



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE A

Hydro Tasmania

Monday 24 November 2025

MEMBERS

Hon Ruth Forrest MLC (Chair)
Hon Sarah Lovell MLC (Deputy Chair)
Hon Dean Harriss MLC
Hon Cassy O'Connor MLC; and
Hon Bec Thomas MLC

OTHER PARTICIPATING MEMBERS

WITNESSES IN ATTENDANCE

Hon Nick Duigan MLC, Minister for Energy and Renewables

Hydro Tasmania

Rachel Watson
CEO

Richard Bolt
Chair

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Hydro Tasmania

CHAIR - Thanks minister, we're on a nice back-to-back here with a change of scenery.

We thank you and your team for appearing before the Government Business Scrutiny Committee looking at Hydro Tasmania and the financial performance and other performance. I invite you to introduce the members of your team at the table and then if you wish to make an opening comment, you're invited to do so. The chair may want to make some opening comments as well.

Mr DUIGAN - Thank you, Chair. With me at the table today at my far right is Mr Tim Peters, the Chief Financial Officer. Next to him is Ms Rachel Watson, Chief Executive Officer, and to my right, Mr Richard Bolt, Chair of Hydro. To my left, my Chief of Staff, Amanda Lovell.

It is a great pleasure to be here with Hydro and the rest of the team. Thank you for being with us and the work that you've done to talk about the 2023-24 financial year. Hydro continues to perform a vital role in the government's commitment to ensure Tasmania has affordable, renewable energy now and into the future. I would like to thank the board, the executive and all the employees of Hydro Tas for their efforts during another dry year which, together with the last financial year, marks the driest period on record. For a company whose business model is predicated on rainfall, this naturally makes for a challenging operating environment.

However, I'm very pleased to say that despite these challenges, Hydro Tasmania prudently managed storage levels within the Energy Security Risk Response framework over the entire period. This demonstrates very strong water management by Hydro Tas in line with the requirements under their charter to deliver safe, secure and reliable power to Tasmanians, as they have done for nearly a century.

We're looking toward the future and Hydro Tasmania continues to invest in their existing assets, investing \$284 million into its capital works program across 2024-25 to modernise, maintain and upgrade existing infrastructure. Significant progress was made on major works at Poatina, Gordon, Murchison Dam and the Bass Strait islands, ensuring that our historical assets continue to deliver for our state for years to come.

Additionally, work continues on major projects with Tarraleah progressing to the gate 3 assessment involving a request for proposal to seek market-based costings. The gated approach being used for this project allows for assessment at multiple points as well as robust market-based cost estimates. This will give government and Hydro and indeed parliament the best information to determine whether the project stacks up in the best interests of Tasmania as we progress through these gates toward FID.

In line with its updated charter, Hydro Tasmania continues to take action to support new generation in the state and provide the lowest possible power prices for Tasmanians. We have strengthened this requirement on Hydro through our 2025 election commitment, requiring it to partner with new variable renewable energy generators to bring on at least 500 megawatts of new generation in the state by 2030. In line with this expectation, Hydro Tasmania has finalised a market-engagement approach that clearly sets out the principles and processes. This seeks to identify suitable projects capable of entering commercial PPAs in a consistent and equitable

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approach, and early engagement between new large-scale customers and Hydro Tasmania is important to better enable alignment of energy requirements.

With all those things said, I will pass to the chair to make some opening remarks.

Mr BOLT - Thank you, minister. Thank you, Chair and committee.

I just wanted to say that 2024-25 was a year of significant challenge, but also more progress. On the progress side, we did begin contracting wind and solar for the first time under our new charter obligations and particularly North Midlands Solar Farm. We did continue negotiations with major industrials that we take very seriously. They included a deal with the Liberty Bell Bay - it's had travails for other reasons, but that was successful. We continued and stepped up the refurbishment of our current asset base quite critical for preparing for what should be a more profitable future. We continued, as the minister was indicating, to develop our major projects as crucial options also to meet the needs of the future. All in all, continue to position Hydro to the benefit of Tasmania for a future of growth through firming but also additional renewable capacity.

Clearly, we had challenges. It was a second year, as a minister in outlined, of low inflows, a record two-year sequence. We also dealt with moderate prices in Victoria. We had an adverse draft decision on the regulation of Basslink. That meant that we had to look at 2025-26 as a year in which Basslink would effectively be under a partial economic outage. That meant we needed to be more conservative with storage. The conjunction of those things meant we needed to be more conservative on storage management through higher imports and some use of gas-fired power, all of which meant more moderate revenues and much lower profit than has been typical.

Not a new normal I want to emphasise, but certainly part of an increasingly volatile future, which also includes considerable potential for upside.

We had a year of leadership transition, which I think went very smoothly through succession of board members and CEO, through Erin van Manen to Rachel. I think the organisation managed that extremely well while dealing with all these adversities and continuing to build for the future. It didn't really miss a beat, which I think is quite an impressive testament to the team.

Can just finish by saying looking past 2024-25, we will continue to adapt and prepare for a changing future. There will be discussion about how adaptive and how future-focused we are - thinking about future climate change impacts on inflows.

We have more interconnection facing us. Potential for fewer imports, more variable inflows and all of that to be managed to additional Hydro, wind and solar capacity. That's of course the future we're building to, which does involve investing for opportunities that ought to be more beneficial to the state, both in terms of energy security, in terms of economic opportunity and also flows, financial flows to Hydro, hence to the state.

2025-26, however, will be a subdued year financially. Why is that? Because Basslink is constrained. We are going through this period, a very unfortunate period, one that we did our best and in fact succeeded in helping to reverse. This could have been the new normal. In fact, with this Basslink situation, we did actually engage robustly with the AER, but constructively.

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They did change their decision, but we're left with this one year of difficulty with Basslink. It's not forever, but it does mean this year's results will be affected.

Overall, despite the low financial result, I think the board, me as chair, are very proud of the way the team got through a very difficult year. It takes a lot of skill to trade through and make these various things happen, whether it's Basslink, whether it's MI negotiations, whether it's landing Northern Midlands, whether it's simply dealing with the trading exigencies of low inflows. They did a great job and I want to make that public declaration here and leave it to you now to question us.

CHAIR - Thanks, minister and chair. It's interesting, the term 'partial economic outage'. Is that a new thing?

Mr BOLT - A new term?

CHAIR - A new term to be developed to deal with the situation.

Mr BOLT - Yes, and it's simply a product of the fact that the link is now TOLB, as a result of which if we want to export, we can get less for it. If you want to import, we have to pay more for it. It simply means that we're constantly engaged in this tussle with APA as to who prices in what way. As a result of which, we're simply seeing the link largely not flowing.

CHAIR - It has basically stopped, hasn't it?

Mr BOLT - Not quite stopped but very much less inflow. I don't know if we have the figures on it to hand.

CHAIR - We will come back to that one. I want to focus on the previous year, the 2024-25 year first. We will look to the future, which, is as you identified, pretty challenging with that situation at the minute. I will come back -

Mr DUIGAN - If I may, Chair, perhaps it's not too much of a stretch to compare the current circumstance of very low inflows, Basslink being highly constrained to -

CHAIR - Economically constrained.

Mr DUIGAN - To the period in 2015-16. It's not dissimilar. Everybody in Tasmania would be very surprised to hear that, given the level of impact on everyday Tasmania is testament to the good work that Hydro have done.

CHAIR - A lot of people out there don't understand it. I don't expect a lot of people out there to understand this. I barely understand it myself.

Mr DUIGAN - We haven't seen generators in shipping containers and one million litres of diesel.

CHAIR - We can still buy it across the link if we are willing to pay the price that APA is demanding. That's the reality.

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If I could go back to last year before we talk about this year. Talking about Basslink and the trading margin versus your report of profit, the net profit before tax and fair value movements was \$7.5 million. AEMO data shows Basslink flows total 3000 GW hours - 2458 GW hour imports and 548 GW exports - generating interregional revenues of around \$180 million. With the network services agreement costing \$67 million, Basslink trading should have delivered around \$100 million net margin. Is that correct and where did that \$100 million go, if that's the case?

Mr BOLT - On the details of that I will defer either to Rachel or Tim.

Mr PETERS - We can check the figures exactly, Chair, but the methodology, what you said, is correct. But there is more than trading over Basslink that contributes to the operations across the year. Across the year our generation was down, so that means we were selling less to Tasmanian customers as well. That impacts the revenue. We also had lower storages throughout the year, and we had to run the combined cycle of AETV. The cost of running gas was also expensive. We look at this as part of the portfolio, so Basslink is just one part of that portfolio.

CHAIR - The question was where did the \$100 million go? Are you identifying the areas of the cost of gas in that as one of the components to that?

Mr PETERS - It's not where it goes. It's part of a portfolio across the whole year. Basslink is one part of that. A sale of LGCs is part of that. The sale on the spot market is part of that. The sale of contracts to Tasmanian customers. The sale of contracts to major industrials. How much we choose to use as capital, how much we use as maidens. There is a number of different factors that contribute to our operating result.

Mr BOLT - We had to import far more than is typical, and that's been true because trend has been true for three years or so.

CHAIR - Most of that, or all of that, was during a regulated link.

Mr BOLT - I'm not suggesting that the result was due to Basslink's constraint in the year we are talking about.

CHAIR - Not a regulated link, sorry, a link that had an agreement on it with Hydro to be clear.

Mr BOLT - Absolutely right. The link was free flowing as it would be under regulation. The issue in that year was much more to do with the consequence of inflows having to import and then pay for that. We had to pay for the imports, we had to pay for the gas-fired power -

CHAIR - But you also got the inter-regional revenue benefit. That's what I was referring to.

Mr BOLT - Yes, but overall, we could make less out of it because we're generating less and we had to spend more to effectively supply our customers. So, what we can't make we have to import. With Hydro assets we have to either make it ourselves with our gas-fired plant or, in this instance, substantially purchase off the market. That's a cost. That's not something that we profit from per se.

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CHAIR - To continue then. The parent company accounts show a loss of \$14.7 million before revaluations - that's on page 34 of the annual report - while Momentum contributed before interest and tax of \$13.9 million, and the AETV nor Entura had any material change that I could see. Does this mean that the parent Hydro operations, the core business, lost money despite the strong trading performance?

Mr BOLT - That means a small operating loss. That's right.

CHAIR - Fair value losses on derivatives were \$69 million, so my question is, did hedge losses and increased direct expenses effectively neutralise Basslink's \$100 million margin including the inter-regional revenues?

Mr PETERS - Through the chair, I don't think they reduced it as part of the portfolio as we discussed. The Hydro business as a portfolio, it's not just one component about revenues. In regard to the Basslink imports and exports, we probably imported 1900 GWh net more across that year. That's not something that we would do over the course of a normal year. Ideally, we'd look at importing it at low to negative prices and then exporting back into higher prices. With the physical demands with our storages during the year, we weren't able to do that.

Mr BOLT - Yes, and from memory, the prices were also somewhat moderate that we were exporting into, which meant that some of the circumstances that were quite lucrative in the previous year weren't available to us.

What I'd also say, without trying to suggest for a moment don't look at this year as it's obviously what we're here to do, our performance is more accurately judged over multiple years. We are subject to variations in rainfall that do span years and that's the situation we've been in here. My view was, and I think the board's view is, that in a year that demanded a lot of agility and coping with quite, in some cases, unique and in other cases unusual circumstances, we did well to keep our head - pardon the expression - above water, or slightly below water, as you're saying. But overall, for the group, it's not a new normal. This is not something that I'd suggest is going to continue.

CHAIR - This year will be challenging as well, despite that.

Mr BOLT - It will be challenging and there will be challenging years in the future too, as they have been in the past, but there's also potential for us to do well in a transitioning market.

CHAIR - I'm trying to understand the impacts on the financial position of the last financial year - we are here to scrutinise your annual report as well as the future. Note 2 shows \$603 million in parent wholesale electricity sales for 2024-25. Can you confirm whether this figure includes the approximately \$180 million of Basslink to regional revenue, and around the \$75 million of large generation certificate incomes alongside domestic wholesale sales?

Mr BOLT - I presume the answer is yes, but it's a complex question so Tim will answer that one.

Mr PETERS - Just checking which page you're on, if that's okay.

CHAIR - Note 2, I haven't got the actual page. Page 53-54.

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Mr PETERS - That will include sales to our Tasmanian customers as well as sales across the link, yes.

CHAIR - So it does include the inter-regional revenue? That was the question.

Mr PETERS - Yes.

CHAIR - It does. And the large generation certificate income as well? Does that include that?

Mr PETERS - Yes, that will be in that figure.

CHAIR - The question is then - I think I know what the answer is going to be for this, but I will ask anyway - minister, will you or the board disclose the gross value of discounts provided to major industrial customers? I'm not asking for individual - the combined; that is the difference between the NEM spot equivalent and the contract revenue you actually received, so we can actually see the true size of the subsidy that's provided.

Mr DUIGAN - What I would say to that is that those contracts are obviously commercial-in-confidence. They are between Hydro Tas and those business entities.

CHAIR - I'm asking for the gross value of the discounts. That's all I'm asking for.

Ms WATSON - May I, minister?

Mr DUIGAN - Yes, please.

Ms WATSON - I don't feel like that's a fair comparison of apples with apples. In the NEM when we sign up long-term PPAs, we fix a price for customers and both sides of that equation, both the seller and the buyer remove a risk around spot volatility. Typically, the price that you would fix particularly - and we sign long-term deals with the MIs in Tasmania, typically 10 years. In a normal situation you do price them based on some kind of long-term average expectation of where the market delivers, but then what actually happens every five minutes in the spot market is a completely different story. It's not really a useful comparison.

CHAIR - That's why you hedge.

Ms WATSON - Well, they are hedges.

CHAIR - Yes, that's what I mean. I'm asking the value of those.

Mr BOLT - Relative to the cost of?

CHAIR - Yes.

Mr DUIGAN - Look, certainly from my perspective, that's not something I'd be committing to here at the table. The other thing I think that's important to remember is that those MIs provide other services to the electricity network beyond the face value of the price. There is a number of things - and I think going down that road is less helpful.

