC's second project is the Horsham renewable energy park, and that will be the first 100 per cent government-owned renewables project in the country. That is well on the way, and it will be online in 2027.

The next slide goes to the SEC being the supply of electricity to the Victorian government from 1 July this year. I have already mentioned some of the elements of that. This is something we committed we would do, and it is something that we are ticking off, if you like. The SEC will be providing more than just the electricity; it will be providing a lot of advice about how our government buildings and entities can better utilise their energy systems.

The next section is about supporting households, and this is really the critical part of the role of the SEC. The electric home planner is a critical component of the one-stop shop. More than 12,000 households have already participated in the pilots and the installer network will expand to the whole state by 2026. It is something that we are very excited to do, because we will now really have a trusted body that Victorians can go to, a one-stop shop where they get all of their information – trusted information all in the one spot – rather than being very much left to their own devices to navigate what is a very complex and often complicated energy market with lots of people offering all manner of things. Knowing who to trust is something that the SEC will provide great assurance to Victorian communities about, and also of course growing the jobs in this sector, which is one thing that we are deeply committed to.

**The CHAIR:** Thank you very much, Minister. We are going to Mr McGowan.

**Nick McGOWAN:** Thank you, Minister. I refer to section 9.5 of the PAEC 2023–24 financial and performance outcomes document, specifically pages 148 to 151, which deal with the SEC. The PAEC findings and recommendations, Minister, are quite damning. Finding 78 says in part:

... the Committee is unable to comment on the SEC's other aims of promoting electrification of Victorian households and increasing the renewable ... workforce.

Finding 79 says:

The SEC does not have public measures or targets to provide transparency or accountability for its progress towards its objectives, especially those related to electrifying homes and building the renewable energy workforce.

Recommendation 28 is that the SEC:

... develop and publicly report on appropriate measures and targets for each of its objectives on its website and in its annual report.

Recommendation 29 says:

The Department ... include relevant output objectives, objective indicators and performance measures for the – SEC –

... in the 2025–26 Budget.

Minister, why have you refused to put proper budget measures in this budget or to even publish detailed performance measures for the SEC in defiance of the PAEC recommendations?

**Lily D'AMBROSIO:** I will say to you that the SEC makes available all of that information through their strategic plan – that is a public-facing document – and its annual –

**Nick McGOWAN:** This is your committee, because the government dominate this committee, and those are its recommendations.

**Lily D'AMBROSIO:** I am saying to you that that is the way the SEC reports on these.

**Nick McGOWAN:** That would leave you somewhat red-faced, wouldn't it, Minister? If your own committee, dominated by government members, are making these recommendations, which are quite scathing about the administration and the performance measures and the reporting of the SEC to date, that is embarrassing, is it not?

**Lily D'AMBROSIO:** What I have said very clearly is that the SEC reports and maintains all of the transparency that is required of it as a government agency, and it does that through its annual reporting and strategic plan.

**Nick McGOWAN:** But that is not what your own committee has found. This is a government-dominated committee. I can read through those recommendations again, but I think you would agree they are quite damning.

**Lily D'AMBROSIO:** And that is my answer to it.

**Nick McGOWAN:** Your answer to your own committee is that you believe you are doing it, notwithstanding that the recommendation of your own government-dominated committee is that you are falling well short of those standards.

**Lily D'AMBROSIO:** All of the information is provided through the annual reporting and the strategic plan and, from time to time, government agencies and portfolios. Budget measures evolve over time, and I am confident that any requests of PAEC in terms of reporting measures and the like will evolve as the SEC –

**Nick McGOWAN:** Perhaps I can take you up on that, Minister.

**Lily D'AMBROSIO:** develops up its workforce and its services that it provides, helping Victorians save money.

**Nick McGOWAN:** But to the contrary, to date, Minister – Secretary, perhaps I can ask you to explain why DEECA has not acted on the performance measures for the SEC, as has been outlined by the PAEC.

**John BRADLEY:** I think, to the minister's point, I do not really have anything to add to her advice to the committee in that the SEC, as a PNFC entity, is producing a strategic plan. It is responsible to its ministers, including the portfolio minister Ms D'Ambrosio. It produces a strategic plan, and it also provides annual report publications with transparency according to the standards for that annual report. So that would be the best advice I can give to the committee. But as the minister said, those recommendations will continue to be considered and evolve over time.

**Nick McGOWAN:** Minister, I refer to the government's plan to compel every public sector –

**The CHAIR:** Excuse me, Mr McGowan. There is a point of order.

**Michael GALEA:** Sorry, Mr McGowan – which recommendations from the 2023–24 report did you say?

**Nick McGOWAN:** A point of order is not an opportunity to waste my time or ask me questions. This is an opportunity to ask questions of the government.

**The CHAIR:** Excuse me, Mr Galea, Mr McGowan.

**Nick McGOWAN:** If the government have something to hide, then they can say that themselves.

**The CHAIR:** Mr McGowan, a point of order has been raised.

**Michael GALEA:** I believe the numbers you have said relate to other departments –

**Nick McGowan** interjected.

**The CHAIR:** Excuse me, Mr McGowan.

**Nick McGOWAN:** It is actually scandalous that you are allowing government members –

**The CHAIR:** Excuse me, Mr McGowan.

**Nick McGOWAN:** This is not an opportunity to ask questions of the opposition. This is an opportunity to ask questions to the minister.

**Michael GALEA:** Well, why don't you have –

**The CHAIR:** Mr McGowan –

**Nick McGOWAN:** If you had not interrupted, I would move on to my question.

**Michael GALEA:** You have got the wrong numbers.

**The CHAIR:** Mr Galea, I will rule on the point of order. I do not have the transcripts or the previous reports tabled by this committee. They will be checked in the break, and if the record needs to be corrected, it will be corrected by me at a later date. Please proceed, Mr McGowan.

**Nick McGOWAN:** Thank you, Chair. Minister, I refer to the government's plan to compel every public sector body to obtain an electricity contract with the SEC. Will any state authority agency be allowed to contract for electricity from another supplier if it is able to obtain cheaper electricity?

**Lily D'AMBROSIO:** Thank you. We have made a very clear commitment around the SEC as its first retail customer, being government, and that is what we are delivering. We went to the last state election –

**Nick McGOWAN:** So you are going to compel them.

**Lily D'AMBROSIO:** We went to the last state election with a clear commitment around re-establishing –

**Nick McGOWAN:** So you are going to force government agencies and schools to pay the highest price, not the lowest price.

