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THE PARLIAMENTARY JOINT SELECT COMMITTEE ON ENERGY MATTERS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON FRIDAY 20 MARCH 2026.

TASMANIAN GOVERNMENT

The Committee met at 11.30 a.m.

CHAIR - Thank you, Minister, I know that you are acting in the capacity as Energy Minister at the moment for appearing for the Energy Matters Committee. However, the matters we want to inquire into in this hearing particularly relate to the Whole-of-State Business Case and the final investment decision, and we do remember that you were minister at the time and before the election the Committee was going to have some briefings on the Whole-of-State Business Case et cetera. It is good that you're here. It's quite helpful in that regard. We do have quite a few areas we want to get through. We have limited time, obviously, so we're hoping that if there are other questions that we don't get to, you'll be happy to take some on notice.

I don't think I probably need to remind your people at the table about parliamentary privilege, how it applies, but if there is anything of a confidential nature you wish to share with the Committee, you can make that request. Otherwise, it is all public. If you're happy to proceed, I'll ask you to get the members of your team to take statutory declaration and then invite you to make some opening comments.

Mr BARNETT - Thanks very much for having us. It's a privilege and an honour to be here today before the Committee, and perhaps if I could firstly introduce members as you've asked. Vanessa Pinto, Deputy Secretary of Renewables, Climate and Future Industries Tasmania (ReCFIT); Sean Terry on my left, Executive Director of Energy ReCFIT; and Adrian Christian, Director of Energy within ReCFIT.

Ms VANESSA PINTO, DEPUTY SECRETARY, **Mr SEAN TERRY**, EXECUTIVE DIRECTOR ENERGY, and **Mr ADRIAN CHRISTIAN**, DIRECTOR, DEPARTMENT OF STATE GROWTH, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Thanks, over to you, Minister.

Mr BARNETT - Thanks very much, Chair. Certainly, since May 2025, we've made substantial progress in delivering on Tasmania's energy future, most notably the positive financial investment decision taken for Project Marinus in July 2025. Over the next decade, Project Marinus is expected to generate up to \$4.4 billion in economic activity, support more than 2000 Tasmanian jobs at peak construction. Project Marinus will strengthen regional economies, particularly across the north-west and create enduring capability in engineering, transmission and clean energy delivery.

As stated in the Project Marinus Final Investment Decision Assessment report there is a 'modelled average annual increase in returns from Hydro Tasmania to the Government of \$470 million compared with no-Marinus'. I'm confident Project Marinus will deliver long-term economic and energy security benefits for Tasmania. These benefits are on the public record and are outlined in the publicly available financial investment decision (FID) assessment document. Government's FID assessment and the whole-of-state business documents were

instrumental in informing the government's FID decision last year. Understand that in the interest of transparency, these documents, along with other confidential documents have been made have been provided in-confidence to the Committee.

Marinus Link, TasNetworks and Hydro Tasmania were consulted by the state during the preparation and release of the FID documentation and through that process have seen certain limited, unredacted material that is sensitive or commercial-in-confidence. Should the Committee wish to discuss matters that are not in the public domain, we would welcome the opportunity to do so in camera session in the normal way. Whilst Marinus is essential to Tasmania's energy future, it is only one part of a broader transformation underway across Tasmania's energy system.

We've secured our first Capacity Investment Scheme project at Bell Bay, strengthening Tasmania's contribution to national energy reliability and have tasked Hydro Tasmania to bring on 500 megawatts of new renewable energy generation by 2030. We're progressing the Tasmanian Green Hydrogen Hub with commitment deeds signed and enabling infrastructure advancing. Hydrogen and future fuels present opportunities for regional industry, low-emissions manufacturing and export diversification. We're getting on with the job and construction, and Project Marinus will commence in 2026.

Finally, I'd like to touch on fuel security, a topic that has been front of mind for me this week following recent global events. I recognise that the fuel situation is causing anxiety across the Tasmanian community and assure you all that the Tasmanian Government is continuing to monitor this situation very closely in conjunction with the federal government who has primary responsibility. I'm receiving daily updates from ReCFIT on the situation, and we are working closely with the Australian Government at multiple levels. This includes the National Cabinet which was held yesterday in Hobart with the Premier, Prime Minister and others, the National Energy Ministers subgroup and the National Oil Supplies Emergency Committee. This afternoon I'm meeting in the Energy Ministers Ministerial Council meeting. The Premier and I have also convened two industry roundtable briefings with a third scheduled for this Monday the 23rd.

Currently, Tasmania's fuel supplies remain secure. Tasmania remains well connected to Australia's fuel supply system and fuel continues to move through established supply chains. The Tasmanian Government will continue to work with the Australian Government and industry to ensure Tasmanians remain informed and that fuel continues to reach our communities. I've written to Minister Bowen on this matter. I've also written to the chair of the Australian Competition and Consumer Commission (ACCC) to emphasise the need for extra vigilance on price gouging and anti-competitive behaviour and for businesses to be reminded of the penalties. We are directly engaging with the federal government to approve an expedited process for strengthening ACCC powers and penalties. I've written to the federal Treasurer accordingly.

With me at the table, I have the Tasmanian Director of Energy Planning and would like Sean to provide a brief update to the Committee about Tasmania's current fuel security. Of course, this is an important matter and Sean does have some limited time.

In conclusion, I just wanted to indicate I'm here today, obviously as Acting Minister for Energy and Renewables on behalf of Minister Nick Duigan, who's been doing a great job in that role. It's an honour to be back in that role as Acting Minister for Energy and Renewables.

I thank the Chair and the Committee. I would be pleased if Sean Terry could share some remarks about fuel security in Tasmania.

Mr TERRY - Thank you, Deputy Premier. Chair, members of the Committee, my name is Sean Terry and I hold the statutory role of Director of Energy Planning for Tasmania under the *Energy Coordination and Planning Act 1995*, which includes responsibility for energy security among other functions. Thank you for the opportunity to provide an update on fuel supply impacts for Tasmania following the outbreak of conflict involving the United States, Israel and Iran and the effective closure of the Strait of Hormuz. This event represents one of the most significant global energy disruptions in decades, with direct and indirect implications for Australia and particularly for Tasmania as a geographically isolated import dependent state.