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CHAIR - I'm not suggesting we shouldn't discount the price. I'm just asking for the global figure. That's all I'm asking for, minister - the global figure.

Mr DUIGAN - Yes, and I think people would then extrapolate that out and take things away from it that perhaps it doesn't necessarily reflect.

Ms O'CONNOR - There is no commercial in-confidence argument based on the Chair's question, though, which was your initial excuse for not providing the information.

Mr DUIGAN - I have said what I believe is a reasonable position. Certainly not here at this table would I be making a decision like that.

CHAIR - Perhaps just on that, can you provide a breakup on page 34; direct expenses under expenses, the first line item for the parent company in the profit and loss there. Can you provide a breakup then of direct expenses?

Mr PETERS - Would you like a high-level summary of that?

CHAIR - Well, it depends how high it is.

Mr PETERS - Yes, we can give you - I will list out -

CHAIR - There's no note that goes with that. I'm interested in if we get a breakdown of that.

Mr PETERS - Yes, I can provide that in the moment, if that's okay?

CHAIR - Sure.

Ms O'CONNOR - Can I ask some questions?

CHAIR - Do you want to wait for this?

Ms O'CONNOR - Yes.

CHAIR - I will have it come to you next.

Mr DUIGAN - Are we happy to wait for Tim to find the answer?

Mr PETERS - Included in direct expenses are transmission charges, the cost of the large-scale generation certificates, the cost of the Victorian energy efficiency certificates, the cost of gas supply - they are probably the major components of those direct expenses - Basslink facility fees in there, as well.

CHAIR - That's the facility fee as opposed to the network agreement?

Mr PETERS - Yes, that's correct. Oh, sorry, it might be a terminology thing - the fixed fee that we pay for Basslink across the -

Mr DUIGAN - The service agreement.

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CHAIR - The one that's finished?

Mr PETERS - We had a network services agreement in 2025, which previously would have been the facility fee in prior years.

CHAIR - Right, but that ended. When did the network services agreement - is that what it's called?

Mr BOLT - For Basslink?

CHAIR - Yes.

Mr BOLT - End of last financial year.

CHAIR - So, that's ended now?

Mr PETERS - No, it completed 30 June 2025.

CHAIR - What was that, sorry?

Mr PETERS - No, they are completed 30 June 2025. It completed at the end of June 2025.

Mr BOLT - This entire financial year was under that agreement.

CHAIR - Yes. I want to come back to the future of Basslink then, but you want to go somewhere else.

Ms O'CONNOR - Yes, I think it would be good to break up the questioning a bit.

Thank you. Well, it goes directly to the evidence we've already heard about risk to the organisation. We've heard that Hydro has had another dry year as the record second-driest year in sequence. There's been three dry years. There's some talk of things returning to a kind of normal, whatever that looks in this day and age. The Bureau of Meteorology's most recent modelling projects a hotter than normal summer coming up, and the summer after this one to be an absolute belter, a massive scorcher. The only places that will be leaning towards wetter than normal conditions will be far North Queensland and the Western Australia wheat belt. We've also got stratospheric warming over Antarctica, so Tasmania particularly is projected to be very dry and hot this summer.

What is Hydro's understanding of the next 12 months, if you like, in terms of what it's already been through, which is already eating into your profit base?

Mr DUIGAN - I will make a quick point around that. The work that we're doing in terms of our energy agenda and with Marinus Link is designed to make the best possible use of Hydro Tasmania's storages and the most strategic application of those valuable resources, so it helps in the scenario that you are describing. However, in terms of what we understand to be the climate risk in the next 12 months or so, I would pass to Rachel, I think.

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Ms WATSON - Thank you, minister. We do look both at the long term and at the short term. As you've pointed out, short term, the Bureau of Meteorology (BOM) is forecasting some high temperatures.

We are going into this summer in a pretty good position because we have had a very wet spring. Fortunately, those two dry years that the minister and the chair referred to earlier seem to have broken, and so we actually have had very good inflows not in July and August. That actually sort of put a bit of a break on the beginning of our financial year. Since then, since September, we have had really good consistent rainfall and very good yield. Actually, I'm pretty comfortable about the coming summer even with that high evaporative load, which I guess is what you're pointing to.

We are in good shape. We are certainly in better shape, I guess, than we would have been potentially in previous years.

As I said, we really are very much focused as well over the longer term. We work closely with the Bureau of Meteorology as well as CSIRO on that long-term climate modelling and that really does inform very much the approach we take. As the minister already touched on, having Marinus there in the medium term is going to be a really good asset for that purpose.

Ms O'CONNOR - What is the long-term projection, if you like, based on the best available modelling through you, minister, of the impact of global heating on Hydro storages? We know from the climate futures work, for example, that the west coast and the central plateau will dry somewhat. What's the projection as Hydro understands that? We talked about the next 12 months. What about the next 12 years and the next 40 years or 50 years?

Ms WATSON - We are expecting a small negative reduction in inflows also taking into account evaporation of around 17GW hours per year, and that's about 2 per cent per decade on 2020 levels. That's not huge in the scheme of things. We do expect to see that level off over the longer term, particularly as global emissions stabilise.

Ms O'CONNOR - Well, hopefully they will, but there's no actual certainty that they will, and in fact they're increasing. Despite the reality of the situation, global emissions are sharply increasing. How does Hydro Tasmania mitigate against us not working it out and not bringing emissions down, and that worst case scenario which is projected by the IPCC?

Ms WATSON - I think everything we're doing is designed around building long-term energy security for the state. Part of that is Marinus Link having that greater level of interconnection with the mainland. Part of it is, as the minister already touched on and Richard also mentioned, getting more variable renewable energy on island. So having a greater diversity of renewable energy available to us is one of the things that will help protect us against those dry years. We will be able to use our water just to fill in the peaks to play that firming role and it will be very, very - it should be valuable to us in those moments.

As I said, we've really put a lot of effort into working with the experts from UTAS as well as CSIRO and the Bureau of Meteorology on this. We've done a lot of modelling around storage and how that interacts with the market as well. All these things that we're doing, it's really business as usual for us to take that very long-term view and plan for those sorts of outlier events that you're talking about. Our core view remains that we will be suffering a small loss of yield over the coming years.

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Ms O'CONNOR - Okay. Did you want to add something, Richard?

Mr BOLT - Could I add to that? Getting access to additional wind and solar on the mainland through Marinus will also assist in that diversification that Rachel was talking about. The pumped hydro facility, if it passes all the hurdles and a value testing that we're going to do, may also help us protect the storages that are rainfall-dependent, which pumped hydro is not.

Ms O'CONNOR - Would it be fair to say, given the events of the past few years, that climate is already having an impact on Hydro's bottom line?

Mr DUIGAN - I would say we shouldn't be surprised that there is variability in our inflows. There always has been, there will continue to be. We can take the last two years in isolation -

Ms O'CONNOR - You can look at the science about the trend.

Mr DUIGAN - Of course we are. I think that is to say it will only go one way. I think what we do know is that there will be an increasing level of variability. As Rachel has said, the long term data would tell us there will be a small diminishment over time.

Ms O'CONNOR - Small. Is that the assessment that it's actually?

Mr DUIGAN - That's my word. I will leave the scientific description of that -

Ms WATSON - Seventeen GW hours a year is what we're forecasting. In a low-yield year like FY25 I think, correct me if I'm wrong, Tim, but our yield was around 6700, something like that in the high six thousands. In a more normal year, we expect 9000 GW hours. So, we're losing 17 out of 9000. In the past 15 years, we've had eight years that were above that budget of 9000, and seven years that were below. That speaks to the variability that the minister is talking about.

Ms O'CONNOR - Through the minister, is Hydro across at least some of the detail of the state and national climate risk assessments, the projections of risk to Tasmania, which is identified in the National Climate Risk Assessment report as the most risk-exposed state in the country? There's a whole lot of detail here about how tier 1 risks and infrastructure, presumably hydroelectric infrastructure and associated connective infrastructure, will be impacted by climate. Is that national and state climate risk work being incorporated into Hydro's modelling and financial projections?

Mr BOLT - The short answer is yes. There are various impacts which perhaps Rachel could go into in more detail. But whether it's impact on dam safety, for example, of different flow regimes, yes, we're looking at. When it comes to the variability, leaving aside the very modest long-term decline in yield, the variability: yes, we're asking ourselves what will that mean, how do we actually manage for the extremes there? That will be particularly important input to our final advice, our final assessment of whether we should proceed with one or both major projects on our slate. Part of that will be determined by our assessment of how this variability can best be managed.

Ms O'CONNOR - Which of these two projects, again the -

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Mr BOLT - The Tarraleah redevelopment project and the Cethana pumped hydro project.

Ms O'CONNOR - And Cethana? Okay.

Mr BOLT - I should emphasise neither of those are commitments of the board, much less of government; but we're looking at them in part through the lens of what value they would provide in a world of increased variability of yields.

Ms O'CONNOR - Thank you. Does the CEO - do you have more to add to that, in terms of that incorporation of identified risk into your modelling and financial projections?

Ms WATSON - No, just to reiterate that we are working with the best experts we can find through the Bureau of Meteorology, CSIRO and University of Tasmania. They've been doing a very deep dive into all of this.

Ms O'CONNOR - In 2019, Hydro Tasmania - I think it was 2019 - but there was a paper that was put out on green hydrogen. Obviously, one of the issues with green hydrogen is water use and availability. Have you got an update on your modelling on water use and whether or not it's sustainable to sustain a green hydrogen industry?

Mr DUIGAN - I would be happy to have a swing at that. For example, the hydrogen hub at Bell Bay is forecast to take, I believe, 2 per cent of the throughput of the Trevallyn Power Station. So, instead of hydro-generating for those two days, or whatever it is, 2 per cent that the hydrogen -

Ms O'CONNOR - Of the volume? Two per cent of the volume of the water?

Mr DUIGAN - Two per cent of the volume: so the hydrogen hub would pay Hydro the commercial value of that water and Hydro would forgo the generation opportunity that presented.

Ms O'CONNOR - So, it's still Hydro and government's contention that green hydrogen's water use is sustainable within a climate-constrained future and a whole lot of other projects that are happening as well?

Mr DUIGAN - Don't forget, every litre of oil you don't burn is a win; but yes, in this scenario there is no greater water usage, it is simply moved - 2 per cent is moved from hydro generation to hydrogen production.

Ms O'CONNOR - Thank you. Is that information modelled and publicly available?

Mr BOLT - On water use in hydrogen, sorry?

Ms O'CONNOR - Yes, on water use specifically to the green hydrogen project here in Tasmania.

Mr BOLT - That's a question we would probably take on notice. I'm not aware of it.

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Ms O'CONNOR - So, you can't be sure that there's been modelling done on the number that the minister's just put to the committee as the volume that would be required.

Mr DUIGAN - Certainly, as you may recall -

Ms O'CONNOR - Did you just make that number up?

Mr DUIGAN - No.

Ms O'CONNOR - Okay, just checking.

Mr DUIGAN - No, I did not.

Ms O'CONNOR - I wouldn't ascribe that sort of conduct to you, so I just want to check.

Mr DUIGAN - No. I'm sure you were present for the debate around the Tamar irrigation scheme, which has as its goal agricultural water for the Tamar ag-growers and also industrial water for Bell Bay; the quantum of water is pretty well known - I think it's 24 megalitres - anyway, I won't say that. My very strong memory - yes, scratch the bit about the 24 megalitres -

Ms O'CONNOR - Pulling different numbers out of different parts of your body.

Mr DUIGAN - No, 2 per cent of the throughput of the Trevallyn power station.

Ms O'CONNOR - Okay, but to check back before we go to other questions from other people: you're happy to take on notice that question of whether or not there's been any kind of modelling on the water requirements for the green hydrogen project? The chair did say he was happy to take it on notice, and I know it's through you, minister.

Mr DUIGAN - Well, that's exactly right.

Ms O'CONNOR - But I wouldn't have thought that that would be information that would be particularly secret, there's no commercial-in-confidence.

Mr DUIGAN - Well, as I say, there has been a bill pass the parliament that examined all of that particular scheme.

Ms O'CONNOR - But that's not the question. The question is: what's the evidence base behind your claim that only 2 per cent of the water from the Trevallyn through -

Mr DUIGAN - Because that's how much water there will be.

Ms O'CONNOR - But is that how much water the green hydrogen plant operation will require? Is that understood to be, on the basis of some evidence, that that's what it will need?

Mr DUIGAN - My understanding is that that would be - and I'm going to say 9 megalitres of water.

CHAIR - Are you sure you want to commit to the figure?

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Mr DUIGAN - Well, that's the number.

Ms O'CONNOR - We've got some new numbers at the table.

Mr DUIGAN - That's the number, which is enough water for two circa 300-megawatt export-scale hydrogen production facilities at Bell Bay.

Ms O'CONNOR - Just checking before we move on: 9 megalitres of water per annum for the two?

Mr DUIGAN - That's my problem. I don't know. I would need to get that.

Ms O'CONNOR - I understand your caution about taking things on notice, but how about it's okay to take that one on notice, just so we can have some clarity about that evidence base.

Mr DUIGAN - Sure, absolutely.

Ms O'CONNOR - Thank you.

CHAIR - I wanted to go back to Basslink. I was looking at the impact on this year's financial performance that we're looking at, but also then to look for the coming year, which, minister, the chair particularly indicates is going to be a challenging year.

Acknowledging that, as I understand it, APA could still decide not to become a regulated asset, so it's not a done deal entirely yet. It would seem like an odd choice in some respects, but they will make their own decisions. Let's presume that Basslink does become regulated in the year - not this financial year, the next. I want to clarify that inter-regional revenues will then accrue to AEMO to benefit the mainland price differential. So Hydro Tasmania will need then to purchase inter-regional revenues at auction, is that correct, if they want the benefit of that revenue?

Ms WATSON - Yes.

CHAIR - Minister, can you or someone more expert in this, with all due respect to you, explain how this fundamentally changes the revenue model compared to the current arrangements?

