



Media release



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Hazelwood to close in March 2017

ENGIE in Australia, the electricity generation and energy retail business jointly owned by global companies ENGIE and Mitsui, today announced that its Hazelwood power generation business in the Latrobe Valley will close at the end of March next year.

Chief Executive of ENGIE in Australia, Mr Alex Keisser, said the 1,600 megawatt Hazelwood power station had been operating in a difficult national energy market environment for a considerable period.

“Hazelwood is now more than 50 years old. It has been a wonderful contributor to the National Electricity Market but we have now reached the point where it is no longer economic to operate,” Mr Keisser said.

“ENGIE in Australia would need to invest many hundreds of millions of dollars to ensure viable and, most importantly, continued safe operation. Given current and forecast market conditions, that level of investment cannot be justified.

“Over the past few years a range of options have been investigated for the business, including revamping existing infrastructure, repowering with gas-fired gas turbines or biomass or reducing the number of operating units.

“None of these options has proven to be economically viable and as a result, the extremely difficult decision has now been taken to close all eight generating units by 31 March next year.”

Mr Keisser said ENGIE in Australia was committed to fully supporting employees as it prepares for the closure of the Hazelwood business.

Hazelwood currently employs some 750 people – 450 direct employees and 300 contractors. Post closure, up to 250 people will be required between 2017 and 2023 to manage the mine and power station site rehabilitation.





This will include up to 130 ENGIE employees and between 110 and 130 subcontractor employees in 2017/2018. The number of employees and subcontractors required as of 2019 will depend on the mine rehabilitation scope of work.

Departing ENGIE employees will receive all their entitlements, including a redundancy package. They will also have access to a range of support services.

“I understand this is a very difficult time for our people who have worked so hard over the years to produce up to 25 per cent of Victoria’s electricity needs. All Hazelwood employees, past and present, are to be congratulated on their contribution to the production of the competitive, reliable electricity which has underpinned the Victorian economy for more than 50 years,” Mr Keisser said.

“We also appreciate that this decision will have a significant impact on the Morwell and broader Latrobe Valley communities and we will work with regulators, unions and the local community to ensure an orderly closure, including rehabilitation of the mine and remediation of the power station site.”

Along with the closure of Hazelwood, ENGIE in Australia also announced that it has decided to appoint a financial adviser for the possible sale of Loy Yang B coal power station in the Latrobe Valley and Kwinana co-generation facility in Western Australia.

The 1,000 megawatt brown coal fired Loy Yang B power station provides up to 17 per cent of Victoria’s power needs. The 122 megawatt Kwinana gas-fired plant supplies steam and electrical power directly to the BP Australia Kwinana Oil Refinery and electricity only to the state-owned utility, Synergy.

“As the newest and most efficient brown coal fired-power station in the Latrobe Valley, Loy Yang B will be attractive to potential investors. Similarly, Kwinana holds a unique position in the WA energy market that may attract interest from both local and overseas investors,” Mr Keisser said.

“However, it is important to stress that we would only consider a sale of these valuable assets if they met our shareholders’ requirements. If a sale process were to proceed, it would be expected to be completed by late 2017.”

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