The Strait of Hormuz is a critical global energy corridor carrying approximately 20 per cent of the world's oil supply. Its closure has had immediate global impacts, including a sharp increase in oil prices, now around US \$110 per barrel, and disruptions to crude oil flows into Asia. While Australia does not import large volumes of crude oil directly from the Middle East, the key issue is upstream dependency. Australia imports approximately 85 to 90 per cent of its refined fuels, primarily from Asian refineries, alongside limited domestic refining capacity in Geelong and Brisbane. These refineries rely heavily on Middle Eastern crude passing through the Strait of Hormuz. As a result, disruptions to global supply chains are flowing through indirectly to Australia and Tasmania by reduced refinery output and increased costs.

At a national level, the situation is currently stable. Fuel stocks remain at normal levels. As of 10 March 2026, stocks held under the minimum stock holding obligation were equivalent to approximately 37 days of petrol, 29 days of jet fuel and 30 days of diesel supply at normal consumption rates.

The Australian Government has announced a number of measures to support fuel supply and market stability. These include a temporary 20 per cent reduction in the minimum stock-holding obligation for petrol and diesel, excluding jet fuel, releasing up to 762 million litres of additional fuel to the market; temporary amendments to the fuel quality standards until 31 May 2026; and allowing an additional 100 million litres per month of Australian refined petrol to enter the domestic market. Yesterday, the Prime Minister announced the establishment of a Fuel Supply Task Force to strengthen national coordination on fuel security and supply.

As the Deputy Premier said, Tasmania remains well connected to Australia's fuel supply system and fuel continues to move through established supply chains. However, we remain mindful of Tasmania's potential exposure. The Premier has requested myself, as the Director of Energy Planning, to provide ongoing visibility of fuel stocks across the state, including trends, constraints and emerging risks. This will ensure we are well placed to respond to potential supply disruptions should they arise in the longer term.

Tasmania relies on a regular shipping cadence to our five fuel terminals located at Burnie, Devonport, Bell Bay and Hobart, which has two terminals. Each terminal is typically restocked at least once a month. Combined, these terminals have an installed storage capacity of approximately 63 megalitres of petrol, 78 megalitres of diesel and 6 megalitres of jet fuel. I stress, at full capacity, these storage facilities represent about 57 days of petrol and 39 days of diesel based on normal consumption patterns. Terminals are resupplied on a roughly 28-to-35-day cadence and therefore exact stock holdings will change on a daily basis.

In the first week following the onset of the conflict, we observed some localised demand-side pressure. This was driven by increased purchasing behaviour, including stockpiling in response to concerns about supply and price increases. Importantly, we have not observed any disruption to the physical fuel supply system. The most immediate impact has been at the petrol pump: since the outbreak of the conflict, average unleaded petrol prices have increased from approximately \$1.75 to \$2.36 per litre and diesel from \$1.86 to \$2.73 per litre.

Looking ahead, the key risk for Tasmania is a prolonged disruption to global oil supply from the Middle East. There are early indications of reduced crude supply to Asia, some reduction in refinery output and emerging signals that some countries may consider export restrictions. In response, ReCFIT is liaising daily with fuel companies operating in Tasmania to monitor stock on hand, shipments in transit and forward supply arrangements to support planning and coordination.

In summary, Australia and Tasmania are not experiencing a fuel shortage in the immediate term. However, the system is becoming more constrained, more expensive and increasingly reliant on active coordination. ReCFIT has established working groups and is working across government to ensure a coordinated whole-of-government response. We continue to monitor and manage this situation as a matter of urgency in the best interests of Tasmanians. Thank you.

CHAIR - Thanks. We do acknowledge that there's a large percentage of our energy requirements in Tasmania which don't come from electricity, and so we appreciate that update. Have any members got any particular questions on that?

Mr EDMUNDS - I'm a little bit interested in what you said, Mr Terry, about the coordination with the fuel companies. You said you're doing that daily, are you able to -

Mr TERRY - Yes. The key things for us to understand are stock on hand and stock in transit. We have escalated our active engagement with those companies to make sure we're getting more timely and more accurate information. We don't have complete information at the moment, albeit we are progressively working through that with the fuel companies. We're also engaging with the Commonwealth, who have had, I suppose, more regular monitoring through the national arrangements. So, we're getting better information, but we don't have full information at the moment.

Mr EDMUNDS - Minister, you talked about the price gouging, what specifically is the Tasmanian Government doing around that?

Mr BARNETT - Thanks very much. It's clearly a federal government responsibility and specifically a matter for the Australian Competition and Consumer Commission. That's why I proactively wrote to the head of the ACCC and with respect to price gouging, with respect to anticompetitive behaviour, with respect to any false and misleading advertising or marketing, to alert them to be particularly active and proactive in that space to protect Tasmania's interests. We want to ensure that there's a level playing field and there's a fair market that's operating in Tasmania. That's why I wrote to the ACCC. It's clearly a matter for them. You've seen in the last 24 hours they've been more proactive and in the public arena in terms of a number of the larger oil companies, that's a matter for them. We obviously wanted to protect Tasmania's interests and that's why I wrote on behalf of the state government.

PUBLIC

Mr EDMUNDS - So no direct sort of Tasmanian Government involvement in any of any of that? I've just seen some other states have put their consumer watchdogs on alert or, you know, their consumer affairs advocates.

Mr BARNETT - Yes. We are absolutely on alert in Tasmania. As the Director of Energy Planning has outlined, the daily monitoring is underway and has been increased.

Mr EDMUNDS - In terms of price gouging, has any of the Tasmanian Government's resources been put into monitoring or being a watchdog on potential gouging occurring?

Mr BARNETT - Yes, we are more alert to that than ever before. We're obviously aware of, and fund, the FuelCheck app; and we encourage Tasmanians to avail themselves of that, and the RACT fuel check app [Fuel Saver app], to get the best deal possible in their area. My office is now getting daily updates through the Director of Energy Planning, and the Premier and I have hosted two industry forums, and another one scheduled for Monday. We've got an Energy ministerial council meeting this afternoon. As I've indicated, I've written to Chris Bowen, the federal minister. I've written to the federal Treasurer as well. We are concerned, and we need to do everything possible to protect Tasmania's interests and we are trying to be proactive and vigilant accordingly.