Mr DUIGAN - The current previous arrangement, the services agreement?

CHAIR - Yes, the current arrangements in this financial year. Obviously, this is a bit of an outlier, this year we're in.

Mr DUIGAN - Yes. What's different between the future -

CHAIR - Yes, assuming it's regulated, how will that work, and what revenue model will we be seeing from Hydro?

Mr DUIGAN - I think it's probably one for Rachel or Tim, potentially.

PUBLIC

Ms WATSON - Yes. Maybe I can start and you can fill in the gaps. So yes, that is how regulated links work. You're absolutely right, Chair, the differential in price between the regions that they connect is then auctioned off as a settlement residue auction, an inter-regional residue. So the party that is most exposed to that change is typically the one that bids for that and acquires it at auction from AEMO. I would absolutely expect that we will be bidding to get those inter-regional residues paid to us.

CHAIR - This is me not knowing how it works: how far in advance do you need to actually start bidding into that?

Ms WATSON - That is an excellent question, which - because AEMO, I can't remember the exact - they bid them so many quarters in advance, but they have not yet opened the bidding for Basslink because it's not yet officially regulated.

CHAIR - It could be a bit of a scramble to get in line potentially, depending on when APA makes a final decision on this.

Ms WATSON - We are very confident we are staying right on top of this. We will not be caught unawares. Yes, we may have to act quickly, but I wouldn't describe it as a scramble.

CHAIR - There might be other people trying to scramble in.

Mr PETERS - I guess there's ongoing conversations with AEMO around the setting up of that process as well, so we're engaged with those conversations.

Ms WATSON - Exactly.

CHAIR - How will it actually happen then? Will AEMO notify everyone in the NEM that it's on, so to speak? If you want to bid for these inter-regional revenues, you need to get on board now?

Mr PETERS - Through the minister: I think most of the things that AEMO do, they will release some documentation around conversations that this process will be commencing at a certain date, and from that date those bids will be valid. That information hasn't come to hand yet. It won't be just from -

CHAIR - We just don't know yet.

Mr BOLT - They do this now, of course, between the existing regions of the NEM, so this is a practice -

CHAIR - Yes. This is a bit of a weird place to be right now from all accounts.

Mr BOLT - Yes, there will be some learning to do, no doubt, but as Rachel indicated, we're on top of it.

CHAIR - With our partial economic outage anyway.

PUBLIC

Ms WATSON - Might I add: this is fundamental to what AEMO does to make sure the market functions effectively. I'm pretty confident that they will be planning to get this done in a way that means there's no gaps in operation, there's no quarter ahead where we don't have a settlement option having already been run.

CHAIR - But Hydro, the company thing, minister - is that Hydro is all over it, they tell me.

Mr DUIGAN - I have no doubt.

CHAIR - The \$400 million annual revenue figure cited during the whole-of-state business case discussion for Marinus, is that gross inter-regional revenues, or net after Hydro purchases them at auction, assuming that they will be successful in that auction?

Mr DUIGAN - My understanding is that the \$400 million - and it's very important to caveat that with, average, there will be high years, there will be lower years.

CHAIR - I did say average, didn't I?

Mr DUIGAN - Well, I'm not sure.

CHAIR - Sorry, I don't think I did.

Mr DUIGAN - My understanding is that that is returns to government.

CHAIR - That's correct, yes, but the question was that figure - the average \$400 million per annum, is this gross of inter-regional revenues or net after Hydro purchases inter-regional revenues? How was that figure arrived at?

Mr DUIGAN - Noting that's in the whole-of-state business case, that's Treasury modelling, I suspect, but I'd be happy for Hydro -

CHAIR - Did Hydro have some input into that, to suggest what the figure could be? I imagine you would.

Mr PETERS - Yes, so Hydro contributed to the whole-of-state business case. The revenue assumption will be around that there's 1250 megawatts available across Basslink and across Marinus, so that revenue figure will be inclusive of linked costs and your inter-regional costs.

CHAIR - Okay.

Mr DUIGAN - Net.

Mr PETERS - Net, yes.

Ms WATSON - Yes.

Mr BOLT - It's all revenue sources, yes.

PUBLIC

CHAIR - Given the inter-regional revenue auction model and the demonstrated reliance on imports during drought, isn't Marinus primarily then - rather than a revenue-raising thing for the state, \$400 million average per annum - isn't it primarily a drought-mitigation strategy, rather than a revenue-raising strategy?

Mr DUIGAN - It's both. I think depending on the circumstance will depend on the outcome, but one of the good things about it is it does both of those things. I think that's why we would pursue something like it, because it has a number of strings to its bow. In terms of what Hydro would have to say about that question, I'm happy for them to -

Ms WATSON - May I? Thank you, minister. Yes, I was quoted in an article in a way that made it sound like profit was unimportant, and that's not the case. The context of that question was me responding to continued or severe instances of drought. In those moments, then energy security becomes very, very important because it becomes closer to being at risk. Obviously, we will be using Marinus Link as a mechanism to trade. What is underpinning the forecast in uplift in profit for Hydro and returns to government, is that access to greater ability to trade, but it does both those things as the minister said. It's really important to understand it's going to be very, very useful for energy security purposes, as we touched on earlier, but day-to-day we will be trading over it.

CHAIR - Yes, one would expect you would, otherwise there wouldn't be much point in building it. So is then a \$400 million per annum average return to government, which is a lot of profit to be made, a realistic net revenue projection, noting the climate impacts we've talked about and the two very dry years recently; when that figure was arrived at, over what time period was it being looked at?

Mr DUIGAN - It's out to 2050 in whole-of-state, but - and I think this is a key piece of the understanding. The Marinus base case relies on 800 megawatts of new renewables, VRE being built on island as well. It really is about how we think about how we use our water and storage, at what point do we dispatch that water. Tarraleah is all about making that storage more dispatchable, you can turn it on. This is a market that works on five-minute increments and you need to be able to get to market. When the price goes like that, we send our Hydro energy, our very valuable Hydro energy into the market, but we only send it, or by and large, we only send it when the price is here, not here. And you know, Tasmanian customers -

CHAIR - Which hasn't been so possible, and it won't be possible this year necessarily.

Mr DUIGAN - No. Tasmanian customers who have the regulated price are shielded from those impacts. But the spot price on the mainland is available to Hydro Tas, and there is fluctuation through the course of every day in the market.

CHAIR - It is fair to say, minister, because APA holds all the power at the minute -

Mr DUIGAN - To date.

CHAIR - Well, until it's regulated, they hold all the power - or the market power, should I say. Perhaps we should think about our terminology in this setting.

Mr DUIGAN - Sure.

PUBLIC

CHAIR - Isn't it a fact, though, that will have to be a fairly significant price difference to make - like if we are able to sell into a high-price market, there will need to be a fairly high price on the other side, because the APA would, one would expect, because they're running a business too, ramp up the price?

Mr DUIGAN - That's what we're saying at the moment, and that's why it's not flowing. In my mind, come 1 July, Basslink will be unregulated -

Mr BOLT - Regulated.

Mr DUIGAN - Regulated, I beg your pardon - and then subsequent to that Marinus will come online as a regulated asset, and that's where this that we're talking about starts to make really good sense.

CHAIR - I'm just conscious of the time. We will have a break in a minute. We might -

Mr DUIGAN - I beg your pardon, I should have given the chair -

Mr BOLT - I was just going to reinforce the point. You are talking about post this financial year, Chair? About the -

CHAIR - The one we're in or this one?

Mr BOLT - When you were talking about APA ramping up its price.

CHAIR - That's this year, the year we are in, which is going to make it extraordinarily difficult if it remains dry and we need to import.

Mr DUIGAN - Well, we've got plenty of -

Mr BOLT - We've got significant water now, sorry.

Mr DUIGAN - I will defer to the expert.

Mr BOLT - I think we're about to say the same thing, so I apologise for interrupting you. We've got plenty of water in storage right now; that is fortunate, as a result of the rains that have occurred. But yes, APA has substantial power, but it also means that if they overprice, they constrain the link almost to zero flow. That of course means they don't earn while that's occurring.

CHAIR - Be careful not to cut off your nose to spite your face.

Mr BOLT - I think the figure at the moment is that over this financial year is it has flowed - while we've got the number - 2 per cent of the time, compared to 44 per cent last year. That's also a question for them - there are two sources of bidding power here, ours and theirs. It's a very uncomfortable and inefficient situation that we're very glad should be over by the end of the year. In the meantime, there are risks to them in pricing too high, but clearly, there are risks to us and we're feeling that.

Ms WATSON - Can I just slightly alter something you just said?

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Mr BOLT - Sure.

CHAIR - Did he get it wrong, did he?

Ms WATSON - It's not that it's not flowing at 2 per cent of the time; it's sat at no flow 44 per cent of the time.

Mr BOLT - Sorry, I have it wrong, I completely reversed it. I beg your pardon. Forty-four per cent -

Ms WATSON - Yes. Whereas in the previous financial year it didn't flow 2 per cent of the time.

CHAIR - Only 2 per cent of the time.

Ms BOLT - Yes. Right numbers, wrong order. Sorry.

CHAIR - When there was the agreement in place with Hydro?

Mr BOLT - Correct.

Ms WATSON - Correct. So when it when it was unrestricted in flow, it sat at zero flow only 2 per cent of the time. Now, under the economic restriction that Richard referred to, that's gone up to not flowing 44 per cent of the time.

CHAIR - We need a break; I don't know about you.

Mr DUIGAN - I don't doubt it.

CHAIR - We will take a break. I want to come back and ask some questions about what the additional VRE coming into the market means for Hydro. We will pick up when we come back. We will take an hour. Let me just check - 45 minutes, sorry.

The committee suspended from 1 p.m. to 1.45 p.m.

CHAIR - Thanks for coming back, minister, not that there was a lot of choice in that.

I have a few things I wanted to go back to, but I wanted to start off with asking about the expectation with Marinus that I think it was 800 GW -

Mr DUIGAN - Megawatts.

CHAIR - Megawatts, sorry - of new renewable energy. I did see in the newspaper today that Hydro's looking at going out to enter into power purchase agreements. If you can talk from Hydro's perspective, what their expectations are around that because bearing in mind that we are at a point where you might be able to save the water, but it might also mean the run-of-river systems have much more competition. Not right on that? The chair's face did funny things then.

Mr DUIGAN - I will speak from the government's perspective, in terms of a pretty unambiguous goal that is the TREAP which requires us to lean heavily into our new generation

space. The Marinus whole-of-state business case I think highlights it clearly, but it's always been the case where it stacks up with there being more VRE in the state. We have very good resource in that space and it's incumbent on us to seize the opportunity that's before us. In terms of Hydro's perspective, I will let Hydro speak for itself.

Mr BOLT - I think the question is, Chair, what happens when we get a conjunction of run-of-river and high wind and solar output.

CHAIR - Solar, yes, or whatever else.

Mr BOLT - I guess there are opportunities to store some of that; storage is expected to build around - and obviously we want to build storage - the NEM and an increase to connection will make that storage accessible -

CHAIR - The run-of-river you can't store?

Mr BOLT - No, if it's generated you can export it and have it stored, or you can put it into a [inaudible] storage. If you have a surplus, you can do that. Many times, possibly the reverse could be true: you could have low wind and high run-of-river output, in which case you have a natural hedge between the two of those. I think the system will have to be pretty capable and flexible in dealing with that. There will be times where some prices will be temporarily low while you do get both happening at once with low demand.

I think the basic point is for developing a system that is capable of optimising and balancing those various either combinations of surplus or periods of plenty of one and less of the other. The purpose of lots of storage and interconnection flexibility is to be able to deal with these various -

CHAIR - As more and more comes in, minister, particularly to get to the target, surely there will be less periods of high prices, because the wind is unlikely to be completely absent when the sun's completely absent and run-of-river's not flowing; that will push the price up, obviously, if those things happen simultaneously. Isn't that less likely to occur very often if there's more variable renewable energy in the system?

Mr DUIGAN - Which circumstance - the circumstance of having too much?

CHAIR - No, what Hydro's business model appears to be predicated on to some degree is selling into a high-price market. But if there's more wind, solar, as well as the run-of-river and the storage. I'm not talking about using storages here, I'm talking about the other variable renewables here. If there's more of that in the system, it will be unusual that we're going to see everything not available like wind, solar and run-of-river such that we see the prices spike to enable storages to be used to generate at high prices.

Mr DUIGAN - One of the key things, if I may, that is missing from that scenario is either the intermittent outage in coal generation in the NEM on the mainland, which is becoming ever more a present factor and that drives some of those very high prices, but -

CHAIR - Until they're retired.

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Mr DUIGAN - That's right and then they will be retired. Then there will be the need for all this generation, but more than that, the firming that will need to go along with VRE. If you retire a coal plant, you need a lot of variable renewable energy (VRE) and you need something to firm it with, so as we build our storages, that's our opportunity.

Mr BOLT - Can I add to that?

Mr DUIGAN - Yes, please.

Mr BOLT - Think about a winter night in particular. You will obviously have no sun and even during winter days, there will be less of it than typical. You will end up with a winter peaking demand as well across the entire system because electrification means that what is now a summer peak on the mainland will become a winter peak, and accessible for us via interconnection.

It just means that there are times when you will have quite a scarcity and higher prices will prevail over that winter period as a result of modest sun, possibly decent wind, but often with whole weeks or even periods of fortnights of it being quite low. It means that there will be price spikes. I think most of the modelling would suggest that the higher prices will be available over that winter period.

CHAIR - What modelling have you got on that? Particularly over the longer term like after the coal has been retired from the system?

Mr BOLT - We model prices to do the commercial evaluations of our potential investments and to value our assets and so forth. I think it essentially shows what I've just said, but it's probably better I leave that to Rachel and to Tim to explain in detail.

Ms WATSON - In terms of modelling what generation is going to be in the system, then I think it's probably fair to say we rely a bit on what comes from the Australian Energy Market Operator (AEMO). Am I right saying that, Tim?

