Towards a just transition away from coal-fired power generation: Learning from the closure of the Hazelwood Power Station

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• Decisions and actions
• Impacts and responses
• Drivers
• Lessons and implications

Research roundtable with Sharan Burrow, General Secretary, International Trade Union Confederation, March, 2018
Hazelwood closure: Key decisions and actions

1921: State Electricity Commission of Victoria established by Sir John Monash
1955: Morwell/Hazelwood mine excavation begins
1964-1970: Hazelwood generation units operational
1981: Latrobe Valley mining and power generation employs over 10,000 workers
1994: Privatization of Latrobe Valley electricity industry.....loss of 8000 jobs
1996: Hazelwood sold to consortium led by National Power (UK)
2007-2013: Rudd and Gillard government: ETS/carbon price policies

2010: Victorian Labor Government commits to closing Hazelwood
2010: Baillieu Liberal government announces Hazelwood will stay open
2012: Engie purchases Hazelwood
2013: Abbott Government elected
Hazelwood closure: Key decisions and actions (cont)

2014 (Feb-March): Hazelwood coal mine fire
2014 (Nov): Andrews Labour government elected in Victoria
2015 (Sept): Turnbull Liberal government elected; (Dec) Paris Climate Agreement
2015: Hazelwood mine fire enquiry reopened
2016 (March): Worksafe Victoria and EPA initiate legal proceedings against Engie
2016 (April): Vic Govt increases coal royalties from 7.6 to 22.8 cents per gigajoule

**2016 (May): Engie announces it is considering sale or closure of Hazelwood**
2016 (June): Engie Asset Manager....‘I can categorically say that there is no decision to close Hazelwood.’
2016 (28 Oct): Minister Frydenburg confirms understanding that no closure decision has been made made
2016 (3 Nov): Engie announces closure of Hazelwood (emphasizing commercial basis of decision)

**2017 (31 March): Closure of Hazelwood power station**
Hazelwood closure: Impact on workers and communities

- Employment and economy
- Psychological and physical health
- Inequality and insecurity

‘People aren’t afraid of change, they’re afraid of uncertainty.’
Ron Ipsen, *Voices of the Valley*
Hazelwood closure: Impacts on energy supply and emissions

Energy supply

• 63% rise in energy prices 2007-2018 due to policy uncertainty; over-investment in energy infrastructure; rising gas prices; renewable energy targets; closure of coal fired power stations?

• Australian Energy Regulator: wholesale energy prices in Victoria rose 85% 2016-2018

• Australian Energy Market Commission: expects Victorian energy retail prices to increase 15.9% in 2017-2018……energy prices for households to drop 6.6% in 2018-19 and 9.7% in 2019-20 as more wind and solar power available.

Emissions

• Environment Victoria: closure of Hazelwood will reduce CO₂ emissions by 12 million tonnes/10%
Hazelwood closure: Government responses

Commonwealth Government
- $43M assistance package
- Increased emphasis on coal as key basis for energy security and affordability

Victorian Government
- $22M worker assistance package; $20 M Worker Transfer Scheme
- $224M for economic development, business investment and job creation
- Latrobe Valley Economic Growth Zone; Morwell High Tech Precinct; Creative Arts precinct, Gippsland rail line upgrade; Energy efficiency upgrades.....
- Latrobe Valley Authority

Latrobe City: Economic Development Strategy 2016-2020
Hazelwood closure: Union, business and community responses
Hazelwood closure: Key drivers
Why was transition discussion and planning so limited?

- Increasing awareness of necessity and inevitability of shift from fossil fuels to renewables
- Increasing union and environment movement support for just transitions
- Increasing business support for policy and investment certainty

Still outweighed by.....
- Ongoing dominance of free market economics and opposition to regulation/intervention/planning
- Privatised, foreign owned energy sector - focused on maximising near-term profits
- Partisan political system, 3 year election cycle and 3 tier federalism leading to....short termism, opportunism and blame shifting

and by ..... 
- broad and deep concerns about security and sustainability of regional economies, employment and communities
Managing the challenges and opportunities of.....

- Climate change imperative: urgent acceleration of emissions reduction and exit from coal and.....
- Social, economic and political imperative: orderly and just transition from fossil fuels to renewables
Hazelwood closure: Key lessons and implications (cont)

1. While the precise speed of reductions in coal production, use and trade remains hotly contested there is increasing recognition of the need to plan an orderly and just process for the closure of coal fired power stations and mines.

2. An anticipated, well planned transition away from coal is preferable to an unplanned process of sudden closures and redundancies.

3. There are powerful incentives for businesses, workers and communities to avoid facing implications of mine and power station closure until the last minute.

4. Political support for orderly and just coal exit policies depends on workers, businesses and communities being convinced of genuine commitment to investment needed to build credible pathways to sustainable employment and livelihoods.
Hazelwood closure: Key lessons and implications (cont)

5. Key priorities for ensuring well planned, well resourced just transition away from coal....

- Clear and consistent energy policy signals from all levels of government
- Adequate notice of plant closures
- Respectful process for engaging all key stakeholders including local community, workers and business
- Well planned, well resourced short term support for workers and communities, including pooled employment, redundancy and retraining programs
- Development and implementation of long term, well integrated, well resourced investment in regional industry policies, employment strategies and community infrastructure.
Towards a just transition away from coal-fired power generation
Key research and policy questions

1. Which actions are most likely to strengthen support from workers, businesses and communities in coal dependent regions to consider and plan alternative economic pathways well in advance of mines and plants being forced to close as a result of external financial, economic or political decisions?

2. Which actions have the greatest potential to strengthen shared understanding and alliances between communities, unions, business and government about the urgent need to explore and invest in the actions needed to drive an orderly just transition?

3. What actions can governments take to promote more informed public debate about the inevitability, necessity and desirability of a just and rapid transition to a post fossil fuel economy?
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Thankyou

http://sustainable.unimelb.edu.au/coal-transitions