CHAIR - Can I follow that up? I mean, the fuel watch thing is not a great help for people on King Island, for example, where you don't have a lot of options to shop around. The fuel over there is only delivered - I'm not sure how often it is now - but has there been any attention paid to the prices on our islands, perhaps, where they get a delivery that would have been at the previous price before the escalation to see what's happening there, because I am hearing that that's perhaps not being done.

Mr BARNETT - Yes, that's obviously been brought to my attention and our attention, as a government, particularly on King Island, but also Flinders Island. We've certainly received advice and feedback from the director of Energy Planning, but in terms of the details around that, it's probably best for me to pass to the director.

Mr TERRY - I might just add one comment to my previous answer to Mr Edmunds: I've also written to the fuel companies exercising my statutory powers under the *Energy Co-ordination and Planning Act* to request information from those fuel companies, in terms of stock holding, stock in transit, and forward orders. In respect of the Bass Strait islands, we're primarily focused on fuel certainty to the islands, so we've been liaising with TasPorts to ensure that there's reliable and secure fuel supply.

In terms of price impacts: at this stage I've been directly liaising with the executive director of Consumer, Building and Consumer Affairs (CBOS), who's responsible for Tasmanian consumer affairs. They've been representing us at the ACCC meetings. They're certainly aware of what's happening at the national level. In terms of ReCFIT, we've been monitoring those prices, but we are liaising with consumer affairs to be more involved in some of those - getting a greater understanding of some of those potential commercial arrangements.

CHAIR - Is it then CBOS who would actually look at what's actually happening on the Bass Strait islands, in terms of price?

Mr TERRY - In terms of pricing, commercial behaviour: yes. We are liaising with those, but it's not my area of expertise. I suspect most of those issues will be dealt with by the ACCC, using their competition and consumer affairs powers.

Mr EDMUNDS - With FuelCheck, how often is that updated, and how confident are you in the figures that are on the website or the app?

Mr TERRY - Once again, that would be best directed to consumer affairs, they're responsible for maintenance of that app, and we have been liaising with them. I'm aware New South Wales are updating their app to talk about fuel availability as well as pricing. So, we've been liaising with our consumer affairs about what's possible. As I understand it, our FuelCheck app is based off the New South Wales platform, so we are liaising with consumer affairs about what's possible in that regard.

Mr BAYLEY - Just quickly, Minister, to you: acknowledging that this is probably slightly outside the portfolio, but this is obviously going to put significant impacts and pressures on families and people who look for alternatives. Can you tell us anything about what the government is doing, I guess prompted by this crisis, around cost-of-living issues, public transport, for example, and the like, in terms of electrification of - how is this changing your thinking and are you taking active steps to assist people as we progress through this crisis?

Mr BARNETT - Thanks very much for the question. It's a very valid question. Cost of living, cost of doing business are the top priorities, frankly, in Tasmania for Tasmanians, families, businesses and the like. The increased spike in fuel prices - petrol, diesel, obviously jet fuel - has already started to flow through to consumers, but certainly to those in the middle of the supply chain. It has, and will, have a flow-on effect. It's obviously a concern for not just the Tasmanian Government but the federal government, and it's primarily a matter for the federal government, but we are very actively involved. That's why the Premier was with National Cabinet yesterday lobbying for and on behalf of Tasmania.

Interest rates, likewise, are a big concern for Tasmanians and all Australians, and again, fairly at the feet of the federal government.

In terms of Tasmania, you'd be aware of the half-price bus fares through to 30 June this year. You'd be aware of our climate change plans -

Mr BAYLEY - Are you looking at continuing that as a result of this crisis?

Mr BARNETT - We are monitoring the concerns that are raised with us by the public. It's not just transport, of course. This is a serious issue and that's why National Cabinet was held yesterday. That's why I have an energy ministers meeting this afternoon, and that's why the government has been so proactive in establishing these industry working groups. We're getting feedback from them as well, for which I'm very grateful. Another meeting on Monday. That's why the Director of Energy Planning has been active, and the Premier has written to the director of Energy Planning to look at the options for Tasmania going forward, any contingency planning, looking at capacity issues, potential for increasing capacity. That letter was sent earlier this week. Of course, we're having regular meetings and I'm getting daily updates.

Mr EDMUNDS - Just back to the gouging, if that's okay. With regards to CBOS, I see in Victoria they're doing field inspections to monitor compliance. Is anything like that occurring in Tasmania?

Mr BARNETT - The director of CBOS had a meeting, I think it was 48 hours ago, with her colleagues interstate and at the national level with the ACCC. They are sharing information, monitoring it carefully and reporting back accordingly. We'll take whatever measures are necessary to protect Tasmania's interests. As I say, I've already written to the Chief Commissioner of the ACCC to ensure Tasmania's best protected.

Mr EDMUNDS - Do you know if any field inspections have occurred in Tasmania?

Mr BARNETT - I'm aware of the FuelCheck app, I'm aware of the RACT app, but I'd have to take advice from the director of CBOS and get back to you.

Mr EDMUNDS - So you're not aware that there's necessarily been any inspections to check the information on the apps?

Mr BARNETT - They're monitoring it very carefully at the moment.

Mr EDMUNDS - How are they monitoring it?

Mr BARNETT - I'd have to talk to them about that, in terms of that feedback, and happy to give you further advice.

Mr EDMUNDS - Thanks.

Ms FINLAY - Minister, the information that was provided before about our stock levels, and you talked about the five stores in Tasmania, then you talked about stock on hand and stock in transit, can I understand the levels that you talk about? Stock in transit implies on-island distribution. Does that also, as I understand it, include the ships that are arriving with fuel? Can you just explain to me how that works in terms of the days available, and whether the store levels you just outlined included the stores in transit on the Bass Strait, not just on island?

Mr BARNETT - Yes, thanks very much for that. It's probably more of an operational matter, but just to indicate, we'd get daily updates in terms of storage, in terms of fuel in transit. Thanks for the question on that. I think the Director of Energy Planning outlined how much is available in storage and then ongoing, but I think that's best for the director to answer more specifically. Thank you.