**Lily D'AMBROSIO:** No, that is incorrect – absolutely incorrect.

**Nick McGOWAN:** So you will give a price guarantee to schools –

**Lily D'AMBROSIO:** Can I answer the question?

**Nick McGOWAN:** Minister, please.

**Lily D'AMBROSIO:** Okay. The way that government manages its energy retail contracts is through bulk purchasing arrangements. Individual schools –

**Nick McGOWAN:** I have heard this for years. We never do very well, do we, Minister, as a government.

**Lily D'AMBROSIO:** I will continue to answer the question.

**Nick McGOWAN:** Please, can you guarantee that they will pay the lowest electricity price available on the market?

**Lily D'AMBROSIO:** I will answer the question.

**The CHAIR:** Mr McGowan, you have been on this committee for long enough to know that, yes, you can answer questions. Please afford the minister –

**Nick McGOWAN:** It is a very simple question. It is a yes or no. It requires a yes or no answer. It is not more complex than that.

**The CHAIR:** The minister is attempting to answer your question. Please offer her the courtesy of listening to the answer to the question without speaking over the top and continuing to interrupt the minister. The minister to answer the question.

**Lily D'AMBROSIO:** I am not a dummy to give you a yes or no answer. What I will say to you clearly, as I have done throughout all of this and in the previous hearing, is that we made a public commitment. Can I say to you the SEC's retailing arrangements with government are about value for money and continuing to build up the portfolio that the SEC needs and that Victorians voted for, and the other value –

**Nick McGOWAN:** They did not vote for the highest price.

**Lily D'AMBROSIO:** Of course these things always go to price.

**Nick McGOWAN:** But they did not vote for the highest price, Minister. All I am seeking from you is an assurance that we will not be charging our schools the highest price. Surely you can give schools a guarantee they will be receiving the lowest possible electricity price.

**Mathew HILAKARI:** A point of order.

**Lily D'AMBROSIO:** You do not understand how –

**The CHAIR:** Excuse me, Minister. Mr Hilakari, is there a point of order?

**Mathew HILAKARI:** No.

**The CHAIR:** Thank you, Minister. We are going to Ms Kathage.

**Lauren KATHAGE:** Thank you, Chair. Minister and officials, hello. Speaking of results – wow. I saw in your presentation you spoke about almost 20 per cent of the 2035 generation target already being met in the first 18 months. That is huge. Then in terms of how we have achieved that, you spoke about the Melbourne renewable energy hub and then also the SEC renewable energy hub. What role have they played in helping us get to that result?

**Lily D'AMBROSIO:** Thank you. When we brought back the SEC – after it was sold off and all of its profits went off to corporate bodies globally at the expense of Victorians – the first two things –

**Nick McGowan** interjected.

**Lauren KATHAGE:** Excuse me. It is my time now, thank you.

**Lily D'AMBROSIO:** And the SEC, two projects have been amongst the fastest investment turnarounds of any entity, really, in the country. The first two investments, the Melbourne renewable energy hub and the renewable energy park in Horsham, both of those would not have been able to be brought online without the involvement of the SEC. This is about how we accelerate the transition, remembering the more renewable electricity we can bring into the system – and the SEC will play an important part of that – the better off everybody's electricity bills will be, because it is cheaper replacement energy. That is absolutely what we are doing. So that is a really clear demonstration of how quickly and effectively the SEC is scaling up to deliver publicly owned renewable energy at the pace and scale that our state needs.

The Melbourne renewable energy hub has a 600 megawatt capacity battery. It is one of the largest in the world and will be Victoria's first publicly owned generation asset since the 1990s – since the 1990s – and this is Victoria's. This is owned by Victorians. It will store low-cost renewable electricity during the day and dispatch it when it is needed. That is the critical thing. This means that there will be more stable wholesale electricity prices, lower bills and fewer emissions for everybody. This one project alone will unlock 1.8 gigawatts of additional renewable generation across the three renewable energy zones. This project is strategically located and being built to service three renewable energy zones. And when you have greater battery storage capacity strategically located, it actually improves the capacity of the existing transmission line so that it can host more renewable energy projects, new ones coming in, to be connected. That is really critical. It actually helps to unlock that additional capacity.

We have got the renewable energy park in Horsham. It is a 100 per cent-owned solar and battery project with 119 megawatt of solar and 100 megawatt of 2-hour battery. That is underway now. It will come online in 2027. These two projects are laying the foundation for a cleaner, fairer energy system that the SEC is committed to delivering. By publicly investing in renewables and in energy infrastructure, we are helping Victorians. The

SEC is helping Victorians to meet our emissions targets, keep the lights on of course and reduce energy bills across the state. So that gives you a little bit more detail about the benefits so far realised.

**Lauren KATHAGE:** Thank you. So that is that twin benefit there. But just drilling in on the Horsham facility, I think this is 100 per cent SEC-owned. Did you say it is the first time since the 1990s that we have had that?

**Lily D'AMBROSIO:** That is right. Exactly. It has been a long time in between, and Victorians are very excited about this. And what is really important here –

**Lauren KATHAGE:** In terms of jobs as well then, Minister, there and other places, local communities, but also more broadly.

**Lily D'AMBROSIO:** Absolutely. The jobs from these two projects alone – already more than 1100 workers and 70 apprentices have worked on the Melbourne renewable energy hub. That is that one alone. Once the Horsham project is in full swing, we will see a lot of jobs and apprenticeships supported through that project. That will create, the Horsham one, about 246 full-time-equivalent jobs during construction –

**Nick McGOWAN:** How many permanent jobs, Minister?

**Lily D'AMBROSIO:** including roles for apprentices and trainees. I have just told you.

**Nick McGOWAN:** No, permanent jobs, not temporary construction jobs, Minister.

**Lauren KATHAGE:** A point of order, Chair.

**Nick McGOWAN:** How many permanent jobs?

**Lily D'AMBROSIO:** We know that through this energy transition that is underway Victoria will end up delivering 67,000 new jobs in the energy transition that will be enjoyed by Victorians. These are local jobs in Victoria.

