

Media Release

The Hon Lily D'Ambrosio MP
Minister for Climate Action
Minister for Energy and Resources
Minister for the State Electricity Commission



Monday, 21 August 2023

AGREEMENT SECURES TRANSITION FOR LOY YANG A

The Andrews Labor Government is providing certainty on the future of the Loy Yang A power station, delivering energy security and supporting workers as Victoria transitions to more affordable and reliable renewable energy.

Minister for Energy and Resources Lily D'Ambrosio today announced a Structured Transition Agreement with AGL that will ensure a firm 12-year notice period for the workforce, community and energy market – with confidence the power station will remain available until 2035.

This binding agreement avoids uncertainty where the changing plans of power companies can deter new renewable generation entering the market, increasing electricity prices to customers.

As part of this agreement, AGL has also provided formal market notification that Loy Yang A will close in 2035.

The Latrobe Valley community is already undergoing transition within the energy sector workforce – and the Labor Government has worked closely with AGL to deliver a worker transition package that is over and above existing obligations.

The package will assist AGL to help retrain, reskill and find new work opportunities for their staff close to home.

The agreement balances the requirement to support a safe and reliable energy system while delivering investment certainty until Victoria has enough renewables and storage capacity to replace Loy Yang A.

Working alongside the Government, AGL has also agreed to provide a \$50 million Community and Economic Development Fund - on top of AGL's rehabilitation obligations - to help repurpose the Loy Yang A site and provide broader community benefits.

Since 2014, the Government has invested more than \$2 billion to create thousands of extra jobs in the Latrobe Valley – and in the coming months and years, the focus will be on continuing to help Loy Yang A workers, their families and the Latrobe Valley community navigate the transition.

The Government is also investing an initial \$1 billion towards delivering 4.5 gigawatts of power through new build renewable energy projects as part of the State Electricity Commission (SEC) – the equivalent replacement capacity of Loy Yang A.

Gippsland has a bright future in energy, driven by the state's ambitious renewable energy and storage targets – and development of Australia's first offshore wind precinct off its coast. The Labor Government will continue to back the Latrobe Valley to diversify its economy through the continued creation of new industries and jobs.

Quotes attributable to Minister for Energy and Resources Lily D'Ambrosio

"AGL's decision to close Loy Yang A in 12 years' time allows time for workers to plan, reskill and retrain with our full support as Victoria moves towards 95 per cent renewable energy generation by 2035."

"One of the biggest barriers for renewable energy investors is clarity around when fossil generators will close – a guaranteed closure timeline provides improved certainty around Victoria's energy demand."

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Quote attributable to Member for Eastern Victoria Harriet Shing

“This agreement provides crucial certainty and support for workers, communities, and businesses across the Latrobe Valley - it’s another part of an ambitious and optimistic transition for a region that has a lot to be proud of.”