Mr TERRY - Yes, thank you, Deputy Premier. The numbers I referred to before were in relation to on-island storage, so that's essentially what's in the tanks at the terminals. The stock in-transit information we are seeking from the fuel companies refers to shipments. We haven't turned our mind to what you call lifting out of the terminals at the moment. That's basically how much the distributors are lifting on a daily basis to supply the retail outlets and all those customers. Our focus very much is understanding what stock on hand we have in storage and what is in transit by way of shipments. That is another issue we're trying to understand, that daily lifting from the terminals out to the end customer, essentially.

Ms FINLAY - Yeah, I appreciate that. The only reason why I asked is because, as I understand it, if I'm correct, with gas supplies for instance, the gas in the system is included in our storage levels when we're considering that. I wasn't sure, when you talked about distribution, whether you were talking about what was in the different tanks and on the roads in Tasmania - so, that's a separate volume?

Mr TERRY - Yes, that's right.

Ms FINLAY - I appreciate that clarification. Thank you. These opportunities are important to understand what's happening now, but also to learn a little bit on the system.

Mr TERRY - Absolutely.

Ms FINLAY - I had a second question as well about the priority of distribution. When you're considering the security of the supply in Tasmania, at what point would you make decisions, or do you already make decisions about the priority of distribution between domestic and industrial distribution of our on-island fuel stores?

Mr TERRY - We operate under the - I might not get the name quite right - Liquid Fuel Emergency Response Plan, and that has a number of defined levels. We're at what we call level 2 at the moment. That essentially continues to be an industry-led response to maintain the supply into the state and then how that's distributed within the state. Under a level 2 we increase our surveillance. As I mentioned, we're now actively engaged with the fuel companies on a daily basis. We increase our engagement with other parts of government, including the Commonwealth Government, and we also increase our communication. That's where we are: at level 2.

Beyond that - and I'm happy to take this on notice - but beyond that we have a number of other levels under our Liquid Fuel Emergency Response Plan. That, essentially, is a qualitative assessment about when you move through those stages. That will be based on number of inputs and various intelligence. Under that - and once again, I'd have to check the detail - I think it may be level 4 or level 5 - that's when we look at the possibility of restrictions. That will require a declaration by the Governor before we move into a period of emergency restrictions. We're already doing some contingency planning around what that would look like, but essentially we use that to guide our decision making. I'm happy to drill down in a bit more detail, but that's essentially the framework we operate under.

Ms FINLAY - That's great, thank you. We're aware, as a Committee, we've had evidence around the percentage breakdown of electricity and fuels and other energy uses in Tasmania. Within the fuels section in Tasmania, what is the breakdown between the percentage that is used domestically - fuel, so petrol and diesel, if you know the answer to both - and for industry?

Mr TERRY - Yes, once we are seeking further information to make sure we have a full knowledge around how that fuel is used in Tasmania. What I can say is we use slightly more diesel than petrol, and that's to support our resource-based industries, our manufacturing industries, aquaculture and agriculture users. We are going through that data at the moment. We do have some granular data which takes it down by industry sector, but we're working through that at the moment, to understand what those proportions are used by the various customer segments.

PUBLIC

Ms FINLAY - Interesting, but in terms of a broad breakdown - domestic versus industrial - is it like 50/50, 80/20?

Mr TERRY - I think I'd like to take that on notice. We do have the raw data, the granular data, but we're just kind of collating that at the moment to get a better understanding of that mix between domestic users and commercial users.

Ms FINLAY - Right. So, you'd obviously need to well understand that before you got to a level 4 or level 5, when you're starting to make decisions -

Mr TERRY - Exactly. That's right. Understanding that information and consumption patterns in the state is important to that contingency planning and any response.

Ms FINLAY - Okay, thanks.

Mr EDMUNDS - One last one about the monitoring - if consumers in Tasmania notice that the data on the app doesn't match what's at the pump, what's the method for them to report that?

Mr BARNETT - Yes, through my department, it's CBOS.

Mr EDMUNDS - Is there a hotline or do they do it through the app?

Mr BARNETT - There would be a direct line and we'll get that to the Committee before the close of Committee.

Ms FINLAY - Chair, would you mind if I just have one more follow up question on that last one?

CHAIR - Okay.

Ms FINLAY - Thank you for that answer. It is curious to me that that data isn't known yet - about the breakdown in fuel and diesel between industrial users and domestic users. What timeframe do you think that you're giving yourselves to put your mind to that and get clarity? Is that something that you might be able to, if that's taken on notice, provide to the Committee in the next week or two? How long do you imagine that will take to know?

Mr TERRY - I don't think that will take very long at all. We just received the raw data the other day and we're going through that at the moment and collating it. It's just going through the process.

Ms FINLAY - Would you be open to taking that on notice and providing it to the Committee when you have it?

Mr BARNETT - Yes, no problem at all.

CHAIR - Will you publish it publicly anyway or is that something you wouldn't publish?

Mr BARNETT - We'll take the question on notice and get back to the Committee as soon as possible.

PUBLIC

Mr TERRY - There is actually quite a lot of data but it's just quite granular, so it is just a matter of collating it and putting it all together in a form that's more digestible. We're working through that at the moment.

Mr BARNETT - Through you, Chair, Mr Edmunds asked about the Fuel Check app and how often it's updated: I'm advised every 30 minutes.

CHAIR - Was there a number - you might not have that - that people can call if they -

Mr BARNETT - I'll get back to you.

CHAIR - Sure. That's fine.

Mr TERRY - I'm going to have to depart to attend another briefing.

Mr BARNETT - Can I thank Sean Terry for being here today, and thank you for the update.

Mr TERRY - Thank you, everyone.

A witness withdrew.

CHAIR - We might then move on to matters related to the Whole-of-State Business Case and focus on electricity, acknowledging that what we've been discussing is a pretty critical issue not just for Tasmania, but for the world at the moment.

Minister, I just wanted to start with a couple of questions about when the decision was being made around the development of the Whole-of-State Business Case. I'm just trying to understand - because you were the minister at the time - what briefings you received on Hydro's 2024-25 financial position before the decision was finalised. the FID, and the work that went into the Whole-of-State Business Case. What did you understand about the current year you were in with Hydro in terms of their financial position?