**Nick McGOWAN:** How are you measuring that, Minister?

**Lily D'AMBROSIO:** The Victorian energy jobs plan goes to that very matter. These are just some of the things. There is also an intersect with TAFE Gippsland of course. The SEC is prioritising local providers and businesses too in those local communities, from construction and electrical services to landscaping, signage, safety and design. That is about helping of course ensure that there are really tangible local benefits during the construction phase of these two projects.

**Lauren KATHAGE:** With those local benefits or the community benefits, I did not realise there were these community benefit funds. What are these?

**Lily D'AMBROSIO:** Yes, one of its key tenets of the SEC is to be best practice, if you like, in terms of a corporate citizen. What is really important here of course is that what the SEC is committed to doing is, once the Melbourne renewable energy hub comes online, providing \$150,000 every year through a community benefit fund, and that will be specifically designed to help support local priorities. The SEC will partner directly with local communities to determine how this money is best spent, and this ensures that the benefits are not only financial but also strategic, building long-term resilience and local opportunity. With the Horsham project, the renewable energy park there, during the construction period the local community will receive \$42,000 per year for three years. Once the project is operational, that increases to \$70,000 per year for 30 years – every year for 30 years – and that figure will be indexed to keep up with inflation.

**The CHAIR:** Thank you, Minister. We are going to Mr Welch.

**Richard WELCH:** Thank you, Chair. Thank you, Minister. Minister, just back on the mandatory use of the government supplier for energy, are you guaranteeing that every government body will be better off by doing this? I mean, you are mandating it, so you must know that.

**Jade BENHAM:** Love a government mandate.



**Lily D'AMBROSIO:** Well, Nationals love mandates.

**Jade BENHAM:** Yes, we love mandates.

**Lily D'AMBROSIO:** You do. Thank you for the question. We have been very clear in terms of our commitments, and we are delivering on our commitments. The Victorian population supports the SEC.

**Richard WELCH:** No, will every government department be better off? Are you guaranteeing that?

**Lily D'AMBROSIO:** Everyone will be better off with the production and the retail sale of electricity.

**Richard WELCH:** Okay, I will take that as a guarantee.

**Lily D'AMBROSIO:** That is not what I am saying.

**Richard WELCH:** If in retrospect –

**The CHAIR:** Excuse me, Mr Welch. I do not want to have to say this during every session in which you are asking questions. Please do not put words into the minister's mouth as part of her response. The minister to correct the record. Minister.

**Richard WELCH:** You are not guaranteeing it.

**Lily D'AMBROSIO:** What is important is that the more renewable electricity that comes in – that is absolutely a focus for us –

**Richard WELCH:** Minister, are you guaranteeing –

**Lily D'AMBROSIO:** The SEC will work with the government agencies that it is a retailer of electricity to to reduce consumption of the –

**Nick McGOWAN:** Consumption?

**Lily D'AMBROSIO:** Yes. You know, that thing that you use.

**Nick McGOWAN:** Yes, so do not use electricity – that is your only message. You have got no guarantee for them.

**Lily D'AMBROSIO:** Look, I think you are putting words in my mouth.

**Nick McGOWAN:** They were your words.

**Lily D'AMBROSIO:** No, because you do not let me answer the question.

**Richard WELCH:** If I may resume my questioning, please.

**Lily D'AMBROSIO:** Can I be really clear that the SEC will provide additional non-pricing services. Our pricing services will be very, very competitive. They will also provide non-pricing services, including how those entities can go about reducing their consumption of energy with behind-the-meter solutions that are part of our energy transition, because the less energy we can rely on, the cheaper everybody's bills will be, including government entities.

**Richard WELCH:** Thank you, Minister. That is a very useful clarification. So if in retrospect you find at the end of the year that the government body would have been better off with a private supplier, will you compensate them?

**Lily D'AMBROSIO:** I do not deal with hypotheticals. The SEC is very clear and the government is very clear that we will be the retailer to government, and that is what we will be from 1 July, providing competitive pricing together with non-pricing solutions and assistance to those entities.

**Richard WELCH:** Thank you, Minister. What is the operational cost of every government body transferring their existing contracts to the state provider?

**Lily D'AMBROSIO:** You are failing to understand that all of the thousands of government entities do not hold individual contracts.

**Richard WELCH:** But some do.

**Lily D'AMBROSIO:** No, no. Let me finish.

**Richard WELCH:** Do any?

**Lily D'AMBROSIO:** Do you want the answer?

**Richard WELCH:** I want the answer to my question, not –

**Lily D'AMBROSIO:** Oh, your question. But you do not like the answer, because I am answering you directly.

**Richard WELCH:** No, because you are not answering my question. You are answering something different.

**Lily D'AMBROSIO:** The answer is clear: the government runs bulk-purchasing arrangements, and if I am not mistaken, there are probably about three of them that provide bulk-purchasing arrangements with the smaller sites. That is how you get the most competitive pricing for electricity – when you go out to market with bulk-purchasing arrangements. The SEC is providing that bulk-purchasing value arrangement, and –

**Richard WELCH:** I am not convinced on the value of collectivism, so I am not sure that is true in an open market. In your modelling, then, of this change, you have reviewed every government contract with every government body for energy supply?

**Lily D'AMBROSIO:** The SEC are providing, in their negotiations with the bulk-purchasing contract holders, or those that manage those on behalf of government – the SEC has negotiated very, very competitive prices to take over of those bulk-purchasing arrangements to provide –

**Richard WELCH:** Will you consider price capping?

**Lily D'AMBROSIO:** retail electricity, renewable electricity, to those government entities.

**Richard WELCH:** Minister, I have been very patient. Will you consider price capping?

**Lily D'AMBROSIO:** As I said to you and as you keep saying, it is a competitive market. What I am saying to you is that the SEC has price-competitive arrangements in place that will start from 1 July. We are delivering on the commitment that we made to the Victorian people when we won the election.

**Richard WELCH:** What will be the impact to the private suppliers given their loss of market share? Have you have you modelled that? Have you consulted with the private sector?

