



AGL Energy Limited

T 02 9921 2999

F 02 9921 2552

agl.com.au

ABN: 74 115 061 375

Level 24, 200 George St

Sydney NSW 2000

Locked Bag 1837

St Leonards NSW 2065

Senate Standing Committees on Economics

By email: economics.sen@aph.gov.au

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AGL Response to National Energy Transition Authority Bill 2022

AGL Energy (**AGL**) welcomes the opportunity to respond to the National Energy Transition Authority Bill 2022 inquiry, which proposes to establish an independent statutory authority with powers to guide the energy transition and support workers and their communities.

AGL is a leading integrated essential service provider, with a proud 185-year history of innovation and a passionate belief in progress – human and technological. We deliver 4.3 million gas, electricity, and telecommunications services to our residential, small, and large business, and wholesale customers across Australia. We operate Australia's largest electricity generation portfolio, with an operated generation capacity of 11,208 MW, which accounts for approximately 20% of the total generation capacity within Australia's National Electricity Market (**NEM**). We have the largest renewables and storage portfolio of any ASX-listed company, having invested \$4.8 billion over two decades in renewable and firming generation.

AGL's approach to transition

AGL has committed to repurposing its large thermal generation sites into low carbon industrial Energy Hubs. Our industrial Energy Hubs at Loy Yang, Torrens Island and in the Hunter will bring together renewable energy production and storage with energy-intensive industries, centred around a shared infrastructure backbone.

In our inaugural 2022 Climate Transition Action Plan (CTAP) under the Say On Climate initiative, we set out our approach to supporting workforce transition, acknowledging that the energy transition is an industry-wide transformation that will involve significant changes to the way AGL operates. As we manage this transition, the labour and skills required to operate our generation assets will change over time. A copy of AGL's CTAP is attached to this submission.

In our view, transitioning the workforce at locations of large coal-fired thermal assets will be site-specific and will need to be managed with local coalitions and partnerships. On the personnel side, AGL's approach is to treat people fairly and respectfully, working closely with any impacted employees to explore opportunities for career transition. This may include transition to retirement, re-training, re-skilling and alternative career pathway opportunities. We will work constructively to consult with employees and their representatives to keep them informed and updated as we progress through the energy transition.

Finally, safety will remain AGL's top priority, and we will focus on the safe and efficient management of our thermal assets through to closure, de-commissioning and site rehabilitation. AGL already works directly with Federal and State governments in relation to workforce and site transitions and we will continue to do so as we transition our thermal generation sites over the next decade.

Where Government can add value

In our view, government can play a key role in the transition by focusing on the workforce issues, working to build consensus across key stakeholders and complementing work already underway by the states. These functions might include:

- Providing the underlying analysis to guide state policy development. For example, through the Q4 2022 Australian Energy Employment Report, identifying jobs that need to be prioritised for funding.
- Exploring opportunities for career transition for workers from coal-fired power stations – retraining, reskilling, transition to retirement or alternative career pathways.
- Coordinating programs for training and upskilling to address skills shortages at a national level.
- Facilitating discussions between stakeholder groups (unions, communities, local council, state government, industry) to build consensus and develop collective plans.
- Providing or attracting funding and finance for education programs to upskill the energy workforce and address future skills gaps.
- Developing information and support services for workers looking to transition into new areas within the energy sector which could stretch to individual transition plans, identifying redeployment pathways and training opportunities.

Each community will be different, and so the approach should be ground-up, empowering local communities to identify their needs with government working alongside to support those needs.

State and national initiatives already assisting the transition

With regard to the specifics of the Bill, there appears to be some drafting that goes beyond what is necessary for an authority that provides advice on workforce transition issues. This leads to overlap with existing state and federal initiatives.

Examples of organisations working at a national level to facilitate the energy transition:

- The Australian Energy Market Operator's Integrated System Plan provides NEM-wide modelling that states can build off for their own energy transition planning. The proposal that NETA could advise on the sources of renewable energy that should be used to generate electricity at particular locations could overlap with aspects of this planning.
- The Clean Energy Finance Corporation (CEFC) has an objective to facilitate increased flows of finance into the clean energy sector and it can be directed by the Minister as part of its investment function in relation to matters of risk and return. The proposal for NETA to provide models for guaranteeing returns on investment in relation to electricity generation projects could overlap with the CEFC's function.
- The Australian Renewable Energy Agency (ARENA) has functions including providing financial assistance for research, development and storage of renewable energy technologies, providing advice to the Minister on improving competition/development, increasing supply and use of renewable energy technologies, and liaising with State and Territory governments to facilitate projects. The proposal in the Bill for NETA to help attract new public and private investment in job creating industries and social infrastructure in affected areas could overlap with ARENA's mandate if it were to be applied to renewable energy projects rather than focussing purely on the workforce.



Furthermore, the states already have key entities and documents in place for their energy transition planning:

- The NSW Renewable Energy Jobs Board is tasked with providing a plan with advice to the Minister, Consumer Trustee and state transmission infrastructure planner EnergyCo for local content requirements for energy generation, storage and network projects.
- Regional NSW also has an Upper Hunter Economic Diversification Action plan focussing on industrial transition to ensure new industry and jobs are in place in preparation for coal mine and coal generation closure.
- The NSW Electricity Infrastructure Roadmap coordinates investment in transmission, generation, storage and firming infrastructure as ageing coal-fired generation plants retire.
- The Consumer Trustee (AEMO Services) determines what generation must be built and enters into contracts with new renewable generation.
- The Queensland Energy and Jobs Plan is designed so that government-owned coal-fired power stations will be operating as clean energy hubs by 2035 and 25GW wind and solar will be in place by 2035.
- The Victorian government has the Victorian Renewable Energy Target and associated VRET auctions to deliver the projects to meet the target and VicGrid has been established to support network development. There could be further commitments relating to coal-closures after the November election.
- The South Australian Government has a Hydrogen Jobs Plan which proposes a \$593 million hydrogen facility in SA with a major target being job creation.
- The Western Australian Government has an Energy Transformation Taskforce who develop a multi-stage Energy Transformation Strategy. This forms part of an overall package designed to created jobs and economic opportunities for Western Australia.

If NETA proceeds, it will be important to clearly articulate the additional benefit such an authority would provide beyond what the states are already working on. AGL suggests that the functions and powers are revisited and brought more in line with an organisation such as the NSW Renewable Energy Jobs Board.

If you have any queries about this submission, please contact Siobhan Bradley (Policy Manager) at sbradley4@agl.com.au.

Yours sincerely,

Chris Streets

GM Policy, Market Regulation, and Sustainability (a/g), AGL Energy