Mr BARNETT - That's a very broad question, Chair, so we'll have to consider that very carefully. I'm happy to take that on notice, unless you can perhaps be a little more specific. I'm happy to get back to on that -

CHAIR - The reality is that there was -

Mr BARNETT - if you're asking about dates and so on.

CHAIR - No, in broad terms, I'm asking about the situation in that financial year that you were in when making that decision, noting there was a quite a significant change to the regulatory environment in which Hydro were operating with Basslink. What information were you getting about the change in the regulatory environment? Because the Basslink services agreement ended at the beginning of that year. Now, we're in a period that's quite different, this this year we're in now, and the new financial year that starts on 1 July will be different again. I'm just trying to understand what information you had about the changing regulatory environment and what it would mean for Hydro.

Mr BARNETT - Well, we were given updated information from the various government business enterprises: Hydro, TasNetworks, of course, Aurora. We received advice from our various secretaries. We considered all that very carefully and acted in the best interests of Tasmania at all times based on that advice, noting that, obviously, with the election having been called - an election that people didn't really want or need - and then, of course, we were put into caretaker. The election was called - well, I'll just summarise the dates for the Committee. The budget was delivered on 29 May, as you indicated, I was the Treasurer, so that was 29 May. The no confidence motion was passed on 5 June. The election was called on 12 June. The election was held on 19 July and the government was sworn in on 11 August and Parliament Commission on 19 August. There was another attempt to no confidence motion that was defeated on 19 August and parliament returned on 9 September. That's a quick summary of the dates and at all times we did what was in the best interests of the Tasmanian community and acted on advice.

CHAIR - This Committee was going to get a briefing from you on the Whole-of-State Business Case just before that happened. Clearly, the Whole-of-State Business Case had been completed at that time. My question goes back to what did you understand about the changing regulatory environment in which Basslink was operating and thus Hydro was engaging with the National Electricity Market in terms of their financial position when you when that decision was made?

Mr BARNETT - When you say that decision was made, which decision are you talking about?

CHAIR - Well, the FID based on the Whole-of-State Business Case. Obviously, you were getting information that fed into the Whole-of-State Business Case, because that was complete, that process, before the election.

Mr BARNETT - Yes, of course, we were getting updated information from time to time on a whole range of matters during caretaker, along in the election that nobody wanted and we had to have. We were doing what was in the best interest of Tasmania. I'll just see if my Deputy Secretary can assist in terms of helping the Committee.

Ms PINTO - Through you, Deputy Premier, the Whole-of-State Business Case had a governance structure established that oversaw, they had a steering committee chaired by the Secretary of Treasury to provide the advice through to the Treasurer and then through to government. That had a terms of reference that this Committee would be aware of and was considering the opportunity of a major investment such as Marinus on the state from a whole-of-state perspective, being that that was an investment for the state at a period into the future, the assessment that was undertaken as a part of that terms of reference was considering what would be occurring across the National Electricity Market with an increased interconnection between Tasmania and the national market, obviously leading into Victoria. Its focus was looking at what the opportunities would be for Hydro as a generator in that projected period.

In relation to Basslink and the specific matters that were pertaining to the regulation or otherwise of that as the current incumbent, if you want to call it, interconnector, some of those matters were more broadly being considered, but not at a granular level because the scope of that terms of reference for the development of the Whole-of-State Business Case was looking at what the opportunities were going forward in that market to determine what the impacts

would be on state with a generator, being Hydro, that would be a large participant in that market.

CHAIR - The reason I'm asking these questions is because up until probably 1 July this year, Basslink has been an unregulated link. When it becomes regulated this year and there's been a change. There was an agreement, then there was no agreement - which we're currently in now - and then the regulated environment. Those things could have been somewhat instructive as to the Hydro's profitability during these periods to inform the likely outcomes. Acknowledging that Marinus is bigger, greater capacity, all those things. I'm just trying to understand what advice has been provided to you as treasurer in understanding that?

Mr BARNETT - Well, we received ongoing and continuous advice from time to time over that caretaker period, including from Marinus Link, including from Hydro Tasmania, from TasNetworks, and, of course, with our steering committee as the Deputy Secretary has indicated, receiving advice on a regular basis. The Project Marinus financial investment decision, and the modelling in it, noted that the average annual increase in returns from Hydro Tasmania to the government of \$470 million per annum compared to no Marinus -

CHAIR - What were the assumptions that fed into that \$470 million figure, from your perspective? What confidence did you have that those figures would materialise or those results would materialise?

Mr BARNETT - Well, we're based on advice of experts and again, I'll pass to the Deputy Secretary in terms of the advice of the Secretary of Treasury who headed our secretarial committee that advised Cabinet and others. I think I'll pass to the Deputy Secretary to speak to that.

Ms PINTO - Through you, Deputy Premier, I just want to clarify, Chair, you were specifically asking for confidence in the \$470 million?

CHAIR - Yes.

Ms PINTO - Thank you. I just wanted to make sure I was clear. I've noted for the benefit of the Committee the Whole-of-State Business Case, which was a very comprehensive body of work that was undertaken over a period of probably about 18 months. That, as a body of work, was undertaken at a point in time - and if you were to time stamp the point in time, probably towards December of 2024, if we look at it from that perspective. It was considering it at a point in time and undertook significant modelling. I believe the Committee had a forum with the Treasurer, and the members of that core group led by Anton [Voss] in his capacity.

That body of work that was undertaken at that time used extensive modelling, utilising Deloitte as the consultant that supported that process. At the time, as a shareholder, the government needed to consider a financial investment decision. That period of time, if we move ourselves into 2025, as the Deputy Premier noted, was within what I would say was that first one to two quarters of 2025. What we sought to do at that point in time is to ensure that the information - and also to reaffirm the modelling undertaken in the Whole-of-State Business Case - we sought to reassess the modelling of what would occur, particularly for Hydro operating in that market, and Hydro were requested and provided additional modelling information at that point in time to input into the financial investment decision assessment process.