**Lily D'AMBROSIO:** The market is a very healthy market, and it continues to be healthy.

**Richard WELCH:** But did you consult with the private sector on this?

**Lily D'AMBROSIO:** I am very clear that when we make commitments to the Victorian people – ultimately they are the ones who voted for us, voted for our policies, and I am absolutely –

**Richard WELCH:** No, I did not ask you about –

**Lily D'AMBROSIO:** I am actually very proud to deliver on the commitments that we took to the last election.

**Richard WELCH:** Minister, did you consult with the private sector on this?

**Lily D'AMBROSIO:** We have been very clear in our commitments –

**Richard WELCH:** No, did you consult with them?

**Lily D'AMBROSIO:** We are very clear in our commitment. We have asked the permission of the Victorian people at the last election, and that is what –

**Richard WELCH:** Minister, are you refusing to answer that question?

**Lily D'AMBROSIO:** No, no. I am telling you. That is my answer.

**Richard WELCH:** So you have not consulted with the private sector?

**Lily D'AMBROSIO:** That is my answer. We deliver on all of our commitments.

**Richard WELCH:** Did you consult with the private sector?

**Lily D'AMBROSIO:** We deliver on all of our commitments, and that is what we are doing.

**Richard WELCH:** And did that commitment include consulting with the private sector?

**Lily D'AMBROSIO:** Well, you know what our commitment was.

**Richard WELCH:** No, I do not. Enlighten me.

**Lily D'AMBROSIO:** Our commitment at the last election was to bring back the SEC, which was sold, privatised, and all of the \$20 billion of value went offshore. We are returning a retailer which the Victorians want –

**Richard WELCH:** Are you breaking any contracts by doing this?

**Lily D'AMBROSIO:** and we are absolutely delivering the SEC as the retailer to government entities.

**Richard WELCH:** Are any contracts going to be broken as a result of this?

**Lily D'AMBROSIO:** Contracts reach the end of life. They are not ongoing, permanent contracts. No contracts are broken.

**Richard WELCH:** When do all of these contracts end their life?

**Lily D'AMBROSIO:** These contracts have not been broken. They reach a natural end of life, and they have reached the end of life.

**Richard WELCH:** Excuse me. When will these contracts end?

**Lily D'AMBROSIO:** They commence on 1 July, and I think from memory they are – three years, is it? Three-year contracts.

**Richard WELCH:** And so all of those will have expired by July?

**Lily D'AMBROSIO:** You are talking about the contracts –

**Richard WELCH:** With the private sector with government bodies that exist.

**Lily D'AMBROSIO:** Yes.

**Richard WELCH:** All of them will have expired by July?

**Lily D'AMBROSIO:** Those ones, yes.

**Richard WELCH:** None are being shortened, foreshortened?

**Lily D'AMBROSIO:** No.

**Richard WELCH:** They are all broken?

**Lily D'AMBROSIO:** No. You do not like my answer. I know you were looking for a different answer.

**Richard WELCH:** No, that is a very helpful answer. Thank you.

**Lily D'AMBROSIO:** Is it? Okay.

**Richard WELCH:** In terms of their loss of market share then –

**The CHAIR:** Thank you. Mr Galea.

**Michael GALEA:** Thank you, Chair. Good morning, Minister, Secretary.

**Lily D'AMBROSIO:** Hello. How are you?

**Michael GALEA:** Good. How are you?

**Nick McGOWAN:** Time for Dorothy Dixier.

**Michael GALEA:** No, I would actually like to ask about the SEC one-stop shop, Minister.

**Nick McGOWAN:** That is a Dorothy Dixier.

**Michael GALEA:** Well, it was in the presentation, Mr McGowan, if you were paying attention. Perhaps you need to check your references that you are citing a bit more today, Mr McGowan. But if you refer to the presentation, it said that more than 12,000 Victorians have already used this, Minister –

**Lauren KATHAGE:** Including me.

**Michael GALEA:** Including the Member for Yan Yean, I hear. Minister, what benefits does this program provide Victorians?

**Lily D'AMBROSIO:** Thank you. Another election commitment that we are delivering is for the SEC to provide a one-stop shop for electric upgrades, effectively. What is really important here is to make sure that we get the one-stop shop right so that it actually responds to what the needs are in the community. The SEC decided to run several pilot programs. Some of them are still going and there is a new one, I think, being added soon to ensure that we get all of the elements of the one-stop shop right but also to get feedback from those that choose to jump on and use it about what is working, what is not working, what can be developed better and what is the usability of the portal – all of those things that you want to make sure you get right before you roll it out as a final product. The reason for this is that the tool is aimed to give households the ability to take better control of their energy costs, if you like.

**Nick McGOWAN:** Point of order.

**The CHAIR:** Excuse me, Minister. Deputy Chair, do you have a point of order?

**Nick McGOWAN:** Yes, I am just trying to clarify whether this is the cooking schools that the minister is responding to, or something else. I am not quite sure. I am not following.

**Michael GALEA:** On the point of order.

**The CHAIR:** On the point of order, Mr Galea.

**Michael GALEA:** If Mr McGowan was listening to my question, he would know I was talking about the SEC one-stop shop, which was referenced in the last session.

**Nick McGOWAN:** The SEC I think are doing cooking schools, aren't they, Minister?

**The CHAIR:** Deputy Chair, I understand you may be hungry and thinking about lunch, but that is not a point of order. Minister, if you could please proceed.

**Lily D'AMBROSIO:** Thank you very much, Chair. We know for a fact that when people go towards electric appliances in the home at the end of life, for them to consider that saves them a lot of money. We know that when they combine it with solar it saves them even more money. So what we want to do is have an

experience and a place where Victorians can go to make it as easy as possible for them to actually get those benefits. We want to make them accessible and ready to hand when they need it. It is not about doing something when you do not need it or too soon ahead of an appliance breaking down, but if something breaks down or you think that you want to swap something out, you know you can go somewhere that you can trust and have all of your savings calculated there. So having a one-stop shop where you can actually understand what you are paying on your energy bills, whether it is gas or electricity or combined, what the types of systems or appliances are that you have in your home – and typically we know the things that consume the most energy in your home are your hot water, are your space heating, are your cooking; they are the ones that are the biggest consumers. So if you can go there and have a product list that is of quality products but suiting a whole range of designs, if you like, in terms of bells and whistles and the ones with less bells and whistles, all of those things are really important, and Victorians have told us that through the pilot.

