

Environment Protection Authority Victoria  
GPO Box 4395  
Melbourne Victoria 3001

By email: [Bellville.leshoele@epa.vic.gov.au](mailto:Bellville.leshoele@epa.vic.gov.au)

27 March 2018

### **Brown Coal-Fired Power Stations Licence Reviews**

The Australian Energy Council (AEC) welcomes the opportunity to make a submission to the Environment Protection Authority Victoria (EPA) Brown Coal-Fired Power Stations Licence Review.

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the vast majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses. We support the EPA Victoria's review of the licence conditions applying to coal-fired power stations in the Latrobe Valley to ensure safe and environmentally responsible management of emissions which underpins an energy system that delivers affordable and reliable energy. We support the ongoing transition towards sustainable energy generation that balances the need for affordability, system stability, and the security of energy supply.

Currently over 80% of grid supplied electricity in Victoria is sourced from brown coal power stations located in the Latrobe Valley. These power stations are of varying age and have a range of pollution controls. They provide significant social and economic benefits to Victoria, the NEM and contribute significantly to the economy and jobs in the in the Latrobe Valley.<sup>1</sup>

#### **EPA consultation during the licence review**

We support EPA Victoria in its efforts to consult with stakeholders and the community during reviews such as this. However we consider that this review marks a departure from previous consultation frameworks and those used in other EPA state jurisdictions.

Historically, the Victorian EPA has met the State policy objectives in relation to ambient air standards (outdoor air). These standards have been used to inform the application of facility licence limits and the generators have ensured rigorous compliance with these standards.

However, during the current licence review, the focus of the air quality testing point seems to have shifted from ambient air to the stack in the facility. The change from ambient air standards to stack emission discharge limits has had little consultation to understand the real costs or feasibility of this alternative approach. Installing equipment to monitor emissions at the stack may result in more significant costs and disruption which may not provide an equivalent benefit to the community. We strongly support the EPA to maintain ambient air standards

---

<sup>1</sup> <http://www.economyprofile.com.au/latrobe/industries/output>;  
<http://www.economyprofile.com.au/latrobe/industries/wages-salaries>;  
<http://www.economyprofile.com.au/latrobe/industries/employment>

as the testing point as we do not consider a change to stack emission discharge limits will provide a greater benefit to the community.

We are concerned that the EPA has made public intentions to have new limits applied in licences for mercury (Hg) (new), coarse particles (PM10) and fine particles (PM2.5) prior to a quantitative and qualitative consideration of the cost benefit (in line with Victorian environment protection policies) of such limits. Prior to the consideration of pollutants and limits, we encourage the EPA to collaborate with key stakeholders, including generators and other broader social and employment groups, to identify the most cost effective, affordable and practical continuous improvement opportunities that will minimize the environmental, social and economic impacts on the community and electricity prices.

In addition, we are concerned that the EPA's submission process, which invited submissions from only certain interest groups, has significantly affected the balance of the review. Many of the interest groups invited to make submissions were from outside of the Latrobe Valley region with perspectives different than what would be held by local groups. We believe a broader consultation would have set this review on a more balanced course, incorporating views from the local community, environmental groups, workers, businesses and the generators.

Similar views were presented by the Committee for Gippsland in its submission.

### **Applying international standards to Victoria**

The AEC supports cost-effective measures to reduce emissions of PM 2.5; PM 10; and Mercury, consistent with evidence based research on environmental impacts. However international limits from the United States or Europe are not necessarily appropriate for the Latrobe Valley generators for a number of reasons:

- Firstly, the Latrobe Valley, and Australia more generally, benefit from much more geographically dispersed emitters and very different regional airsheds and population centre orientations. This is reflected in the EPA's daily public reporting of air quality for the Latrobe Valley
- Secondly Australian practice appropriately applies tailored, more accurate and relevant licence limits to each generator. This enables lower overall emissions consistent with their individual fuel, technology and airshed characteristics. Further it factors in different policy settings and costs of compliance. We support a continuation of this approach.
- The National Environment Protection Council through the promulgation of National Environment Protection Measures for ambient air is the responsible authority charged with the review and setting of Australia's ambient air standards. The review of these standards take into account changes in international policies and measures and are designed to protect the health impacts on Australian communities. The States then apply these standards through variations to State policies. For example the standards adopted for PM10 and PM2.5 in ambient air, following review by the NEPC in 2016, are amongst the most stringent in the world.

As with previous practice, we expect the EPA to work with generators to identify the most cost effective, affordable and practical continuous improvement opportunities, recognizing the important contribution of the generators to the Latrobe Valley community and Victoria's economic security. Furthermore, as the Latrobe Valley generators represent the vast majority of Victoria's generation capacity the EPA must consider implications for electricity prices and possibly supply adequacy.

Finally we would like to highlight that generator licence limits are not the appropriate mechanism for management and control of greenhouse gases. Climate change policy settings and response measures are better addressed through national frameworks such as the National Energy Guarantee. The EPA should not utilise State regulatory tools such as licences to deal with these issues as this type of intervention will create unnecessary duplication resulting in increased administration, complexity and risk to compliance of multiple schemes.

Any questions about our submission should be addressed to Oliver Williams Policy Adviser, by email to [oliver.williams@energycouncil.com.au](mailto:oliver.williams@energycouncil.com.au) or by telephone on (03) 9205 3110.

Yours sincerely,



**Matthew Warren**  
Chief Executive Officer  
Australian Energy Council