The \$470 million, which is an average increase in modelled revenue for Hydro over the period from 2030 roughly to 2050, average in those nominal dollars, was based on analysis that Hydro had contributed, in a second request of modelling information, they provided modelling information into this as part of the Whole-of-State Business Case. This was the second request that was undertaken. Now, as a part of that process, what had been determined, as the Committee would be aware, there were a number of criteria. There were eight criterion that were in the assessment and there were assessment parameters that were undertaken as a part of that process. The important element with regards to returns to the state and the value, the injection into the state - so from Hydro as a GBE, from Marinus Link as an incorporated shareholder, there would be funds from that - was considered. In order to test the veracity of the \$470 million, as you have referred to, what was thought to do was to look at bounds. In Hydro's modelling, it had considered the ranges that you would experience and there are a number of factors -

CHAIR - The ranges in what?

Ms PINTO - Ranges that a generator seeking to operate into a market, what the modelled revenue that it would achieve in that market, may be impacted by a number of things. It could be impacted by the mix of generation that's in the portfolio in the broader market; it could be impacted by things, as this Committee would be aware, by Hydro's own yield levels. It may be impacted by access or what is occurring in that market. Various modelling options were considered, scenarios were considered. In doing that, what the FID assessment sought to do was to test what you would almost call a worst-case scenario. In the FID assessment itself - I'm sure a colleague can tell me the exact page number - under that criterion 5, it goes through the conservative, the mid-case, and an opportunistic or a high-opportunity case. That tested the veracity very strongly.

Separate to that, we had engaged consultants to assess the work that had been undertaken. The name of that consultant is not in the public arena, but they tested the veracity of the assessment's parameters, to test the veracity of the criteria and the data that was coming out. That also determined the validity of the information that was provided to government.

Lastly, my last point - thank you, with your grace, Deputy Premier - the data and modelling that Hydro undertook was within the realms of Deloitte modelling that had been provided previously. We were testing the veracity of that data. Again, it was within the ranges that we would have expected.

Mr BAYLEY - Well, can I just ask then: do those Hydro profits - super profits, let's call them, \$470 million plus - do they then rely on the sort of pricing assumptions built into the Deloitte report, which is the wholesale pricing components, which is what I'm hearing you say, because, of course, the Deloitte report it's abundantly clear that under a Marinus scenario, wholesale electricity prices in Tasmania will go up by as much as 59 per cent in some cases. Is that the input - 59 per cent increases in wholesale electricity prices - that are transferred over to Hydro modelling, that drive some of those super profits?

Mr BARNETT - If I could just quickly jump in, because my understanding is the Secretary of Treasury was here with the Treasurer not so long ago to assist the Committee with some of these answers. My understanding also is that you've had Hydro and TasNetworks here.

Mr BAYLEY - That's right.

Mr BARNETT - Thank you for that. Just for clarification purposes.

Mr BAYLEY - The Deloitte report is clear around wholesale electricity prices in Tasmania. I mean, I can read you numerous quotes, if you like. It is really clear: 59 per cent increase. The question is whether those profits are underpinned by that increase.

Ms PINTO - Through you, Deputy Premier, as a part of the modelling, there are a number of outputs that need to be considered. One output that needs to be considered is what is going to occur in a market with the wholesale prices in that market? To understand then which - a lot of modelling has been done, FTI modelling has also looked at what would, with an increased interconnection between Tasmania and the National Electricity Market, deliver in terms of movement in wholesale prices in that market. Deloitte modelled what those movements in wholesale prices would look like - again, I'm talking on behalf of my colleagues at the Department of Treasury and Finance, this is their body of work - that modelled what the movements in that wholesale price would be to - very importantly, to understand what the benefits would be for consumers.

What's very important to understand is if you're going to make an investment of this magnitude - this is a piece of infrastructure that is going to be inputted into the National Electricity Market. The Australian Energy Regulator, which is the regulator across Australia, needs to determine if an investment in a piece of infrastructure is prudent and efficient. In doing that, they need to be confident that if that piece of infrastructure is invested in, that consumers are going to be better off. There's a body of work that FTI did that Marinus Link Pty Ltd has utilised, there're lots of different consultants that do this, and they use a lot of the same core modelling tools, if that makes sense. They've undertaken that modelling and determined that yes, Marinus Link as a piece of infrastructure invested into the National Electricity Market will benefit consumers and put downward pressure on wholesale prices. That's the first piece.

The second, in answer to your question, which was: do those prices, how do they relate to Hydro, it's sort of related - and I will refer to my colleague if I don't quite explain this well enough; I'm hoping I will explain this well enough. The separate matter of Hydro, which is a generator, bidding into a market to then receive revenue or returns from that, it's a slightly different matter. That really is a function of them - how they bid into that market, the opportunities for timing for bidding - so, there are times in a market where it is opportune, for example, for Hydro as we know to import when energy on the mainland is at a very competitive rate. There are equally opportunities for Hydro bidding its energy - or, we've also considered it - it's flexible capacity to be available to bid in that would then receive prices into that market. That is what's the basis of the revenue modelling that has been determined.

CHAIR - They still get paid the Tasmanian price though, they don't get the Victorian price.

Ms PINTO - Between those markets, there are inter-regional revenues that have to be determined.

CHAIR - But they're not automatically flying back to Hydro anymore.

Ms PINTO - I will come back to the first point that I made for the Committee's benefit is that extensive modelling has been undertaken in regard to the benefits of this project. Hydro

undertook additional modelling leading up to the FID assessment. The output of that modelling was within the same ranges of prior modelling that has been undertaken on this infrastructure project, and the output of that modelling was tested with a number of scenarios including very-low case scenarios to test the veracity of potential revenue strains that Hydro could earn as a generator into that period 2030-2050.

Mr BAYLEY - I guess there's just a lot of confusion because you refer in the first instance to the Deloitte report and the Whole-of-State Business Case and then, I guess when asked and interrogated around power prices, you refer to the alternative one, the FTI report, in relation to cost. I mean, to the Acting Minister specifically, this is what the Deloitte reports key findings are and I'll read them out:

In the absence of Marinus Link, limited interconnection through BassLink results in the Tasmanian market to remain protected from rising mainland prices.

The introduction of Marinus Link (in particular Marinus Link 2) facilitates greater levels of integration between Tasmania and mainland markets; as prices in both markets converge. Thus, Tasmania's exposure to mainland NEM coal phase-outs and sharply rising load is heightened, resulting in substantial increases in Tasmanian prices (with Marinus Link when compared to no Marinus Link scenarios).