They also want to be able to easily then decide, ‘Okay, this is something that might suit us and this is how much I’m likely to save with all of these up-front costs,’ including calculating how much they will get off with the use of a government rebate for hot water, how much they will get off on their solar panels through Victorian government rebates, how much they will get off on the loan for those solar PVs, what they will get off through other VEU benefits – and of course this also includes federal government rebates and assistance. With all of that people can actually make a choice of whether to go ahead or not. Then to have on that same portal a list of all of the verified installers that meet certain standards, a variety to choose from right across the state, is really important. People do not have to go with those approved installers, but if they do they know that they have met certain standards that we expect of them and the SEC.

So all of that in one will help Victorians make that decision and be able to navigate what is a really complex and often very complicated market where it is hard to compare apples with pears. Some people throw in benefits that are not necessarily quantifiable, and it is a market that can often create a lot of headaches for Victorians and make them give up. We do not want them to give up. We want them to have an easy experience to get those up-front cost savings and those ongoing bill savings every day.

**Michael GALEA:** And that simplification through having, as in the title, the one-stop shop is making that easier for Victorians.

**Lily D’AMBROSIO:** Exactly.

**Michael GALEA:** Thank you, Minister. Noting that this is the phase 1 pilot of the program and we have already seen 12,000 people take it up, what can we expect to see from the full version of this program once it is in full flight?

**Lily D’AMBROSIO:** Thank you. The one-stop shop – as I said, the elements of it through the pilots are underway and almost complete. By early next year we anticipate the commencement of the rollout of the full offering to parts of the state and then spreading that out, making sure that it works well and the experience is a good experience and we have got all the installers in place that we need. So a lot of work has got to be done, more work, between now and then. Very soon the SEC will be going out to market seeking expressions of interest for installers right across the state to be available. There is a lot of excitement amongst installers, and the really good installers too, because they can see the benefit for them in their businesses and in their local communities of the jobs that could come out of any partnership that they can enter into with the SEC. The SEC will be going out very soon, I think later this month, and encouraging those to come on board. But then of course there needs to be the work, and work is underway around the types of products that will be available and listed through the website.

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

**Jade BENHAM:** Thank you, Chair. Minister, do these new socialist mandates infringe on competitive neutrality principles for the energy market operators?

**Lily D’AMBROSIO:** No, not at all. We have been very clear in the way that we developed the legislation and the establishment –

**Jade BENHAM:** Did you need to go to agreement or dispensation from the rules or did you exempt yourself?

**Lily D’AMBROSIO:** No, no. I do not exempt myself. I do not have those powers. I do not think I do. Certainly we believe and we are very confident and we know that none of the powers and authority that the SEC has offends any of those competitive neutrality principles.

**Jade BENHAM:** Did you receive advice on that?

**Lily D’AMBROSIO:** Certainly we have got all of that advice, yes.

**Jade BENHAM:** Can you expand on that very briefly?

**Chris MILLER:** I am happy to answer that question and expand on that, Ms Benham. Competitive neutrality is a really important policy, and we have put in place across the SEC a number of features to ensure that we remain compliant with those competitive neutrality principles. At its core what that policy requires of any government enterprise is that we operate fairly and do not enjoy unfair advantages by virtue of our government ownership. I am confident, having worked through the process to develop the retail arrangements with our government customers, there is no instance of the SEC being conferred any kind of unfair advantage by virtue of its public ownership.

**Jade BENHAM:** Okay. So does the SEC then pay dividends to the state government?

**Chris MILLER:** The SEC is still in an establishment phase, so we are still building the portfolio that we will use to service our government customers and other customers as we expand that offering. The question of dividends is a question that we will confront when we are in a position to be able to pay those dividends.

**Jade BENHAM:** Okay. If schools and hospitals, for example, that are already operating at huge losses right now can find a cheaper energy offer by bulk buying somewhere else in the market, they just cannot go with the cheaper offer that would be better for their bottom line given that they are running at huge millions of millions of dollars worth of losses? They cannot do that? You are forcing them into this market.

**Lily D’AMBROSIO:** No, no, no. You are not understanding. The premise of bulk purchasing is an individual school does not go off and –

**Jade BENHAM:** Okay, forget bulk purchasing, but if hospitals and schools can find cheaper deals on their energy, they cannot take it up?

**Lily D’AMBROSIO:** No, but they do not. They do not go off individually. The school down the road, Mill Park Heights Primary School, does not go down the road and say, ‘Oh, jeez, we need to renew our’ –

**Jade BENHAM:** So they cannot compare the market. What I am talking about is comparing the market.

**Lily D’AMBROSIO:** No, no. You do not understand.

**Jade BENHAM:** No, I do understand. I am just asking a very simple question. For these entities like hospitals – let us be honest – when the sun is not out and the wind is not blowing, what is the base load and why are they not allowed to compare the market? NGV, Melbourne Zoo.

**Lily D’AMBROSIO:** Well, I have been very clear that we are looking forward to working with all of these entities. The SEC has a fantastic relationship with these entities, who are actually very excited, they are very excited –

**Nick McGOWAN:** They do not have a choice.

**Lily D’AMBROSIO:** I think some people actually like public ownership. These entities are very excited –

**Jade BENHAM:** They will end up paying more though, won’t they?

**Lily D’AMBROSIO:** No, they will not.

**Jade BENHAM:** They will end up paying more, won’t they?

*Members interjecting.*

**The CHAIR:** Excuse me, members. Ms Benham, did you have a question you would like to ask the minister?

**Jade BENHAM:** Yes. Will these public entities be paying more for their energy prices after 1 July?

**Lily D'AMBROSIO:** The contracts that the SEC has struck – the bulk purchase arrangements – are competitive, and there are pricing benefits as well as non-pricing benefits that the SEC will do. All of these entities are very excited about the prospect of working with the SEC on the contracts and the benefits that can be delivered to them.

**Jade BENHAM:** So that is a yes?

**Lily D'AMBROSIO:** What is a yes?

**Jade BENHAM:** When can we compare? Is it 12 months? When can we measure that, if they are paying more after 1 July?

**Lily D'AMBROSIO:** All of these contracts are commercial in confidence. They always have been, and they will continue to be.