Mr PETERS - We do our own internal modelling, but we compare that to things that come from AEMO and another external providers to make sure that what we're modelling is in the realms of what other people are saying.

CHAIR - What is the modelling show about the price spikes? How far out are we talking?

Mr PETERS - The modelling goes - we take into account what we could see from the market for the first three years and then after that, we've got modelling, I think it's out to 2050. Basically there are spikes where we see coal leaving the market and depending whether there's enough VRE coming in or if there's gas or other hydro that's able to come in behind it to see it. Where those closures happen, you do see a price spike. Unless there's that VRE that's built prior to it, they will exist in the market.

CHAIR - Well, isn't that the intention? This is the point I was making, that the intention is to build all this additional VRE before that. Before the retirement of some of them, not all of them perhaps cause some getting pretty old and starting to fail more often. Isn't that the intention though to try to get - not just in Tasmania but on the other side as well?

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Mr DUIGAN - Well, I will have to let the other side speak for the other side. I would note there has been some level of vagary around energy policy in Victoria, for example. There have been some wrinkles in all of that and some changes that have been made. For us, it's pretty clear that we would expect to see volatility into the long term.

CHAIR - Because we haven't built enough?

Mr DUIGAN - Well, we have enough. We will have more than that and we will seek to obviously attract load onto the island because that's the other very important part of this equation. New load, new industry, new jobs as we have seen previously.

CHAIR - But you just said we need 800 new megawatts of VRE? So we need that?

Mr DUIGAN - Yes, by 2034. If you look at the pipeline, particularly since the FID decision on Marinus, there has been a very obvious change in the constructability, the bankability of some of the projects in Tasmania. Hydro's in the market as we speak now and that has an impact on the bankability of projects. If you've got a PPO with Hydro, you have a much more bankable project. We've made a commitment through the election that Hydro will participate in delivering another 500 MW. We're already getting very close to our 800 that's required by 2034.

In terms of the Northern Midland solar farm, there's 288, another 500 through the course of this election commitment - Hydro is in market at the moment. SIS is working for us now where it previously wasn't. There is a number of pull-through mechanisms in Tassie that would see us I think get there.

CHAIR - In terms of Hydro's intentions here to enter into power purchase agreements, is that just with companies or businesses or renewable energy on-island or are we looking to do it on the mainland as well?

Ms WATSON - We haven't looked beyond Tasmania. We want to do it on-island.

Mr DUIGAN - Certainly, the government commitment is around on-island generation.

CHAIR - There's no intention to look for entering into power purchase agreements with an industry on the mainland.

Ms WATSON - Do you mean to buy power from a new renewable energy generator or supply power to?

CHAIR - Or provide power to major industry on the mainland.

Ms WATSON - Certainly not as Hydro Tasmania, but Momentum obviously has a bit of a commercial and industrial customer base and that's part of their usual customer makeup. Every retailer has residential customers, multimedia enterprises and CNI commercial industrial. Momentum is just the same. But that all just blends into the sort of electricity book that we then help Momentum to supply to its customers.

CHAIR - So, it will only be Momentum that operates on the mainland in terms of these sorts of agreements? Hydro will stick to its backyard?

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Ms WATSON - Yes.

Ms LOVELL - Minister and chair, this question is for both of you. I understand that Hydro is on record repeatedly advising Boyer and the public that there's not enough power in grid for their boiler conversion project.

Ms O'CONNOR - We were told this is not true the other day.

Ms LOVELL - Well, that is my question. The minister has said repeatedly that there is, including as recently as Estimates last week. Is there or is there not enough power for that conversion project?

Mr DUIGAN - I'm happy enough to say it again now: there is. I will leave Hydro to say something.

Mr BOLT - I will say the same thing. There is. There's always going to be negotiation about price, but there's the power.

Ms LOVELL - There's been statements in previously from Hydro that there is not enough spare energy in the Tasmania grid. Are you saying that's only related to price?

Mr BOLT - I will probably say that's a historical statement made before the minister and his colleagues amended our charter, where the sense that we did it [inaudible], gave way to the idea that we can actually go out and contract for new wind and solar.

Ms LOVELL - When was that amendment?

Mr BOLT - That charter was an amended - I haven't got the date in my head.

Mr DUIGAN - 2024.

Ms LOVELL - In 2024. There are statements reported this year that there is not enough power. On the ABC, 30 June, there is a report - 'Australia's last paper mill, Boyer told of insufficient local power for electric conversion'.

Mr BOLT - That was their statement, not our statement.

Ms LOVELL - So this reporting is incorrect. It says:

Hydro Tasmania has advised the new owner of the Boyer Mill that there is not enough spare energy in the Tasmanian grid for crucial upgrades.

Mr BOLT - Correct, that statement was incorrect.

Ms LOVELL - Okay. What was Boyer advised about that?

Mr BOLT - Exactly what we've just been doing, which was that there is power. We would have to negotiate on price and obviously we're in the market seeking to make sure there's enough power to back that with.

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Ms LOVELL - Okay.

CHAIR - Is it fair to say that there is plenty of power if they are willing to pay the price for their needs?

Mr BOLT - The price that will bring new power into the system is what all Tasmanians need to be paid by the industries here. Obviously, we are looking to provide a price that is facilitated, as you might say, by industrial investment. That's what the government wishes us to do. That's what we're in the market doing.

Mr DUIGAN - And that's what the charter clearly sets.

Mr BOLT - It clearly requires us to, but there still has to be a price agreement of some kind even then, because we don't have the ability to simply name any price. We need to make sure it's commercially responsible. At the same time, it is an interest for Tasmania by way of job creation and industry investment.

Ms LOVELL - It's a transformative project for Tasmania, so it is in everyone's interest. Thank you.

Ms O'CONNOR - It relates to this. Earlier, minister, you said in order, I guess, to soak up the extra capacity that the government wants to attract load. What sort of load?

Mr DUIGAN - Well, I think, in the first instance, as it was considered, that was very much seen as hydrogen and alternate fuels. We continue to be obviously active in that space and have a hydrogen action plan. I think you'd see data as an emerging load. There's an opportunity there. Tasmania is well-situated, obviously, with its green grid and with climate - it's cold, which is helpful for data and that sort of stuff. So, I think those are things, but I won't say I'm agnostic to load because I think we want good load, we want job-creating load, but we are interested to speak to all industries about setting up shop here in Tasmania.

Ms O'CONNOR - Do you think there's any risk in embarking on a data centre program, given what we are seeing happening overseas, where vast data centres are being built in places like Mississippi and the Midwest. There's a fair bit of community resistance to that there because, as a consequence of those data centres being put in, the power prices for consumers are just ratcheting right up. Has Hydro had a look at whether big data centres here soaking up large amounts of our power would have the necessary - I mean, I don't like the term, but - social licence or social acceptability, and does the government recognise or does it foresee a risk with a big data centre like this, that could impact on the prices Tasmanians pay for their power?

Mr DUIGAN - As the question was for Hydro, I'm happy for Hydro to answer it, noting that Hydro is not our principal mechanism of dealing with the matter of -

Ms O'CONNOR - Oh, I know. I know that.

Mr DUIGAN - So, it's somewhat outside Hydro's key remit, but there may be some thinking that has been done.

Ms O'CONNOR - But it would become a cog in the system?

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Mr DUIGAN - Sure, no doubt.

Mr BOLT - As the minister says, we don't see ourselves as the ones that determine the acceptability or otherwise to Tasmanians of particular kinds of load. If it's a load that is desired, seen as part of the state's economic future, then we will, of course, discuss possible terms of power supply to them. That is happening with data centre proposals now. But, if for social or other environmental reasons, the government decided that it didn't wish to have that develop, that would be the end of that conversation, I guess you'd say. But no, we're not here to determine industry policy.

Ms O'CONNOR - Yes, I understand that. I'm curious to understand if it has crossed your minds.

What kind of lens does Hydro examine potential applications or bids into Tasmania's energy system from interstate or overseas companies? I ask this question because Hydro has had, occasionally, a checkered history in partnering. For example, there was the Karuma Dam, human rights abuses. I'm wondering is it any comer is invited to enter into an agreement with government, it doesn't matter if they have a checkered history, or if they're a foreign state-owned company for example? What's the matrix when a company, a renewables company, comes in and says, we want to put a wind farm here? Is there any kind of assessment or is it just, great, yes, let's sign you up?

Mr DUIGAN - It is a relatively new circumstance, albeit Hydro has participated in the market previously, but it's relatively new for Hydro to be doing PPOs with new developers into Tasmania. I'm sure there is a framework by which the company engages with the market and takes account of those sorts of things. I will pass -

Ms O'CONNOR - It's an ethics and governance and, potentially, even a national security question, depending on who's interested.

Mr BOLT - We do, obviously, have a high regard to the need to contract with environmentally and socially responsible counterparties, no question about that. Maybe that's something that Rachel could add some colour and movement to?

Ms WATSON - Yes, certainly. For example, with the expression of interest we have in market at the moment - which is probably similar to the one that was successful in getting Northern Midlands signed up last year - we're looking at the whole viability of their project. So, that's across all their permitting requirements - their environmental permits, their development applications. We really want to contract with suppliers that are going to have successful projects and to be successful, they need all those things you were talking about. They need social licence, they need environmental conditions that they can comply with that maintain the integrity of where they're being constructed.

We're not in the business of trying to discriminate inappropriately between all comers -

Ms O'CONNOR - I'm not suggesting that Hydro would. I'm asking whether, when companies come to Hydro - I mean there's concern about foreign ownership, for example, of energy generation capacity; concern about state-owned companies potentially from authoritarian regimes who own a chunk of our energy infrastructure. I'm interested to know, at

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a board level, what kind of assessment happens when a company comes to you and says we can do this there?

Ms WATSON - I've had a little bit of insight from having worked for a state-owned enterprise myself in the energy sector of the amount of scrutiny that they're under from all the appropriate federal agencies.

Ms O'CONNOR - You mean a foreign state-owned company?

Ms WATSON - A foreign state-owned company. We as Hydro absolutely don't have the same resource intelligence capability that all those agencies have. We actually are in dialogue with those agencies, as they are with every kind of energy provider.

Ms O'CONNOR - Agencies such as?

Ms WATSON - Federal agencies interested in the sorts of issues you're talking about.

Ms O'CONNOR - National security, so ASIO, for example, the Foreign Investment Review Board?

Ms WATSON - Our job is not to assess, as those entities would, any risk associated with those. Because that's not the role that we're playing in the energy system.

Ms O'CONNOR - No, I understand that, but who does the assessment? Is an assessment done?

Mr BOLT - In the case of foreign investment, the Foreign Investment Review Board will do the assessment. Obviously, we'd have regard to the likelihood of a counterpart being able to pass that. We're not going to sit there and simply not assess the risk.

Ms O'CONNOR - Yes, that's good.

Mr BOLT - But we don't make the primary assessment.

Ms O'CONNOR - No.

Mr BOLT - As Ms Watson says, we don't have all the sources of information. We don't have operatives on the ground in different countries, et cetera, that allows that assessment to be made well.

Ms O'CONNOR - But the assessment of the board, presumably, would be based on the advice of national agencies that are there to protect the national interest or information provided. Maybe not advice to Hydro, but information that you've been able to obtain.

Mr BOLT - We take into account what information we can get into the risk of either reputational damage or actual substantial misdeeds being done by certain counterparties and their likelihood of getting clearance to investigate. That primarily would be our assessment because wiser heads would be making that judgment and we would not want to spend a lot of time on negotiations with a counterparty that had a very small chance.

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Ms O'CONNOR - How does it work if a foreign state-owned company wants to invest in Tasmania's energy infrastructure? Does FIRB, Foreign Investment Review Board, pick it up at the front end, so they're making an assessment at the time of the expression of interest? How does the process work to the point where the Hydro board or Hydro is making a decision about whether or not to partner with a foreign state-owned company?

Mr BOLT - My guess is - I'm looking at Rachel here because she may have more experience than I do on that very question, it's a while since I had to deal with that in a live case. I suspect they don't say yes or no until they get an application and various preconditions have to be reached before an application can be lodged. But, I suspect they would also have informal dialogue with proponents who would then assess their risk of getting through the FIRB. If it got to the point that they did lodge an application, we ourselves would want to assess that, too.

How we would go about it may be uncharted territory for us. I don't think we've done it in the recent past. I'm not sure there's much experience around the table. It's a question we'd have to say, we don't really know exactly how to handle it, but we'd have regard to it, we'd make our assessments. Maybe Rachel, you could either correct or confirm that?

Ms WATSON - No, I would agree with what you've said, Richard. I mean in my experience, just talking very practically, in order to get a renewable energy project up, you either buy the interest from someone and that transaction, if you're a foreign-owned entity will trigger the need for further approval, or you're signing up an interest in land. If you sign up an interest in land, you also need further approval, so either of those two things are probably going to happen quite early on in your project development.

As Richard said, if we were dealing with a proponent who had to go through that process, we would take a view on, if they didn't have it yet, whether we thought they were at risk of getting it or not. Just as we would take a view on if they haven't already got their development approval or environmental approvals.

Ms O'CONNOR - Thank you. Do you have a picture of how much of the renewables infrastructure outside what Hydro owns is foreign owned?

Mr BOLT - Across the?

Ms O'CONNOR - Across the island.

Mr BOLT - On the island. Well, I guess that's where we have to say that a long time before any of us were involved, Hydro did enter into a joint venture with Shenhua - I forget the full name of the company.

Ms O'CONNOR - That's right.

CHAIR - China Light and Power at the time.

Mr BOLT - Yes, they are 75 per cent owners of their joint venture that has an interest in our three wind farms that we are 25 per cent invested in, so to speak. Apart from the others though, Capital Hill -

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Ms O'CONNOR - Just to confirm, Hydro is a 25 per cent co-owner with a Chinese state-owned company owned by an authoritarian, human rights abusing regime in Tasmania?

Mr BOLT - I would simply say yes. We have an interest along with the Chinese-owned company in those three wind farms.