So, I guess to you, Acting Minister, do you agree with those findings in the Deloitte report that informed the Whole-of-State Business Case?

Mr BARNETT - The decision that we made as a government was based on the Whole-of-State Business Case, the FID assessment report, and advice from our best experts across government, and, as treasurer at the time, for me specifically, the Secretary of Treasury, but who worked in concert with other secretaries across government who considered the reports, the analysis, the research and provided advice to the government. That advice was very much appreciated and has been acted upon in the best interest of Tasmania. We considered it very carefully in an iterative way over a period of time.

As the Deputy Secretary said earlier, the Whole-of-State Business Case was a point-in-time report. I did endeavour, as the Chair indicated at the beginning, to offer this Committee a briefing on that. We then had the election we didn't want, and nobody deserved, but we then have to act within those parameters and in caretaker. We've made those decisions based on advice at all times.

Mr BAYLEY - So, it's a no? You don't agree with those findings from Deloitte? You have a range of other bits of advice that you've drawn on and anchored your decision to -

Mr BARNETT - I won't be verballed.

Mr BAYLEY - Well, I'll ask you directly: do you agree with those findings of the Deloitte report?

Mr BARNETT - I won't be verballed.

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Mr BAYLEY - It's a question; I'm not verballing you. I am asking you a question. Do you agree with these findings or not?

Mr BARNETT - You can't put answers into my mouth, Mr Bayley. You know that.

Mr BAYLEY - I am asking a question.

Mr BARNETT - I've indicated to you the process. What I can talk to you about today is the process and what was in our minds at the time. I know that you've had the Secretary of Treasury here with the Treasurer, the now Treasurer, I understand in recent times, and, of course, Hydro and TasNetworks in more recent times. I am not the treasurer today; I was, obviously, at the time during the election. I'll see if the Deputy could add to that answer.

Ms PINTO - With the grace of the Deputy Premier, I may ask my colleague to add in some further after I give some first context. There's a couple of important contextual things for us to consider here. Tasmania is an island off an island and energy security is a fundamental issue. We're experiencing this with the Director of Energy Planning's prior briefing. It is very present for us as a jurisdiction - energy security - such that back in 2006 a decision was made and Basslink was commissioned and connected us not just physically, but to the National Electricity Market. That is a crucial and vital piece of underlying context for us as a state and within the context also of this investment decision.

When you have a small market like we do in Tasmania, with a large player in that market - I'm using this in a figurative way, I'm not seeking to be disrespectful at all to our government-owned business - but Hydro is a large player in a small market. What can occur in that is that you can have circumstances such that the way that that localised market operates can be inadvertently influenced. I'm not suggesting that at all, I'm just using this in a figurative way. As a result, this state and jurisdiction back in 2014 regulated a wholesale pricing framework. That framework has been in place for over a decade, and that framework does not, in a majority form, it's overseen – so this is not the Acting Energy Minister's purview, it is the purview of the Treasurer and the Department of Treasury and Finance – but the office of Tasmanian Economic Regulator oversees the wholesale framework, regulatory framework, and that framework does not point to the Tasmanian spot market, it points to the Victorian market, and it does it for a number of reasons. It ensures that it's a much larger market which is going to represent the movement in pricing more appropriately, the competitive movement in pricing more appropriately, and as such, Tasmania's wholesale regulatory prices are pointed to that.

The modelling that Deloitte undertook and the Whole-of-State Business Case - and again, I'm speaking on behalf of the Department of Treasury and Finance that undertook that body of work - acknowledges that there may well be a separation of pricing, and it happens all the time. There is a continual separation of prices.

CHAIR - Five minute-ly.

Ms PINTO - Exactly, thank you, Chair, it happens all the time. There will be a change in price between Tasmania and the Victorian market, but in Tasmania, Tasmania's wholesale pricing is set by the Victorian market and the predominant output of modelling that has been undertaken by FTI, by Deloitte and also been assessed independently by a number of consultants, confirms that with Marinus Link and the increased interconnection, what we will see is downward pressure on Victorian prices.

Mr BAYLEY - I guess I just struggle to reconcile that comment with what is in the Deloitte report.

CHAIR - On that point, we've heard this quite often, that there'll be convergence of prices. That was mentioned, I think, in the Deloitte summary there that Mr Bayley read. Also, if there's going to be more convergence of prices and downward pressure on the Victorian price over time - because when coal exits there'll be a period of volatility there - this is what I fail to see: how Hydro can continue to make super profits if the overall price is converged and lower, even when we point to Victoria. This is the bit that just doesn't make sense.

Mr BARNETT - Did you want to add?

Mr CHRISTIAN - Yep.

CHAIR - Adrian will explain how that works?

Mr BARNETT - Or add to the answer of the Deputy Secretary.

Mr CHRISTIAN - Indeed. Maybe I'll just finish the earlier point, then I'll come to that one. Mr Bayley, I think it's worthwhile thinking about the spot price and what prices customers actually pay, because customers don't pay the spot price. The Deloitte modelling looks at the impact on spot prices. You've read out the report. It's a pretty factual, accurate position by Deloitte.

Mr BAYLEY - So, you accept that position by Deloitte?

Mr CHRISTIAN - I accept that's what Deloitte wrote, and it's logical.

Mr BAYLEY - And it's logical?

Mr CHRISTIAN - Yes. But then you have to ask yourself the question: what relevance does the Tasmanian spot price have for anybody? Because the price in your electricity at home is not linked to the Tasmanian spot price, as Vanessa [Pinto] explained.

CHAIR - Not directly - you're saying not directly or not at all?

Mr CHRISTIAN - Not at all.

Mr BAYLEY - How so?

Mr CHRISTIAN - As Vanessa explained, the wholesale pricing model, by its very design, looks to Victoria to establish what is a fair and reasonable price - not the Tasmanian spot market, because the Tasmanian spot market is a peculiar market in the NEM because of the position that Hydro has as the dominant player. If you take the clock back to 2012 - this is the background to what Vanessa was explaining - there were proposed structural reforms to the wholesale market to make it more competitive, from Hydro, that the government of the day agreed to reject. They implemented a regulatory solution to the problem, and that's the wholesale contracting instrument.