**Jade BENHAM:** So you are refusing to answer the question?

**Lily D'AMBROSIO:** No. I really do not understand the question, because I thought I had answered the question.

**Jade BENHAM:** The question is very simple.

**Lily D'AMBROSIO:** What is the question?

**Jade BENHAM:** Will these organisations that are mandated to use the SEC pay more for energy after 1 July?

**Lily D'AMBROSIO:** They will be –

**Jade BENHAM:** It is a yes or no answer, Minister.

**Lily D'AMBROSIO:** No, I am sorry, we are not in primary school here. The answer is that the competitive offering that the SEC has made and contracted on the bulk purchase arrangement – a very, very competitive and –

**Jade BENHAM:** What does 'competitive' mean?

**Nick McGOWAN:** Is it going to be increased by –

**The CHAIR:** Excuse me, members. You have asked a question, Ms Benham. I am assuming you would want an answer –

**Jade BENHAM:** And I am trying to get to an answer, Chair.

**The CHAIR:** Excuse me. The minister is attempting to answer your question, and the members to your left and to your right keep talking over the top of the minister. I cannot even hear the minister speak. Minister, could you please provide your answer for the record?

**Lily D'AMBROSIO:** Thank you. The answer is that the contracts that the SEC has entered into to be the retailer to government of electricity on bulk purchase arrangements are very, very competitive. There are pricing benefits as well as non-pricing benefits, and these entities are looking forward to working with the SEC and are very excited by the prospect. This is a really important part of the answer. That is the answer.

**Jade BENHAM:** What are the non-pricing benefits?

**Lily D'AMBROSIO:** As I mentioned earlier – I just touched on – the SEC is very keen to work with these entities to look at non-pricing benefits that include behind-the-meter solutions for improvements to the way that energy is consumed and the times of day that it is consumed, and all of these add value to the contract. That is absolutely what the SEC is focused on doing. It is not just about giving over electrons, it is about providing that renewable electricity that is really critical for us to ensure that we continue to build and to be able to provide those behind-the-meter solutions. It is not dissimilar to the SEC's remit to provide a one-stop shop for households. It is about providing those new and innovative ways of being able to reduce our total energy consumption and also build the savings from that, and also of course delivering renewable electricity, because we know that when we do all of those things collectively, we lower everybody's wholesale electricity.

**The CHAIR:** Thank you, Minister. We are going to go straight to Mr Tak.

**Meng Heang TAK:** Thank you, Chair. Minister, referring to your presentation, slide 6, the SEC will become the electricity retailer to government in less than 30 days, the first government-owned retailer since the SEC was privatised in the 1990s.

**Nick McGOWAN:** Under Joan Kirner, a Labor Premier.

**Meng Heang TAK:** Minister, what sites will be covered by this arrangement?

**Lily D'AMBROSIO:** I am sorry, it was hard to hear because of the interruption. Can you repeat that?

**Nick McGOWAN:** Who wrote that question?

**Lily D'AMBROSIO:** I cannot hear him.

**Meng Heang TAK:** What sites will be covered by this arrangement?

**Lily D'AMBROSIO:** Which sites?

**Meng Heang TAK:** Yes.

**Lily D'AMBROSIO:** Okay, so the sites for the contracts from 1 July – is that right?

**Meng Heang TAK:** Yes, that is right.

**Lily D'AMBROSIO:** Again, it was hard to hear.

**Meng Heang TAK:** Thank you.

**Lily D'AMBROSIO:** The SEC has a retail licence from the Essential Services Commission, and what the SEC will provide will be sufficient electricity to meet the Victorian government's load. What does that mean? It means that annually the Victorian government's electricity consumption is around 2.6 terawatt hours, every year. Currently there are four main ways in which the government agencies purchase electricity. There are small sites under a bulk arrangement, large sites under a bulk arrangement, health large sites and direct purchasing. This is how these will be met through the SEC's retailing arrangements. My apologies, I need to be clearer: these are the sites that the contracts will supply electricity to.

**Mathew HILAKARI:** There has been I think some confusion in this committee so far around exactly how the government purchasing works. I am just hoping you can explain that, because I might not interrupt, unlike some of the other committee members.

**Jade BENHAM:** We might.

**Lily D'AMBROSIO:** Well, you might learn something too. Okay. Thank you very much. I might ask Chris to explain how the arrangement works, because this is often a question that is asked generally anyway.

**Mathew HILAKARI:** That is right.

**Lily D'AMBROSIO:** Energy can vary in terms of its availability. Chris, I will ask you perhaps to acquit that one.



**Chris MILLER:** Thanks, Minister. Mr Hilakari, just so I am clear on the question –

**Mathew HILAKARI:** It is the government purchasing arrangements.

**Chris MILLER:** The way in which governments actually procure and purchase from SEC?

**Mathew HILAKARI:** Thank you.

**Chris MILLER:** Thanks. Very happy to answer that question. The minister has talked about the current procurement arrangements that are in place and the bulk purchasing contracts that are currently there across a number of different site categories. The SEC essentially steps into those bulk purchasing arrangements and services around about 80 per cent of the government's load, large sites. What we will essentially do is support those customers to purchase 100 per cent renewable electricity through a combination of things: by providing some of the energy that will result from the SEC's own projects, including the renewable energy park in Horsham, and combining that with the renewable energy that is produced by the contracts that the SEC is stepping into as well. Government has over the years put in place the so-called Victorian renewable energy target auction contracts, which have helped bring into being a large number of new solar and wind facilities and some hybrid facilities as well. A number of those projects are operational, and for those projects that are operational, the SEC will step in effectively as the counterparty, buying the electricity as well as the large-scale certificates, so effectively the renewable energy credits from those projects. What we are able to do at the SEC is bring together those two things, so the government's demand for 100 per cent renewable electricity together with the supply that the SEC is generating together with the supply that government has already supported to come into existence.

**Mathew HILAKARI:** Thank you. And I am sorry; I interrupted Mr Tak.

**Meng Heang TAK:** Thank you. Thank you for your explanation. Minister, how will the SEC as a retailer provide government benefit compared to private retailers?