Ms O'CONNOR - Okay, and that's probably the most substantial extent of a single state-owned company owning parts of our energy infrastructure?

Ms WATSON - No, I wouldn't say so.

Ms O'CONNOR - What's the other one or two or three or four?

Ms WATSON - Well, there are a few. In terms of state-owned enterprises - Pacific Blue, where I used to work, is also owned by a Chinese state-owned enterprise. Their installed capacity, I think, would be a bit higher than the Woolnorth joint venture.

Ms O'CONNOR - So, Pacific Blue, China Light and Power. What are the other big ones?

Mr BOLT - In Australia, generally?

Ms O'CONNOR - No, Tasmania.

Ms WATSON - Pacific Blue's not operating in Tasmania.

Ms O'CONNOR - No, that's right.

Ms WATSON - Sorry, I thought you were talking about the wider market.

Ms O'CONNOR - Seriously, I mean, you know -

Mr BOLT - No, no-one that I know of.

Ms O'CONNOR - Beyond Bass Strait, I know that you have limited investmental powers. We're just talking about on-island.

Ms WATSON - Okay.

Mr BOLT - To the best of my knowledge, no, but if I need to correct that, I will, subsequent to advice we get. Just to be clear, we are talking Shenhua Clean Energy Holdings is the 75 per cent owner of the Woolnorth venture and that transaction occurred in 2012.

Ms O'CONNOR - I remember.

Mr BOLT - It was a very different time.

Ms O'CONNOR - It certainly was.

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Can I just backtrack a bit? As Tasmanians, we used to have such great pride in being able to turn on the lights, knowing that the energy that powered the home was clean. Over the past three dry years, what proportion of our energy has been imported, noting that a lot of that is coal power from Victoria? Because it was 80 per cent a few years ago in the really dry year and I'm wondering where are we at over the three years. How much has been produced domestically and how much imported for Tasmanian power uses?

Mr BOLT - We can give you those numbers.

Ms WATSON - Can we come back to that?

CHAIR - The last year was 2458 gigawatt-hours import.

Mr BOLT - Yes.

Ms O'CONNOR - What's the proportion - 80:20, 50:50?

Mr BOLT - In rough terms we're talking about a third was imported, or less, maybe a quarter was imported, but please don't hold me to that.

Ms O'CONNOR - If there's more detail you will bring it back.

Mr DUIGAN - Well, let's not have the rough numbers. I think the other important thing to consider about our imports, and you make the point about coal, typically, we import through the course of the day when there is abundant solar energy. I don't think we're able to account for the actuals, which is a bit of a shame.

Ms O'CONNOR - I think we used to be able to, to some extent.

Mr DUIGAN - Well, I know in the industry we can't.

CHAIR - Where the electrons come from?

Mr DUIGAN - Yes, you know, tracking electrons and that sort of thing, but I'm happy to be corrected.

Ms WATSON - No, you're right.

Mr DUIGAN - We get a blanket Victorian energy makeup, but I think, for us, it's a reasonable point of difference or a contextual point that we come in through the middle of the day. That's when the solar is flooding in and that cheap, abundant energy is in the system, but it doesn't necessarily show up like that.

Mr BOLT - If I could, minister. In some cases that would simply mean that solar could be curtailed or wind could be curtailed, too, because coal has to run at a certain level. Now, I'm not suggesting that's true in all cases, but it could be true in some cases. So, it's not as straightforward as to simply say when we are importing, that means there's more coal being produced, more coal being burned. It may be, in some cases, there's more solar and wind being curtailed.

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Ms O'CONNOR - Okay. I know you have some figures in the annual report on revenue from gas generation. Is there information available on your gas purchase costs for generation over the past couple of years, and some idea of - obviously, it would be a fair bit higher in the drier years than it would in other times?

Mr BOLT - While it's being looked at, to make the point that the amount of gas relative to our total portfolio of output is quite small and it's very much a last resort, all else being equal.

Ms O'CONNOR - Yes, I know, and we are, at one level, glad it's there, of course, but we would like to retire it. So I'm curious to know what we are spending on gas.

Ms WATSON - The cost we're paying is actually commercially sensitive information, so we're not going to share that in this forum.

Ms O'CONNOR - So, you can't share the total gas budget? Purchase of gas? I mean, we can't tell the volume of what you've purchased, but the total budget for it?

CHAIR - How much was spent, is that what you're asking?

Ms O'CONNOR - How much was spent on gas?

Mr DUIGAN - We can provide how much is generated by gas, but I don't think we have a report on how much we spend on purchasing the gas.

Ms O'CONNOR - Right. Why is that commercially sensitive? Commercially sensitive to who?

Mr PETERS - Through the minister, gas is either bought at spot or at contract through the market. So, disclosing those figures in the annual report, we choose not to do it on the basis of what price - that may make people work out what we're paying for gas.

Ms O'CONNOR - What would be the problem if people worked out what Hydro, a public entity, was paying for gas? Sorry, I might sound a bit thick, but I can't work out what the problem is.

Mr BOLT - It doesn't mean that our suppliers get - if we are looking at contracting versus spot buying, then we don't want to be in a position where our commercial tactics can be second-guessed by those who might make more out of us if they had better insights into what our drivers are.

Ms O'CONNOR - Okay.

Mr BOLT - We are not trying to be opaque.

CHAIR - That's on contract?

Mr BOLT - I think what we are saying is -

Mr PETERS - It depends.

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Mr BOLT - It depends, is the point.

Ms O'CONNOR - Are we mostly buying from Victoria? I don't know who to ask here.

Mr BOLT - That's all we can buy, as best I know.

Ms O'CONNOR - Right.

Mr BOLT - I mean, physically speaking, there are obviously ways of buying gas through contractor arrangements that extend interstate. I'm not sure that we do that.

Ms O'CONNOR - Do we have gas in the bank here? Do we buy gas and hold it? So, we might not use all the gas we bought at a particular time, but we are holding gas?

Mr DUIGAN - Gas pipeline holds gas.

Mr PETERS - Through the minister. I think the question is, we can buy gas and they will bank it on the mainland for us and then we will import it when we need it. Do we actually store it physically here from a hydro facility? No.

Ms O'CONNOR - How does the gas arrive in Tasmania? Which vessel?

Mr PETERS - Through the pipeline.

Ms O'CONNOR - Through the pipe. Okay, it goes under Bass Strait. Alright, okay. So, there's no capacity really to get a line of sight to expenditure on gas as a total? Even though some is banked and some may not be used for a while, we can't have a picture?

Mr DUIGAN - I think we can do a very rough calculation on the generation output, which is reported, what it costs per unit of energy produced.

Ms O'CONNOR - It would be fair to say it's probably our most expensive power generation source, isn't it?

Mr DUIGAN - It would be fair to say; I believe that's fair to say.

Mr BOLT - Yes, the only exception would probably be diesel generation on the Bass Strait islands, but that's splitting hairs.

Ms O'CONNOR - Yes. Is it all going well on Flinders, with the renewables - the project on Flinders, which was some time ago, to replace diesel, was really going very well.

Mr DUIGAN - I'm happy to take swing at that. Yes, very good battery solar, wind.

Ms O'CONNOR - It was amazing. We went there a few years ago. It was fantastic.

Mr DUIGAN - There has been more recent work done on King, I think, to bring that into alignment.

CHAIR - Yes, solar panels are what we have there.

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Mr DUIGAN - It's good, and that's part of the service obligation of Hydro Tas. It comes at no small cost to provide good reliable energy. As I say, every time you don't burn a litre of diesel, that's a good result.

Ms O'CONNOR - Yes. Thank you.

Mr PETERS - Through the minister. I guess we do still have diesel on Flinders and on King Island. There are obviously wind and batteries and solar on King Island, but when it's not blowing or it's not shining, we do have to rely on those diesel backups to kick in.

CHAIR - It's continuing to increase according to your information here. The intention Cassy was alluding to was to use less and less diesel. But, on page 29, it clearly shows that over the last four years on King Island, for example, diesel and costs may have a factor here as well. It says the megawatt hours was 6.7, up to 10.9; not as much on Flinders, it was 2.2 or 2.3 to 2.7 with solar and we're increasing slightly, except not on King though. Have we replaced the solar panels over there yet?

Mr BOLT - There's a new solar farm that we set up on King Island a couple of years ago.

CHAIR - It's not making much of a difference, then.

Mr BOLT - It depends on when the wind's blowing and when the sun's shining. The diesel is only used as a backup. We don't use it as a primary source.

CHAIR - The point is that in 2025, last year, wind and solar combined generated 3970 megawatt hours, whereas diesel still was required to generate 10,900 megawatt hours. Still a fair gap there.

Mr BOLT - There is a fair gap there but a lot of progress has been made to your point.

CHAIR - Does solar and wind - solar particularly in this case, because not many people have wind farms on their roof, but a lot of them have solar on their roof. Is that generation included in the 3970 megawatt hours?

Mr PETERS - No, it won't include the rooftop solar. I think the thing with King Island in particular is there is an upgrade program happening with the wind towers. They are old towers. They're probably some of the oldest in the country. There is a program that we're going through at the moment to revamp them.

CHAIR - Some of them weren't working.

Mr BOLT - There was also one that did have blade damage. One of the [inaudible] turbines. Upgrade work is due to commence early next year. There is a period right now where, because of that, there's more diesel than I think would ordinarily be required when everything is in service. That's a temporary issue.

The question about then going further than that and even further reducing the diesel share would simply as best I understand require more investment. Currently that's not scheduled.

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CHAIR - The battery storage over there, is that not helping much? They would be getting old now.

MS WATSON - Yes. We've got a battery that's scheduled for a placement in 2027.

CHAIR - On King Island?

Ms WATSON - Yes.

CHAIR - Sorry, Cassy, I interrupted you there.

Ms O'CONNOR - No, that's okay. I've got some other questions on the slightly different subject of environmental reviews. If there are associated questions anyone wants to ask on this, I'm happy for you to do so. In the absence of that, I will power on.

Minister, in previous years Hydro undertook a series of valuable catchment environmental reviews for their major catchments. When will these reviews recommence or will they? For the purposes of *Hansard*, there are mystified looks across the table.

Mr DUIGAN - I wouldn't say that. In terms of exactly - what are these catchment reports? Do you know what they're called.

Ms O'CONNOR - Catchment environmental reviews.

Mr DUIGAN - Catchment environmental reviews, righto.

Mr BOLT - I'm going to try, minister, if I could and then pass it to others. We have done hydrological modelling that obviously has some catchment consequences and that was done particularly to anticipate the entry of, or the commencement of, Basslink and how that might change flows, and what environmental consequences might arise from that. Could that be what you're referring to?

Ms O'CONNOR - That was 20-odd years ago, the hydrological work for Basslink.

Mr BOLT - I'd have to defer to my colleague. Yes, quite some time ago.

Ms O'CONNOR - Has there been no further hydrological work since Basslink on the system in this way?

Ms WATSON - We have done a few, but could we come back to you to confirm what we've done in the plan for the next one?

Ms O'CONNOR - Has Hydro released flows from the Gordon scheme on an as-needed basis to improve conditions for fish farming operations in Macquarie Harbour?

Mr PETERS - When there was a number of issues around the Maugean skate, Hydro had agreed that they would do voluntary releases until there was some studies done to see what the effect would be.

Ms O'CONNOR - To get some oxygen in the water to give that poor fish a chance?

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Mr BOLT - To the benefit of the skate, that's right.

Ms O'CONNOR - That's right. So was that a one-off?

Mr PETERS - It happened during that particular period where - I think it was over a prolonged period. I can find out the exact period, but it wasn't just a one-off release.

Ms O'CONNOR - Right. So, it was a period of time where a number of releases have been made in order to bring more oxygen basically into the water?

Mr PETERS - Well, until they had got the information around the study. So, we were cooperating with the different authorities around what may be beneficial at that stage. It was beneficial for Hydro to release, for that to continue.

Ms O'CONNOR - Okay, and was there any cost? I mean, there must have been a cost to Hydro, obviously, of doing that. We're not going to begrudge the skate some fresh water but was that made at the request of government, Parks for example? Or was it made at the request of the companies operating in Macquarie Harbour?

Mr DUGAN - My memory, as Environment minister at the time, is that there were a number of actions, there were a number of parties involved in - I will use the term - Maugean skate recovery task force, and Hydro being one of those entities that was engaged. There was a number of actions requested from a number of bodies involved in that area. That would be my broad level understanding and memory of it.

Mr BOLT - I think, consistent to that, we can give more detailed information. I don't know if you wish to do that at all, just step through this?

Ms O'CONNOR - Sure.

Mr BOLT - So, if I can go back to the very beginning because it actually does go to the question of catchment modelling and I will read it:

Dissolved oxygen dynamics in Macquarie Harbour are complex, river flows are only one factor that contributes to this. Other factors include local and offshore weather conditions, ocean currents, tide cycles, climate change, aquaculture, biomass and feeding regimes -

Stop me if this is too much information.

Ms O'CONNOR - No, no, I'm fine, I'm interested. But aquaculture is so far down the layering, but yes.

Mr BOLT - I wouldn't take that to be a prioritisation aspect, it's just a list of them.

Ms O'CONNOR - I'm noting it.

Mr BOLT -

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The Gordon and King rivers, as you would all know, flow into the Macquarie Harbour. The operation of Gordon and John Butters power stations contribute naturally to flows in those rivers.

So do other sources, of course.

The impact of Hydro Tasmania's operations to harbour dynamics is currently being worked through in collaboration with the CSIRO. Hydro completed the developing - we completed the development of catchment models with forecasting for the King and Gordon Rivers in May 24, last year.

These have been incorporated into CSIRO's hydrodynamic modelling of the harbour and that, together with CSIRO's oxygen process modelling, will help us to better understand this complex environment and enable appropriate management planning and we're also assisting the Institute for Marine and Antarctic Studies in UTAS, of course, sharing our knowledge experience using adaptive resolution imaging sonar technology to support the population surveys for the skate in Macquarie Harbour.

We provided them with an ARIS unit, that's the adaptive resolution imaging sonar unit, on a long-term loan to support their monitoring program.

