



25 November 2022

Submission – Inquiry into National Energy Transition Authority Bill 2022

The Clean Energy Council (CEC) welcomes the opportunity to make a submission on the National Energy Transition Authority Bill 2022.

The CEC is the peak body for the clean energy industry in Australia. We represent and work with more than 1,000 businesses operating in Australia across renewable energy, energy storage, and renewable hydrogen.

The changing market dynamics, increasing competitiveness of renewable energy and energy storage, and the ageing nature of the existing fossil fuel generators are all accelerating the closure of these coal assets. Government has a clear role to play in ensuring that the transition away from coal-fired electricity is orderly, maintains energy security, avoids price spikes that have followed past closures, supports affected workers and communities, and ensures Australia meets its emissions reduction commitments.

Around 10,000 Australians are employed in the domestic thermal coal sector, with the coal workforce representing an important share of the community in some regions. These communities need some level of certainty and forewarning about future coal generation closures, along with strong investment in re-skilling and creating new employment opportunities. The CEC has long called for a National Energy Transition Authority to provide coordination, support, and a national vision for a carbon-free energy sector in regional Australia.

The National Energy Transition Authority Bill 2022 (the Bill) establishes the Authority and defines its purpose, functions, board membership, funding, and operations. As it stands, the Bill does not adequately fulfil the purpose that the CEC sees as critical to the success of a sustainable and equitable energy transition. We make recommendations in three areas to strengthen the legislation and its impact.

Purpose and functions of the Authority

The Bill establishes three functions for the Authority: advice, law reform, and financial support. To deliver these three functions credibly, the Authority also requires a research and consultative function. Further, although the Explanatory Memorandum describes the Authority's ability to administer a Fund for the purposes of achieving its transition goals, a clear function to offer grants or targeted funding schemes should be added in Clause 9.

The CEC recommends at least \$1 billion funding to invest in transition initiatives in coal communities across Australia. In this, the Authority would take the lessons from the Hazelwood Power Station closure and act to coordinate and leverage resources and capability across local government, unions, training providers, universities and regional development initiatives.

At a more granular level, while the function of working with relevant industries is explicit, the Bill does not make reference to 'place-based approaches' or local self-determination. Research suggests that only local solutions designed with consideration of local factors can deliver a successful transition. The German experience suggests that this applies at both a technical and social level. The Authority's role should be to amplify, support and coordinate local efforts designed by local entities.

In line with this, the focus on 'workers' rather than 'local residents' detracts from a place-based approach. In some coal regions, levels of unemployment and underemployment are higher than the national average. Support in these regions will be accepted and effective only if they include all residents rather than focussing on displaced workers. There are around 10,000 people working in the domestic thermal coal sector in Australia. Not all of these workers will look to transition. It is likely that around one third will look to retire. Another third may look to leave the region for other employment (whether in coal or other sectors). It may be that only one third will seek other forms of local employment. As a result, local economic development outcomes depend on bettering outcomes for all residents, especially those already marginalised. This reasoning applies also at a household level. For some households, maintaining a similar lifestyle or economic outcome after coal closures may require creating employment outcomes for previously unemployed or underemployed members of the household.

This widening of scope should be explicitly stated in Clause 9 but also in the language of the Bill throughout. Terms like 'workers' should be replaced with 'local residents'. Further, 'equivalent employment' – Part 2 Div 2 Clause 9(c)(ii) – requires definition to clarify whether this refers to level of qualification, type of qualification, or employment conditions.

In relation to the Authority's advice functions – Clause 11 – all reference to electricity generation should include reference to energy storage or other zero-carbon grid supporting services. As is already being demonstrated across Australia, batteries and other solutions can be used to replace the physical capabilities of exiting coal plant. It is essential we get ahead of this critical physical transition, to replace the specific physical capabilities of coal generation with these new technologies.

There is extensive expertise within the energy industry regarding locations that are appropriate or attractive for renewable energy generation and storage. The advice function of the Authority should therefore be to "offer options for", rather than prescribe, sources of renewable energy that could be used to generate electricity. The CEC recommends the wording of Clause 11(1)(a) be changed from '*should*' to '*could* be used'.

Board membership and committees

The right composition of the Board and any committees is crucial to sound decision-making.

Beyond the expertise listed in Clause 22(2), the Board requires:

- members with expertise in community development;
- First Nations representation; and
- members with expertise in workplace safety in an electrical environment.

The first is arguably a critical requirement by the Authority's Board. The absence of this skill set from the Board's composition is consistent with the Bill's focus on current coal workers but, as noted above, we consider that an effective transition authority must have a broader role built around an objective of maintaining thriving regional communities. This broader view fits with the Bill's existing object (Clause 3 (a)) of supporting *communities* in affected areas.

The third is important to ensuring that as the coal workforce declines by attrition, the safety and good functioning of coal assets does not diminish. Approximately three-quarters of Australia's coal-fired power plants are now operating beyond their intended design life.

As a natural extension of the need for place-based approaches, the Bill should outline the requirement for a committee or other advisory body to provide local knowledge. The members of this (or these) committee(s) should be local community leaders, local business owners, industry invested in the region, state and local government representatives, and First Nations representatives.

Reporting and planning

The planning horizon of five years is too short and will hamper the Authority's ability to drive genuine outcomes. This should be extended to 15 or 20 years, with interim review periods to provide agility.

Although the Finance Minister has some responsibility, it is not clear from the Bill which Minister has oversight of the Authority. Further, the operations and impacts of the Authority have relevance to multiple portfolios. Energy, climate change, industry, and regional development are all relevant portfolios. For this reason, and for reasons of public accountability and scrutiny, the Authority should be required to report to Parliament rather than a single Minister.

Overall, we welcome the contribution of the Private Members Bill in instigating an important national conversation. We recommend that the government use this opportunity to explore the issue fully and to include all relevant stakeholders in the design of the Authority from the ground up, ensuring local approaches and self determination concepts are central to the process.

Yours sincerely,



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