**Lily D'AMBROSIO:** Sorry, what was that question?

**Meng Heang TAK:** How will the SEC as a retailer provide government benefit compared to private retailers?

**Lily D'AMBROSIO:** As I touched on earlier, the non-pricing benefits are really critical. Non-pricing benefits are something that the SEC is absolutely committed to, because we know that in the new world of the way electricity is made – the way it is distributed, the way it is used, consumed and all of the technologies that sit and are supported around that, including the internet of all things and a number of other technologies – it is really important that the SEC places itself at the forefront of all of that. That is about unlocking as many solutions as possible to really lead by example and with the strength that the SEC has in terms of the trust and confidence of the community. Perhaps, Chris, I might ask you about some of those non –

**Nick McGOWAN:** A point of order.

**The CHAIR:** Excuse me, Minister. Mr McGowan, do you have a point of order?

**Nick McGOWAN:** Point of order: the minister is not answering the member's question. The member asked specifically to compare how the government will operate as a retailer versus private retailers. The minister has refused to answer the question to date. I would like the minister to answer the question.

**Michael GALEA:** On the point of order.

**The CHAIR:** On the point of order, Mr Galea.

**Michael GALEA:** The minister has been directly relevant to the question, and I would ask Mr McGowan to pay attention if he wants to raise that as a point of order.

**Nick McGOWAN:** Not at all.

**The CHAIR:** Thank you. On the point of order, the minister is being relevant to the question asked. The member can ask questions. How the minister responds is not something that members can direct in this place. The minister to continue.

**Lily D'AMBROSIO:** Thank you. I was just going to ask for some more detail, because I know Chris has already commenced discussions around the additional non-pricing offerings for some of the entities. But, Chris, could you perhaps go to some of those?

**Chris MILLER:** Thanks, Minister. It is actually a really important question and a really important part of the SEC's value offering. As a publicly owned retailer, we have a very strong incentive and motivation to ensure that our customers reduce their consumption and become more efficient customers. These are the, I guess, non-profit motives that drive the SEC's activities. If I can give one example of that –

**The CHAIR:** Apologies, Mr Miller, Mr Tak. We are going to Mr Puglielli.

**Aiv PUGLIELLI:** Thank you, Chair. Good morning. It was announced that as of 1 July 2025, 5 per cent of Victoria's electricity market would be powered by the SEC. Can I ask what percentage of the state's energy will be from renewable sources owned by the SEC?

**Lily D'AMBROSIO:** Owned by the SEC? Well, look, I cannot give you that figure, but we have been very clear that our commitment was that the SEC would be a retailer of 100 per cent electricity to government entities from 1 July, and that is what we are delivering.

**Aiv PUGLIELLI:** Thank you. Can you come back to me with the figure, though?

**Lily D'AMBROSIO:** I am not sure if we are able to ascertain that, but if we can, we will – if the information is available.

**Aiv PUGLIELLI:** Thank you. Much appreciated. Can I get your assessment, Minister: do you anticipate that the owned percentage of the total renewable sources to the SEC will increase over the estimates?

**Lily D'AMBROSIO:** What our commitment has been is that over the entire portfolio that the SEC will invest in between now and 2035, 4.5 gigawatt of new capacity of renewables, the SEC will be a majority shareholder over all of the assets. It depends on the assets, the investments, each individual investment; that may go up and down a little bit. But over the entire portfolio of 4.5 gigawatts it would be a majority shareholder.

**Aiv PUGLIELLI:** Thank you. Are you able to take us through which renewable energy generation and storage projects the SEC has invested in to date and what its equity stake is in those projects individually?

**Lily D'AMBROSIO:** Sure. I have already talked about the Horsham energy park and the Melbourne renewable energy hub. In terms of the actual equity holdings of those, the Horsham one is more than 54 per cent.

**Chris MILLER:** Horsham is 100 per cent.

**Lily D'AMBROSIO:** Sorry. My apologies – Horsham is 100 per cent. Across the Melbourne renewable energy hub and the Horsham energy park combined, it is over 54 per cent.

**Aiv PUGLIELLI:** And in terms of other generation and storage projects, can you take us through those?

**Lily D'AMBROSIO:** They are the two investments thus far, but the SEC is considering a number of other options for investment opportunities.

**Aiv PUGLIELLI:** Okay. And equity stake for those projects – that cannot be shared at this point, that is not available?

**Lily D'AMBROSIO:** No.

**Aiv PUGLIELLI:** Okay. All good. Minister, has the government modelled the cost for the SEC providing solar panels to schools and hospitals?

**Lily D'AMBROSIO:** I do not believe so, no. The first priority of the SEC is to acquit the election commitments that we undertook, and that is what the focus is. Of course the key focus is for the SEC to continue to invest in and to get to the 4.5 gigawatt. However, they are looking at the next iteration of diversifying, if you like, their offering, and that is to become a retailer to businesses from later in the year.

**Aiv PUGLIELLI:** Can I ask: in the interest of cost, why is the SEC not putting solar panels on public buildings, given the Victorian solar on public buildings program finished in 2023?

**Chris MILLER:** There is actually a great opportunity ahead of the SEC as it moves in and becomes the retailer from 1 July to do exactly what you are describing, Mr Puglielli. The minister talked before about how excited a number of our customers are to be supported by the SEC. One of the topics we are talking about quite actively is the opportunity to work together to deploy these sorts of assets behind the meter solar panels, potentially batteries, other energy-efficient measures and appliances onsite, and the goal for the SEC is to be able to work with our government customers so that they actually see no net operating cost increase – in fact they see a net operating cost decrease because they are reducing their consumption overall from the grid and self-generating a lot of their consumption. So that is a huge opportunity ahead of us.

**Aiv PUGLIELLI:** Great, thank you. Minister, just moving on, do you identify a role for the SEC in building high-voltage transmission lines?

**Lily D'AMBROSIO:** No.

**Aiv PUGLIELLI:** Is there a rationale as to why?

**Lily D'AMBROSIO:** The pros, as we have said, are for them to invest in generation and retailing, and in fact there are laws nationally that prohibit generators and retailers owning transmission and distribution assets. So they are ring fenced – for everybody, not just the SEC.

**Aiv PUGLIELLI:** Thank you. Just moving on again, in light of the solar battery no-interest loan program ending via Solar Homes, do you anticipate the SEC will pick up the slack in cutting the cost of batteries?

**Lily D'AMBROSIO:** You mentioned the loans for batteries ending. As it concluded, all those rebates were out. We more than achieved our targets. The federal government obviously has got a program of providing significant discounts for batteries. But can I just say that I would imagine that the SEC would be potentially considering these types of offerings together with the other behind-the-meter offerings. So it is not impossible, but it is part of the consideration, and they will need to work up their business case and their business plan as they go. But what will be important is that the one-stop shop will be a critical entry in for Victorians to be able to understand. As I said earlier, even the federal government rebates and discounts will be available at that one-stop shop, so the SEC will be able to help people even indirectly to be able to get the benefits of those programs.