So, our cooperation is being driven based on our relationship with CSIRO and our relationship with UTAS. To the best of my knowledge, I've never heard it said that it's being done at the instigation of the aquaculture companies, the salmon farming companies. I'm not suggesting, therefore, that we wouldn't do something that was to the benefit of the health of the harbour at their instigation, but that's not what this is saying.

Ms O'CONNOR - Can I ask about - and this is on the Greater Southeast Irrigation Scheme which will impact on Hydro storages and water systems to some extent - what studies or reports are underway or are available to understand the implications of the additional irrigation take on freshwater systems upstream, downstream and/or for Lake Malbena itself - not Lake Malbena, sorry - Meadowbank?

Mr DUIGAN - I was wondering.

Ms O'CONNOR - I know yes, that's a stretch, isn't it? Sorry, it's been a long couple of weeks.

Mr BOLT - I was about to show some profound ignorance of geography.

Ms O'CONNOR - Yes, Meadowbank.

Mr BOLT - That's a question I certainly don't have an answer to. Does anyone here?

Ms WATSON - I don't think so.

Mr BOLT - The team will have a look and see what they can do to answer that. Can we take that on notice?

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Ms O'CONNOR - Sure. The question is: what kind of studies or understanding does Hydro have on the impact of this extra irrigation take on upstream, downstream and Meadowbank? Or is it just a given that it has to operate and so Hydro will work around it?

Mr DUIGAN - Where is the off-take? I would need to - I'm not sure where the off-take is - and even if it is -

Ms O'CONNOR - Does that matter so much?

Mr DUIGAN - Well, it would depend on if the off-take was in the Hydro system or downstream of the Hydro system, then it would be a matter for TI that would know what the impact to flow would be. If it was in the Hydro system, presumably Hydro would have some visibility of it.

Ms WATSON - Yes, my understanding is that Greater South East Irrigation Scheme will take water from above Meadowbank Dam. We have a large storage capacity in Lake Meadowbank, so we think we're well positioned to support Tas Irrigation to create opportunities for more efficient and effective use of water.

We don't think it will have an impact on our ability to meet our existing downstream-flow commitments which we have made, obviously.

Ms O'CONNOR - Including environmental flows?

Ms WATSON - Including environmental flows. So, Tas Irrigation is seeking about 1.4 per cent of current total outflows for the Greater South East Irrigation Scheme.

Ms O'CONNOR - Okay. Previously you said you that Hydro doesn't think that the extra irrigation draw on the system will impact on Hydro's capacity to provide energy downstream, but there doesn't seem to have been much work done on the question. Or is it that Hydro is assessed on the proportion that Tas Irrigation will require that that is not sufficient to have a significant impact on Hydro's operations? That it's a small proportion -

Ms WATSON - It's a small proportion; we think no impact on our ability to meet our downstream-flow commitments which will include environmental flows.

Ms O'CONNOR - Okay. Can I ask, do we have an update on blue-green algal blooms in Hydro storages? Have there been any algal blooms that Hydro is aware of in your storages over the past three years, and how are these trending? We're interested in an update on Woods Lake, in particular.

Mr BOLT - As you're alluding to, we had a significant blue-green algal bloom that commenced in February 2023. The bloom levels peaked in autumn/winter of that year and then summer/winter period 2024. Cells were last detected in bloom concentrations in July last year, 2024. They're still present in the lake, the algae is still present in the lake, but well below bloom levels. We're continuing to monitor the lake as part of our catchment management program and, where possible, we maintain Woods Lake levels as per the water level memorandum of understanding.

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Ms O'CONNOR - Thank you. So, there's some monitoring underway on blue-green algae blooms presumably across the Hydro system to places that may be more susceptible or have experienced them already.

Mr BOLT - I am aware of this one personally that might not be accurate in the history of Hydro. Since I've been involved with Hydro, this is the one I'm aware of.

Ms O'CONNOR - Okay. What steps does Hydro take to mitigate to either prevent blue-green algae blooms, which we know can be worse as a result of global heating, but also to mitigate the impact of blue-green algae, which presumably makes a mess of some of your operations to some extent?

Mr BOLT - In this instance, what I'm reading here, to be really honest with you, it's a water level that is our main means. But I presume that there may be questions of flow -

Ms O'CONNOR - Flushing.

Mr BOLT - Or flushing, exactly. I don't know though. I would be guessing. So, I won't guess. I will simply say to the best of my knowledge, it's worth maintaining the right water level and we're not experiencing more blooms at this stage. We appear to have it under control.

CHAIR - We might cover another area -

Ms O'CONNOR - I want to finish this line of questioning. While Hydro Tasmania is in principle a non-consumptive water user, the majority of Tranche 3 irrigation schemes are to be supplied by Hydro Tasmania, the water is supplied by Hydro Tasmania. Does Hydro have an understanding of how much water is going to irrigation schemes and other consumptive uses?

Mr BOLT - Other than we supply, is that your question?

Ms O'CONNOR - No. How much of Hydro's water is going to irrigation schemes? Is there a proportion that's understood? A volume that's understood? Noting that it will fluctuate.

Mr BOLT - It varies by scheme. There are some schemes that are not well suited to irrigation, others that are, clearly. So, there's quite a spread, in fact, between different schemes. Beyond that, we could either provide - let me check what numbers we can provide, unless the team has already processed that.

Ms O'CONNOR - Do you have a picture of what Tasmania Irrigation pays Hydro for that water?

Mr PETERS - I guess, in regard to - Hydro's agreed to make approximately 200,000 megalitres of water per annum available to the following schemes: Sassafras, Midlands, Whitmore, Kindred, Greater Meander, Southern Highlands, Lower South Esk, Don, Cressy, Macquarie, and Mersey. There is a number of different schemes that we provide water for.

Ms O'CONNOR - 200,000 across all those schemes.

Mr PETERS - 200,000 megalitres.

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Ms O'CONNOR - Megalitres per annum. Okay. Is there an understanding and is it publicly available what price Hydro receives for that water?

Mr PETERS - Depending on where the irrigators are, the price of the water varies. Depending on how they're able to take the water, the price of the water varies. If there's flooding periods, they take it above those levels, they will get a different price versus if it's low inflows. So, it's variable across the state.

Ms O'CONNOR - Does it frustrate Hydro that some water users are on meters and some are not, and there's a capacity for some of your precious water to be taken without measurement or payment? Has it come up?

Ms WATSON - I think we've done quite a lot of work with the irrigation community in recent years to get better visibility into water usage. My understanding is that the board's been paying attention to this, so there is greater understanding now about what's been taken, better reporting levels. It's a work in progress, but improvement.

Ms O'CONNOR - Thank you.

Ms LOVELL - I want to move on to another topic altogether and talk about the workforce in some regard.

Looking at page 16 of that and the annual report. I note that you have reported your gender pay gap, which I think is excellent. That's been reported. I know there are some others who don't even really know what that is. The fact that you're reporting it is a great step. There's a couple of different ways it can be measured, though. If I can clarify how you measure your gender pay gap and, in particular, does it include allowances and other, or is it base salary only?

Ms WATSON - That's a good question. That Bureau of Statistics tends to look at only base salary, but there's the other agencies that look at including overtime and allowances and other things on top. We do include overtime and allowances; we don't just look at base.

Ms LOVELL - Excellent, okay. There's quite a disparity between the public and private sector in terms of gender pay gap. When you're looking at where you sit as an organisation, do you compare yourselves to public or private sector?

Ms WATSON - I may get corrected on this, but my understanding is we benchmark ourselves to comparable industry organisations, so energy infrastructure kind of -

Ms LOVELL - So that would largely be private sector, then, I suppose?

Ms WATSON - I guess so, yes.

Ms LOVELL - Okay. So 20.4 per cent, which has come down a little since last year, comparable with private sectors, not too bad, but still quite high; what steps are you taking to address that and bring it down further?

Ms WATSON - We have a gender equality policy. That is one of the board-approved policies that we are working towards. As you've mentioned, not everybody measures this or reports on it, so in measuring and reporting on it, we're also holding ourselves accountable in

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it. The vigilance around making sure that we are paying people fairly, so we're seeking to halve our organisation-wide gender pay gap from that 20-odd per cent to 10.5 per cent by 2030. Again, there's a range of initiatives that are going on behind the scenes for us to promote gender equality in the organisation.

Ms LOVELL - The gender equality policy, is that publicly available or would you be willing to table it, just out of interest?

Ms WATSON - I don't know whether it's on the website or not actually.

Mr BOLT - I don't know either. We will see what the advice is on that.

Ms LOVELL - You'd be happy to provide a copy? Just more curiosity that anything. Thank you.

CHAIR - So put it on notice?

Ms WATSON - Yes. Put it on notice.

Ms LOVELL - Did you have anything on the gender pay gap before I move on or anyone else?

CHAIR - No, I've got some other things.

Ms LOVELL - You talk here as of 30 June as total employee numbers 1462 across Hydro, Entura and Momentum; is there a breakdown of those staff numbers across the three? Momentum has - I have on page 20 - 325 employees, but I couldn't find the others.

Ms WATSON - I've got 326.

Ms LOVELL - Might be a typo or could have changed.

Ms WATSON - It could have changed as this is at the end of 2025. Entura has 248 and Hydro 876.

Ms LOVELL - When was the last time - or how regularly do you measure employee satisfaction?

Ms WATSON - Through the minister, we survey employees twice a year. We do a major engagement survey in March each year and then we do a pulse survey around six months after that in October.

Ms LOVELL - What are those surveys showing you?

Ms WATSON - We're pleased with the level of engagement we have. They're showing us that we are meeting our targets in terms of - the two things we're really sort of focused on are an engagement score and an inclusion score. The engagement score - how involved are they, committed are they to working at Hydro, and then how well do they feel they fit in and that they're included. Both of those scores move around a little bit from survey to survey, but we're on track with our expectations with both of those.

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We haven't publicly released our gender equality strategy, but we would be happy to provide a copy.

Ms LOVELL - Okay, thank you. In terms of those scores and the targets, what targets have you set for engagement and inclusion and where are you sitting at the moment?

Ms WATSON - You're testing my memory for those.

Mr PETERS - Through the minister, for the pulse survey or the half-year survey, we had targets of 70 per cent for engagement and 70 per cent for inclusion. The latest result was we came in at 70 per cent for engagement and we were 72 per cent for inclusion.

Ms LOVELL - That was October just recently?

Mr PETERS - Yes, just gone.

Ms LOVELL - Okay, excellent. Thank you. Workers compensation: how many claims for workers compensation have you had in the financial year?

Mr PETERS - I think we would have to take that on notice, if that's okay.

Ms LOVELL - Okay, yes, of course. Would you also be able to provide a breakdown of the types of claims, including a breakdown of psychosocial claims?

CHAIR - Will you take that on notice?

Ms WATSON - I can tell you about the financial year that we're talking about.

Ms LOVELL - Great.

Ms WATSON - We had eight claims in that 12-month period.

CHAIR - But you don't have the breakdown?

Ms WATSON - Not between psychosocial and physical; no, I don't have that.

Ms LOVELL - Eight claims seems very good actually, it's very low. Were they claims that were able to be resolved and have people back at work quite quickly, or what were the sort of length of -

Ms WATSON - We might have to come back to you on that one.

Ms LOVELL - That's fine. Thank you.

Mr DUIGAN - Just for clarity, so we know what we're actually taking on notice?

Ms LOVELL - Taking on notice the breakdown of the type of injury including psychosocial for the claims of the eight and then length of time which, if there's only eight, you probably -

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Ms WATSON - Length of time to return to work?

Ms LOVELL - Yes.

Mr DUIGAN - That doesn't cut across anybody's privacy or any of those things?

Ms WATSON - If it does, we may have to aggregate numbers or average them.

Ms LOVELL - That's fine.

CHAIR - If I can go back to the things we talked about earlier. We talked about the statement of financial performance - it was on page 34, wasn't it - where you talk about the actual figures, direct expenses and company revenue. You gave us a breakdown of what some of those things are, that they cover. Is it possible to get a breakdown that includes the amount against each component of the parent company revenue?

Mr PETERS - I think it's information that we haven't provided in the past. Usually the amounts that we disclose per the accounting standards - I guess there's a lot of different line items that make up those summary numbers.

Mr BOLT - Let's look at whether we can provide a breakdown to an appropriate level.

Mr DUIGAN - I think if they are provided to the accounting standards, that's probably the level of detail we would -

CHAIR - Well, I disagree, minister. We have talked about the inter-regional revenues, those generation certificates, the frequency control and ancillary services, the high-level things. I'm not asking for right down to the pens and paper, that sort of thing.

Mr DUIGAN - Yes, I'm just conscious of there being potentially reasons that are not immediately obvious to us all here.

CHAIR - Can we put it on notice?

Mr DUIGAN - To look at that? Yes, we can put that on notice.

CHAIR - And the same with the direct expenses?

Mr BOLT - Sorry, I thought you were talking about direct expenses.

CHAIR - And the revenues to the company.

Mr DUIGAN - Expenses and revenues.

CHAIR - Direct expenses was one question I had. Then we were talking about the revenues in terms of the inter-regional revenues and those other sort of big-ticket items, if you like, like the LGCs and other large -

Mr BOLT - So, under the side of products and services, you mean?

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CHAIR - Yes.

Mr DUIGAN - Tim, anything from you?

Mr PETERS - I think the information that we provide in the annual accounts is per the standards and it is per the auditor's requirements.

Mr DUIGAN - That would be my view; it's per the standards. There are reasons and other things that we're not necessarily cognisant of here. I'm happy to provide to this level, but I think going further than that obviously comes with some challenges.

CHAIR - So the answer is no, you won't provide any further breakdown of any of those items?

Mr DUIGAN - Look, I am happy for the business to take it away and have a look, but -

CHAIR - So, you're happy for us to write to you and see what can be provided?

Mr DUIGAN - I'm not happy to take it as a commitment to provide that.

CHAIR - No, no. I'm happy to take the commitment to see what can be provided.

Mr DUIGAN - Okay.

CHAIR - Yes?

Mr DUIGAN - Righto.

CHAIR - Has Hydro already participated in the inter-regional revenue auctions or has there not been a need to up until what will be a regulated link possibly, most likely, hopefully?

Mr DUIGAN - I don't believe they've held -

Mr BOLT - There's been no number that we could have taken part in.

CHAIR - No, that's what I thought, I'm just checking. Do you have any average cost of inter-regional revenues, the actual auction prices? Do you have any vision of that?

Mr BOLT - In other jurisdictions, you mean?

CHAIR - Yes. Wouldn't it be similar across the link?

Mr BOLT - I can't imagine it would be similar; it would be risk based, and the risks all vary from region to region, but that's something -

Mr DUIGAN - Are you talking about historical Basslink IRs?

CHAIR - No, because Basslink don't go into the auction; it's in the other jurisdiction. I'm just looking at what sort of prices are likely to be.

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Mr DUIGAN - Whether AEMO report it, that sort of stuff, I don't know.

Mr BOLT - We will have to check that.

Mr DUIGAN - No, we're not taking that on notice. If AEMO report it that's where you'd find it, but if we don't have it, we don't have it, other jurisdictions -

Mr PETERS - No, we don't have it and I'm not sure it's any kind of a guide to what would happen here.

CHAIR - Right. If I could go to large generation certificates and onerous contracts. Note 17 shows additional onerous contracts of \$60 million in the parent company accounts. Note 31 records a \$49 million fair value loss likely related to large generation certificate write downs in Woolnorth Wind Farm, correct me if I'm wrong. Please explain the additional onerous contract in the parent company's accounts and what is driving those losses? It's by the current LGC market conditions. Does it relate to Granville Wind Farm as well as Woolnorth?

Mr PETERS - I think so. On page 76, there's a little bit of a breakdown of the onerous contracts as to what's being additionally recognised, or a reduction, and also movements from the remeasurement. We can probably pull out what's in relation to wind farms, but not specific wind farms.

CHAIR - Not specific wind farms?

Mr PETERS - Depending on what a contract is with the different wind farms, that would be commercial-in-confidence.

CHAIR - It talks about Granville back - hang on, I will find the reference to Granville.

Mr PETERS - Granville Harbour will be a CSO, though.

CHAIR - It tells me here, it's \$1.9 million.

Mr PETERS - For Granville Harbour?

CHAIR - Yes. Does the \$60 million in the parent company accounts include the Granville Harbour contract?

Mr PETERS - If Granville Harbour was onerous during that year, it would include that number.

CHAIR - I'm talking about this last year that it was reported in.

Mr PETERS - Yes.

CHAIR - Is it included then?

Mr PETERS - Yes, if there's \$1.9 million in that CSO note, then that will be included in the onerous contract note as well.

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CHAIR - So it does include that?

Mr PETERS - Yes.

CHAIR - Okay. Going to the renewable energy guarantees of origin strategy to try to figure out where the electrons are coming from, as I understand it, REGOs - I will call them that - will operate in a voluntary market unlike the compliance-driven LGCs. So will Hydro Tasmania's approach be limited to its own generation, or will it enter into PPAs, as it did with the LGCTs?

Mr DUIGAN - Sorry?

CHAIR - Will Hydro Tasmania's approach be limited to its own generation in the REGOs, or will it enter into PPAs as it did with large generation certificates?

Mr DUIGAN - That's one for Hydro.

Ms WATSON - I guess one of the reasons we would have done entering into LGC contracts is to surrender them for our retail obligations through Momentum. I'm pretty confident we would have been buying LGCs from others in addition to what we've generated in order to meet those obligations and to supply them to customers that are buying green power through Momentum. Tell me if I'm wrong.

Mr PETERS - That's correct.

Ms WATSON - I don't think there's a plan for us to acquire REGOs under the same kind of logic?

Mr PETERS - Not at this point in time, no. Our market is, if we can find a market to sell them into, that's what we will do, but we don't have any immediate plans to enter into medium-to-longer-term arrangements to supply them. That may change in the future, if there's an obligation that Momentum may have a requirement, but at the moment, no.

Mr DUIGAN - You're happy with that?

CHAIR - Yes. Minister, how do you believe REGOs will incentivise renewable investment in Tasmania? Hydro sort of indicated that they're not looking at engaging in that space at this time. It's voluntary. How do you think it's going work? How is it going to work, and will it incentivise renewable investment?

Mr DUIGAN - Well, that's what it's designed to do. Yes. I would see it having a role there, I certainly would.

Ms WATSON - May I add one aspect, minister?

Mr DUIGAN - Yes, please.

Ms WATSON - Just as LGCs give renewable energy generators a second source of revenue for all their megawatt hours of generation, REGOs will do the same. That's how it supports investment in renewable energy generators, because they can get another income

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stream over and above what a non-renewable generator would be able to earn for their megawatt-hour of electricity. Richard, you're good on this, this is your -

Mr BOLT - Yes, in short. Is your question going towards if we enter into a PPA?

CHAIR - Yes, So Hydro, I don't appear - yes that's right.

Mr BOLT - So would we kind of enter into contracts for REGOs from wind and solar providers and then onsell it?

CHAIR - Yes.

Mr BOLT - I would have thought hypothetically, yes.

CHAIR - But that's not what's being considered at the moment?

Ms WATSON - I would have thought as part of buying the energy from that - so if we enter into a PPA with a new renewable energy developer, I would expect we would buy all their output, the energy and the REGOs that attach to it. Sorry, I should have made that clear.

CHAIR - That will be part of it? That will be part of the agreement?

Ms WATSON - Yes.

Mr PETERS - I think there's probably a timing issue as well. When the large-scale generation certificates - when they finish in 2030, the REGOs may take their place, but in the immediate future, most of the REGOs are aimed at high-intensity emission projects until 2030.

CHAIR - But after 2030?

Mr PETERS - After 2030, that's meant to be scaled back, then it could be open to other market providers as well.

CHAIR - Yes, okay.

Mr PETERS - At the moment we sell some LGCs to some of those other market providers, and depending on what happens with the renewable energy target, if LGCs disappear altogether, that may well be replaced by REGOs.

CHAIR - That hadn't quite crossed my mind. You do actually sell LGCs to Momentum, or do you just give them to them?

Mr PETERS - We pass them through to Momentum at a pass-through cost, so they do pay for them.

CHAIR - So it appears on your financial reports as well as theirs?

Mr PETERS - Yes, absolutely.

CHAIR - Yes, sure. So the REGOs would be the same if you were doing that, surely.

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Mr PETERS - If that same mechanism existed, yes.

CHAIR - Yes. Do we know exactly what the mechanism is?

Mr PETERS - At the moment with the REGOs, though, it would be more for our major industrial customers in Tasmania until 2030 or other major industrials across Australia.

CHAIR - Yes, but beyond that, beyond the 2030 when it -

Mr PETERS - It depends what they do with the legislation, to be honest.

CHAIR - Right. So there will need to be legislation changed to broaden it out, if you like?

Mr PETERS - At the moment they're saying it's for large industrial customers, so subject to how they decide to legislate that into the future.

CHAIR - Okay. Could I ask a question about the revaluation of your assets. I noticed that the company revalued the Hydro generation assets upward by \$380 million during this last year, when operational profit was \$7.5 million against finance expenses of only \$2.5 million. The revaluation was based on assumed annual generation of 8689 gigawatt hours, yet inflows were 6200 gigawatt hours in 2023-24 and 6700 gigawatt hours in 2024-25. For years the valuation was based on inflows of 8900 gigawatt hours, I think you said around 9000 previously. That's the figure I've got. It's only a minor reduction. Can you provide the valuation report and methodology that sits behind that revaluation?

Mr PETERS - Through the minister, I can talk through the valuation. We have a number of what we call a long-term price model that feeds through into our asset revaluation model. That long-term price model, as I said before, is - we tested against other models in the market to see - against the ISP, et cetera, to see whether we're on track. That model then feeds through into the asset revaluations. The asset revaluations are a look-forward model, so they are things that we think are going to happen into the future, effectively moving forward, not looking back.

Even though we may have had a poor result or there may have been lower generation, we have a number of assumptions that play into that model around generation and inflows, what we think the price curve is going to do, that forms the basis of how those assets are valued. So, when we talked about the upflow of revenue from Marinus Link, as an example, what the revaluation of those assets does is a reflection of those increases in revenue into the future as well.

CHAIR - What electricity price assumptions were used?

Mr PETERS - The first three years are based on market and after that it's based on our long-term price model. That long-term price model we vet against other models.

CHAIR - Long-term being?

Mr PETERS - Up to 2050, I think.

CHAIR - So, there's still a lot of unknowns in that, obviously. Is it likely we will see another revaluation in the future, if there's more clarity around what prices are going to do,

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particularly as coal-fired power stations are withdrawn and additional renewable energy enters the market?

Mr PETERS - Under the accounting standards, we have to look at the valuation of those assets every year. We will test the value of those assets up and down, depending on what the models tell us. So, every year, when we roll that model forward, we have new information around - whether it's coal closures, new VRE coming into the market or any other things. So, those other assumptions go into that model and are stress tested.

CHAIR - So, even though, essentially, last year the profit was very minimal, the assets were still valued considerably higher. Can you explain how that comes about?

Mr PETERS - The valuation of the assets looks forward. It's what we think the values of those assets are going to be in the future.

CHAIR - In the future, you have to revalue every year?

Mr PETERS - Yes.

CHAIR - So, you did a revaluation for 2025-26?

Mr PETERS - So, we take a valuation of the assets, but that valuation is based on the long-term value we think we're going to get out of the assets, not looking backwards. So, it's looking forwards.

CHAIR - Acknowledging that the year we're in now is going to have some particular challenges, they could see a change in this valuation?

Mr PETERS - The valuation's only done once a year per the accounting standards. So, depending on how this year goes, that may impact it, but again, it's a forward-looking model for the valuations.

CHAIR - Okay, so what you think the prices are going to do, et cetera?

Mr PETERS - Exactly.

Mr BOLT - Through the minister, it's a difference between a very short-term excursion and a much longer-term view - and one that's been disadvantageous. Overall, we have a positive output of our prices, but there will be ebbs and flows in that period.

Mr DUIGAN - Chair, I have some additional information regarding the Tamar scheme to provide, where I was talking about my memory and things that I remembered. For a bit of context, the business case for the Tamar water scheme was received from Tasmanian Irrigation late October. The departments of NRE and Environment Tasmania, Treasury, and ReCFIT are still reviewing it and preparing advice and we want to -

Ms O'CONNOR - Advice to Hydro or advice to you?

Mr DUIGAN - Advice to me, yes. We want to see the most efficient and appropriate solution for Bell Bay green hydrogen hub at the same time as helping secure the prospects of

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the proposed Tamar irrigation scheme for agriculture. This is why amendments were made to the legislation to allow for Tasmanian Irrigation to supply water for irrigation and industrial production. The planning is for 9 gigalitres, that is 9000 megalitres, of industrial water for hydrogen production. The scheme is also being planned for 8500 megalitres of summer irrigation water with an expectation of 3000 megalitres in winter.

By comparison, Hydro Tasmania discharges an average of 1400 gigalitres of water annually from the Trevallyn power station into the Tamar River and Hydro has advised me it can sustainably supply this through natural inflows from Great Lake releases. As I said earlier, the volume of water for the whole scheme, including hydrogen production, represents less than 2 per cent of the total water volume that would normally flow through the Trevallyn power station annually.

Ms O'CONNOR - Thank you.

Mr WATSON - Chair, might I also add some clarification on the earlier questions on catchment and algal bloom? We have previously undertaken catchment-wide environmental reports for South Esk, Great Lake and the King-Yolande, Mersey-Forth, Derwent and Anthony Pieman. Gordon's the only catchment that has not had a review as it was comprehensively examined through the Basslink Approval Process.

We have updated our approach on catchment-wide environmental reviews. We now engage with the community across a range of methods on an ongoing basis and we have baseline monitoring programs to monitor the ongoing health of our environment.

Ms O'CONNOR - Can I just check, chair, and through you minister, just to clarify, is Hydro Tasmania updating those catchment environmental reviews? Is it a rolling process of monitoring and assessment or is it something that was a set and forget?

Ms WATSON - I think it's the middle option. I wouldn't say it was a set and forget. What I understand is that we took baseline and now we're monitoring from that on an ongoing basis. Richard, is that your understanding?

Mr BOLT - There has to be a review -

Ms O'CONNOR - Can I just double check what was the baseline? Sorry, Richard, but what was the baseline? When was the baseline?

Ms WATSON - I don't know when exactly each of these catchment-wide reports were done. I imagine they were done over a series of time.

Mr BOLT - Let's get some clarification on this point. I'm reading this to mean that we've done reviews subsequent to the Basslink event that I mentioned earlier where there was a baseline done with all catchments other than Gordon. I will get a clarification of that.

Ms O'CONNOR - Can I check on the Gordon process. Was it said that there's not been an environmental review done of that catchment?

Mr BOLT - Since the Basslink examination.

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Ms O'CONNOR - So, 25 years.

Mr BOLT - But, as you heard earlier, we've certainly done work in relation to the impact of flows on Macquarie Harbour's oxygen levels and, therefore, on the skate. How we reconcile these points, I think I need a little more clarification back from the team. That was done in 2024 from the memory of that earlier answer. I can have a look at that now.

Ms O'CONNOR - Yes, thanks. That would be good. If you do have any more information to provide to us that would be helpful because, when did Basslink come online 2000, was it roughly?

Mr DUIGAN - 2005.

Ms O'CONNOR - It's a 20-year-old cable and it sounds like a reasonable amount of the environmental review work that Hydro has done on catchments, notwithstanding the single catchment that was assessed for the Basslink project, is not necessarily up to date.

Mr DUIGAN - My understanding, and I would stand to be corrected, was that there was a whole-of-catchment, a whole-of-state work done ahead of Basslink.

Ms O'CONNOR - For all those catchments.