**Aiv PUGLIELLI:** Those considerations you are talking about, what factors are driving them?

**Lily D'AMBROSIO:** Which considerations, sorry?

**Aiv PUGLIELLI:** The considerations into cutting costs for batteries.

**Lily D'AMBROSIO:** Cutting?

**Aiv PUGLIELLI:** Costs for batteries, which we were just speaking about then.

**Lily D'AMBROSIO:** Sorry, I am not sure.

**Aiv PUGLIELLI:** You said there were considerations being taken into account – what are the factors driving that?

**Lily D'AMBROSIO:** No, sorry. I think I was simply referring to the fact that the SEC is working on what their offerings are – what they can be for their customers, if you like – in terms of behind the meter. But can I just say that the decision around us not renewing the Solar Homes battery loans program is because we met our

original target. In fact we overshot that target quite significantly, and it was a timely conclusion to it, given that the Commonwealth government is now offering significant rebates.

**The CHAIR:** Thank you, Minister. We are going to Mr Hilakari.

**Mathew HILAKARI:** Thank you, Minister, and thank you, officials, for your attendance this morning. I have been really interested in hearing a lot of this discussion, and the national gallery was brought up earlier. We actually talked about Museums Victoria earlier in the PAEC hearings with Minister Pearson, and he was talking about the \$1.5 million per year saving and the reduction in energy consumption by 30 per cent because of their installation of several thousand solar panels. So I think members should be aware of the significant savings and benefits of the installation of solar and behind-the-meter activities that the SEC is going to be involved in. In that vein, and knowing that there will be benefits to the organisation – you know, Museums Victoria is saving \$1.5 million per year; that is money that they can spend on other activities that they seek to do – what are the benefits to the broader Victorian community from the SEC's activities as a retailer to government? Of course it is great that Museums Victoria is benefiting, but how else is that distributed across the whole community?

**Lily D'AMBROSIO:** Well, there are a number. One is that the SEC primarily has to build up their portfolio of assets, and that is through accelerating the build of renewables. When we have got more electrons in the system, that helps to put downward pressure on everybody's wholesale price, no matter where they live – whether they have got a retail contract with the SEC or not, whether they use the one-stop shop or not. So that is that. Then of course the SEC will be expanding its offerings directly in terms of offering retail electricity contracts to businesses and industrial customers, and that is something that they will work towards later in the year. So again, it is about increasing the opportunities for the SEC and those entities, and those businesses can be anywhere. They can be anywhere in the state and we certainly strongly encourage businesses right across the state to be able to come forward and look to the SEC as an entity they can trust in providing electricity to them through a contract.

**Mathew HILAKARI:** And businesses will only do that on the basis that it is a competitive offering.

**Lily D'AMBROSIO:** That is right.

**Mathew HILAKARI:** So businesses will tell us pretty directly by whether they take up the offers whether it is a good offer or not and is going to be successful for their business.

**Lily D'AMBROSIO:** Yes, absolutely. But can I just say, what is really critical here, which the SEC really is – it provides a complete picture where it is about also those non-pricing values to the entities that they are selling to, whether it is a government one or it is a private business out there. This is deadly serious about that because it is about managing the whole of the energy transition on behalf of all Victorians. So all of the actions they take and whatever contracts they enter into, whether it is with a government entity or whether it is with a business in Gippsland, ultimately all of their activities are about delivering net benefits to all consumers. That is something that I think would be very attractive to a lot of businesses, because the additional value that they bring, where they do not have to go off and navigate a really complicated market, is really valuable to a lot of businesses. That is something that the SEC will be able to do without any strings attached. They are not flogging something that has got a knife and a handle and something else attached to it; it is about that public spirit that is brought to ensuring that all consumers, whether they are Victorian households or businesses, get the best deal possible.

**Mathew HILAKARI:** It is bringing that real expertise to the businesses that may not have it.

**Lily D'AMBROSIO:** That is right, all the time, because they are really – you know, time is a cost.

**Mathew HILAKARI:** That is right. It is a cost, it is a huge cost. Minister, where will the SEC source its electricity from? We have talked a lot about behind the meter, but where are those electrons being generated from?

**Lily D'AMBROSIO:** Thank you. I will ask Chris to answer this if I can. I think I started answering it earlier, but I sort of jumped a bit. But Chris will be able to give you that so that everyone can be confident about

being able to satisfy the contracts that have been entered into from 1 July and then of course growing those contracts, expanding those to other parts of the state.

**Chris MILLER:** Yes, thanks for the question, Mr Hilakari. What the SEC will be doing is offering 100 per cent renewable electricity to its customers – government and those medium and large businesses that the minister just spoke to. We will source the electricity to support those contracts from a combination of sources, including the SEC's own generation. The Horsham park is an example of that. We will be able to firm that generation across the day, using the assets that we will be operating and in some cases controlling. The Melbourne renewable energy hub is an example of that, where the SEC does have rights to operate and control one of the three 200-megawatt batteries. That project is due to be constructed and commissioned by the end of this year, so from the end of this year we will have that asset in our portfolio, which will be a really important tool for ensuring that that renewable electricity can be made available and firm across the day. Then finally we will use the energy output and the renewable energy output from those so-called VRET contracts to support both our government customers and our medium and large business customers.

**Mathew HILAKARI:** Thank you so much, Mr Miller. Minister, from the tenor of some of the questions today, there is an ideological opposition to the SEC – not an opposition because it is going to improve Victorians' bank balances or improve the operation of the system, it is an ideological opposition. The SEC was of course enshrined in the constitution earlier in this term. I am just hoping you could talk about how that protects the SEC from ideological opponents, not opponents to the outcomes.

**Lily D'AMBROSIO:** Thank you. You know very well – we have known each other for many years – I am a very practical person, and we have learned a lot practically from the ill effects of the privatisation of our entire energy system, going back to a previous period of government.

**The CHAIR:** Thank you, Minister and Mr Hilakari. Minister, officials, thank you very much for taking the time to appear before the committee today. 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 very, very short break before beginning its consideration of the climate action portfolio. I declare this hearing adjourned.

**Witnesses withdrew.**