Mr DUIGAN - That would be my understanding. As I say, I stand to be corrected.

Ms O'CONNOR - Related to that, of course, is what kind of environmental reviews have been undertaken of catchments ahead of Marinus?

Ms WATSON - The catchment work that was done ahead of Basslink was because we were entering into a new market, effectively, and operational controls were then put on several of our major power stations as a result of that work to make sure we could operate within the demands of the new market we were entering.

All the modelling that's been done for Marinus Link that we provided to underpin the whole-of-state business case assumes we continue within that same operating regime. So, we are not assuming a change to the way that we operate the major power stations as a result of Marinus coming on.

Ms O'CONNOR - Okay. Through you, minister, can we take from that the hydrological modelling that Hydro is relying on to underpin Basslink is not dissimilar from the hydrological modelling that was undertaken, sorry - so, the modelling that's being relied on for Marinus is not dissimilar and probably the same modelling in some ways that Hydro relied on for Basslink; 20-year-old modelling?

Ms WATSON - Could I make a distinction, if I may, minister, between the modelling and the operating regime that we put in place in response to that, which then determines how the hydrology will work going forward? So, yes, modelling was done prior to Basslink and that resulted in new operating regimes being put in place. For example, we actually did a re-regulation pond below Poatina power station to manage the change in flows.

Ms O'CONNOR - This is 20 years ago?

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Ms WATSON - Yes.

Ms O'CONNOR - Okay.

Ms WATSON - And Gordon, we put in place environmental flow controls as the power station ramps up and down. The difference is that we're not changing any of that in a Marinus world. We're assuming we are still going to run according to the same operational controls and they still remain valid today.

Ms O'CONNOR - Isn't the capacity of Marinus significantly larger than Basslink? How can you assume that the operational system will be the same if we're potentially exporting more at any given time?

Ms WATSON - If I may, minister. So, Marinus doesn't actually change the physical system on our side. It doesn't change our capacity or our capabilities. The hydropower system itself remains the same and we plan to operate it within the same operational parameters that we put in place 20 years ago. So, adding another interconnector doesn't change our storages, it doesn't change the rate of flow. The system itself remains constrained by how much runoff we get into our system. So, we're still going to operate according to those parameters that have been put in place.

Ms O'CONNOR - Okay. Through you, minister, when you talked earlier about updated work on the environmental catchment reviews, can you confirm that that's a rolling body of work on Hydro's part? So, original information that was available to Hydro on its environmental catchment reviews is living information, it's being updated or - I didn't quite establish that it wasn't a set and forget?

Ms WATSON - Yes, my understanding is that we've got ongoing environmental monitoring programs. I don't actually know the detail of them. If we can get some more detail -

Ms O'CONNOR - Could I add, through you, minister, that is a reasonable question to take on notice, information about ongoing environmental catchment monitoring.

Mr DUIGAN - No problem.

Ms O'CONNOR - Thank you.

Ms WATSON - Could I quickly go back to the algal bloom point as well? We have been reminded there was a further algal bloom in 2024, which was in Lake Trevallyn in early February. That triggered an alert mode, which triggered additional sampling, which then showed the concentrations had returned to what we call surveillance mode. So, the bloom was non-toxic.

Ms O'CONNOR - Okay, and that's the last blue-green algal bloom that Hydro's been aware of, or confirmed the existence of?

Ms WATSON - Early February, Lake Trevallyn, yes.

Ms O'CONNOR - Early February 2024.

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Ms WATSON - Yes.

Ms O'CONNOR - Okay. Have there been blue-green algal blooms in the Derwent catchment that you know of?

Ms WATSON - I'm not aware.

Mr BOLT - Again, I don't recall.

Mr DUIGAN - I can't think of one at Meadowbank.

Mr BOLT - But if there are, we will correct that advice.

Ms O'CONNOR - Okay, thank you.

CHAIR - Can I go to some questions about the ministerial charter? The principal purpose of Hydro Tasmania performing its functions is to support the lowest possible power price of Tasmanians, and enable economic growth and job creation in Tasmania. Can Hydro Tasmania demonstrate how they've met these objectives when making commercial offers and what would be the revenue impact for Hydro Tasmania, say, if 50 per cent of its MI revenue was lost in the period before Marinus Link is commissioned?

Mr DUIGAN - Sorry, can I hear the last bit of the question again?

CHAIR - Yes. How is Hydro meeting requirements or the expectations? What would be the revenue impact for Hydro Tasmania if 50 per cent of its major industry revenue was lost in the period before Marinus Link is commissioned?

Mr DUIGAN - Okay. In terms of meeting its obligations around lowest power prices for Tasmanians, I think we would point to the fact that Tasmania has the lowest regulated power price of any state in the country. Hydro plays no small part in that, obviously, as the generator of the very large part of our power. I regularly ask Hydro to look at its operating budget, to spend the money it spends prudently. We make no apologies for that and I think Hydro is a well-run business. It's a big business and it has lots of very capital-intensive assets and we're seeing a period now where some of those assets require substantial investments. There's some tension in that piece. In short answer, I would point to the fact that we have the lowest power prices.

In terms of supporting jobs and industry in the state, we've seen Hydro engaged with for example, Bell Bay Aluminium for the last six years, and very intensively for the last 18 months, in order to try to get a contract there that serves the interests of both parties. That's challenging and we're seeing that not just in Tasmania, but more broadly across the country.

Also, Hydro out in the market looking to partner with new generation in the state and we know that having - we expect to see our economy grow. We expect to see electricity demand grow and we need to be able to meet that demand.

CHAIR - Could I go back to my question?

Mr DUIGAN - Yes, no, well, that's supporting - in very real terms, that's supporting jobs and economic development in the state in very real and measurable ways.

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CHAIR - So the question?

Mr DUIGAN - The question was?

CHAIR - What would be the revenue impact for Hydro Tasmania if you lost 50 per cent?

Mr DUIGAN - I would need to defer to Hydro who potentially contemplate such matters. I would say, from the government's perspective, we are very wed to our major industrials and we see a future for them here in the state.

Mr PETERS - The question is what would Hydro do from a revenue perspective?

CHAIR - Yes, if it lost 50 per cent of the major industries.

Mr PETERS - I think there's a number of things. One is it would create an opportunity for more energy and storage, but it'd also create an opportunity for what we can do with exports over Basslink. Then, from a government point of view, there's an opportunity of what other new load could come into the state.

CHAIR - So it wouldn't be the end of the world as we know it then?

Mr PETERS - From a Hydro point of view, there are different opportunities.

CHAIR - Yes, that's only from a Hydro point of view.

Mr DUIGAN - It's a broader conversation than that.

CHAIR - Minister, can Hydro Tasmania demonstrate their cost of production is comparable to other similar hydro operations from other jurisdictions? Alternatively, how can Hydro Tasmania remove doubt that MIs and consumers are paying higher prices to make up for inefficiencies?

Mr DUIGAN - Again, as I say, we do focus heavily on the cost of running the business and it's something we talk about often. In terms of how Hydro would benchmark against other such entities, I suspect we would go well in like economies - we might be somewhat more than lower cost economies, if you put it that way. Happy for the chair or Rachel to speak to that.

CHAIR - How can you demonstrate your cost of production is similar to other hydro operations?

Mr BOLT - Benchmarking is always fraught, but back to the minister's point, we're constantly seeking to be efficient operationally, the investments we make. We're also somewhat blessed, and Tasmania's blessed, by the fact that we don't have the very large investment program to replace what's already there, which is of course a mainland state challenge that Hydro will actually benefit from, as distinct from having to pay the price of. That, I think, will continue to make our costs competitive in the environment that we're actually trading in.

Whether we have any more that we can say about comparable jurisdictions - it's a difficult one to get. I've asked the question, but it's a difficult benchmark to obtain, as I said before. I'm not sure whether we can add much to what I've just said. Tim, anything you can add?

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Mr PETERS - Not specifically, chair. I think there are different benchmarks, but it's a little bit harder to compare, given the spread of our workforce across the state and some of the different locations that they work in.

Mr BOLT - Things like the sheer spread of our assets is one example. I'm not here trying to say it's all very hard because it's actually done very well. But, we have an asset age, profile, size, location and all those things, which simply aren't comparable to anybody else. Take Snowy Hydro as an example, has a far smaller number of assets. Therefore, while they're some things you could compare, there are many that you can't so readily do.

CHAIR - Do you believe you're being efficient - you're utilising every efficiency measure you can to reduce the price to the -

Mr BOLT - How we do that - we can speak to that endlessly, is constantly review - go through that gate and at a certain point the question will arise, is there enough value to proceed to the point of construction? We have not reached that point yet, but to do that requires further work on costs and on the revenues that would arise and other benefits as the ministers outlined before.

That of course, ultimately, has to pass the test of this parliament. You have to be satisfied of that as well. We are well aware we're operating under scrutiny; we welcome that. It's good discipline on decision-making if we want to proceed then it's got to pass the judgment of many wise people who we've got to convince, if we're convinced, that it's worth doing, and we're not at that point yet.

So far, all the evidence would say that there is substantial value in both projects, but that's only at a point in time. There's more to be done. Ultimately, the government has to consider the other financial consequences for it, judged across everything else it has to spend on and its other sources of revenue. Is it worth it's while, endorsing that we proceed on that basis? I don't know if that answers your question adequately, but we're very - I just want to make it very clear we're watching this like a hawk.

CHAIR - There's other people besides me who are very interested in this, obviously.

Mr BOLT - Naturally.

Mr DUIGAN - Hydro assets have always been big investments for Tasmania. They were big investments back in the day and they remain that now. They have served us well and I think broadly, as a government, we would say we suspect they will into the future.

CHAIR - In light of the gauging assets of the dam infrastructure, et cetera, the challenging year you've just had, the challenging year you're in, and the need for ongoing capital expenditure or upgrades to some of these really critical assets, will there be enough money to do it or are you likely to need additional support from government moving forward? That's really a matter for the board, not you minister, because he will be asking you if he needs it.

Mr DUIGAN - Far be it from me to stand in the way of the board, chair.

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Mr BOLT - Thank you, minister. As I said earlier, we're in a phase now where the period in which the assets that were put together, in what is one of the world's extraordinary hydro systems, are getting to the need for substantial refurbishment. We're doing that. That's a major project of itself.

If we proceed with one or both of the major projects that are now also being developed and have considerable merit at this stage, that would necessarily require additional investment and would incur substantial further debt. Government would need to be comfortable without having been done. Taking the very long view though, that debt will pay its way or else we wouldn't be proposing to do it.

CHAIR - You will be going to TASCORP, though, for additional debt? Or would you go to the government first for some financial assistance? Would focus on increasing your debt?

Mr BOLT - Well, the financing of this is something we'd clearly reach a position with government on. I'm not foreshadowing what that position is at this point. We haven't got to the point of, is it worth doing such that. That would be part of any decision to proceed. Were there a decision to proceed, it would clearly come with a financing strategy and the mix of equity and debt that would fund that would obviously be in play at that stage.

Mr PETERS - If I may, minister, there's a number of questions that we'd like to follow up on, if that's okay.

Mr DUIGAN - Yes, great.

Mr PETERS - The algal bloom: there were no algal blooms in the Derwent. In response to the workers compensation claims, there was one vehicle related to soft tissue body stress, three falls, two hands, one mental health, and one dental injury.

Ms WATSON - And because that adds to more than eight, there were eight in Tasmania, plus two in Victoria, just to clarify.

Mr PETERS - I don't know if I can do maths.

CHAIR - Aren't you the CFO?

Mr PETERS - I have a lot of people who can help me.

Mr BOLT - I can vouch for our CFO's capacity to count shares.

CHAIR - I can't add up in my head either.

Mr PETERS - In regard to the catchment reviews, all the environmental reviews are on the Hydro Tasmania website with the dates that they were completed. Hydro's work with the Scientific Reference Committee to refine the controls based on the monitoring results.

Ms O'CONNOR - Can I check on that? So that's when the environmental reviews were completed, but the question was about whether they're set-and-forget and what work is being undertaken to update those catchment reviews. I'm not sure there is much -

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CHAIR - Can we let him finish his answer, please, because we're running out of time.

Mr PETERS - We have an ongoing aquatic monitoring program that happens yearly, so that will move between the different catchments.

Ms O'CONNOR - Does that attach to the environmental review work, or is it another separate body of work? Do they speak to each other?

Mr PETERS - I will need to get that information.

Ms O'CONNOR - Sorry.

Mr PETERS - That's alright.

Ms O'CONNOR - Sorry, not sorry.

CHAIR - Is there anything else that you wanted to provide?

Ms WATSON - Yes. The proportion of imports versus generated on-island - there was a question earlier about that. You wanted to know the last three years. For FY23, we generated 84 per cent and imported 16 per cent; for FY24 we generated 79 per cent and imported 21 per cent; and for FY25 we generated 73 per cent and imported 27 per cent. That's just the three-year snapshot. The 10-year average was we generate 86 per cent and import - it says here 16, but if my maths is correct that should say 14 per cent - one of those two numbers might need to be adjusted.

Mr PETERS - That wasn't my team.

Ms O'CONNOR - Thank you for that. Is it possible to have some clarity on the question about environmental catchment monitoring? I still haven't really got to the bottom of whether there's any revised work?

CHAIR - Put it on notice and see what they can provide. We do need to wrap up. We've got another one -

Ms O'CONNOR - I understand that - can I just finish the sentence? There's no clarity yet on whether there's ongoing work on environmental catchment management and it would be a good question to have answered.

CHAIR - Are you happy to follow up with that, minister?

Mr DUIGAN - Sure.

Ms WATSON - I think we will find the right way to provide that information, yes.

Ms O'CONNOR - Thank you.

Mr DUIGAN - Anything further? No? All done.

PUBLIC

CHAIR - We will write to you on those couple of outstanding matters. I appreciate that you will provide what you can, that's the situation.

We thank you for your time today and look forward to seeing you back in 15 minutes. The rest of the Hydro team can go.

The committee suspended from 3.32 p.m. to 3.45 p.m.