CHAIR - Based on huge volatility at the time. That was the decision, wasn't it? Because there was a lot of volatility at the time, and that's why the regulator put a cap on it a couple of times in that period. That's the period we're talking about?

Mr CHRISTIAN - No, that's a subsequent development. The structural arrangements for the regulatory framework for the Tasmanian wholesale market are a regulatory solution because of the structure of our generation sector.

The model - which is highly complex and I don't propose to explain it because I don't understand the internal workings of what we call the black box - effectively what it does, it looks to the Victorian forward contract market, so for the prices for small business and households, and in the regulated tariff that the Economic Regulator sets for those customers; it doesn't look at the Tassie spot price at all. The box looks at the forward Victorian contract price, makes some adjustments for net flows across the link, makes some adjustments for the fact that the peaking nature of the Victorian market and the Tasmanian market are different, but effectively tries to translate the Victorian price into a relevant price for Tasmania. That's done by the regulatory instrument. It doesn't make any reference to the Tasmanian spot price at all.

For that class of customer, under that policy design - this is explained in the Whole-of-State Business Case, and Anton [Voss] did explain it when he was here before the Committee. Under that policy setting, which is set now, the Tasmanian spot price doesn't matter at all. When you look at the major industrial customers, their price is not set by reference to the Tasmanian spot price either. It's set by bilateral negotiations with Hydro. So, then you're left with a group of customers in the middle, which are the commercial and industrial customers, which the regulatory instrument doesn't necessarily touch specifically, but the way that that's priced is off the same model as the regulated customer base. That's why the conclusion in the Whole-of-State Business Case is the way that it is. On the Deloitte modelling that you referenced, Victorian prices come down, post-Marinus, are modelled to be lower than they otherwise would be, with Maribus than without, and under our regulatory function as it exists today, and the Whole-of-State Business Case caveats with that, then that will put downward pressure on Tasmanian regulated prices. Not the Tasmanian spot price: that ceases to be relevant. That's the explanation and they've explained it in the Whole-of-State Business Case.

Mr BAYLEY - So, the inputs into the black box, are they set and forget? They don't change?

Mr CHRISTIAN - The regulator owns the instrument, and the regulator reviews that instrument routinely. As part of the Maribus investment decision, the government has said one of the outworkings of that is to review the pricing mechanism, not the internals of the black box, but the principle, the higher-up principles of, 'How do we set prices?' and to ask that question: is that the most appropriate methodology to go forward? That's a job that's been tasked to Treasury and that work is in its infancy. That's how you can reconcile those two things; that's what's explained in the Whole-of-State Business Case. It's explained in the Maribus FID. That's how that works.

CHAIR - To go to my question -

Mr CHRISTIAN - To your question, Ms Forrest, again, Anton [Voss] explained that, and it's in the Whole-of-State Business Case. If you remember, he showed you at the last

hearing, the chart - I can't remember the number of it - the chart showed Snowy's production and contrasted it to Hydro's current production. That showed - if you remember, he was explaining that the average revenue obtained by Snowy relative to average spot prices in Victoria was quite a lot better than Hydro could achieve. What you have in the data and the compression of pricing is on either time-weighted or value-weighted averages, so the average price across a year, 2032, 2035, and they converge; but because Hydro will be changing the nature of its production, it won't be receiving the average price. It will be receiving the average of the prices when it's dispatching, which are the higher-price periods.

CHAIR - I understand that; but from all I've heard - I know there's five-minute intervals and there will be times in some of those five-minute intervals where there will be significant differential in the price - it seems that they will become less frequent and less peaky, if you like, and with greater convergence of the prices overall, which means that there'll be less opportunity for Hydro to operate in that manner. It does also rely on having a lot more renewable generation in the system to enable Hydro to bank their water, to use those opportunities. Now, that's all assumptions; am I right in that?

Mr CHRISTIAN - Well, when you're analysing future investment that comes on in 2030 to 2050, all you can use are assumptions, right? There are no facts that one can rely on.

CHAIR - Yes. So, it's -

Mr CHRISTIAN - So, yes, it's all modelled and it's all assumptions; but I think there's a couple of different things in your statement. What matters for Hydro going forward, post-Marinus, is not inter-regional price differences. That doesn't really matter. What matters is -

CHAIR - Because they don't get as much as they would have done in the past?

Mr CHRISTIAN - No, I don't think that's the way I would think of it. The way I think of it is the more and more interconnection we have, the greater the markets are immersed. Where Hydro has always made its money, even with Basslink and increasingly, going forward, is around the daily variation in price; the seasonal variation in price, and, importantly, post-Marinus, in a large penetration of variable renewable energy (VRE) world, is recognisable but unplanned major disruptions to VRE supply over multiple days. That is where they will make their opportunity. So, it's misguided to be thinking about price differences between Victoria and Tasmania as being the source of value for arbitrage. I understand why people think of it that way, because Hydro entered into the BSA [Basslink Services Agreement], and the principal focus - I recall I did the expert panel review in 2012 - the principal concern there was: was the BSA a good deal? The lens that people tended to apply was: how much are you paying fixed, how much are you getting floating, and what you're getting floating is the value of the price differences.

I completely understand why people are anchored on focusing on inter-regional price differences as being really important. Think of Marinus: the decision that government made was Marinus 1, not Marinus 2. There's no decision on that. Think about, to illustrate the point: say we had four interconnectors, including Basslink, and we would then just be Victoria. There'd be no constraints, and the inter-regional price differences cease to be an issue. That doesn't have any impact on Hydro's ability -

CHAIR - Why aren't we in the Victorian region, if that's the argument, Adrian? This is probably going slightly off track here.

Mr CHRISTIAN - Slightly.

CHAIR - Yes. If you're saying if there's this huge increase in interconnection which Marinus 1 will provide, Marinus 2 will provide even more, then doesn't that argument then hold?

Mr BARNETT - Before I pass on to the director, obviously, in terms of electricity prices, that's a matter for Treasury. The Secretary of Treasury, as you know, was here a few weeks ago with the Treasurer -

CHAIR - The Minister for Energy must have an interest in this, surely?

Mr BARNETT - Of course, the Minister of Energy and Renewables has an interest in it, but I'm just noting that in terms of electricity prices, that's a responsibility of Treasury, but I think -

CHAIR - It's about the profitability of our government businesses, and how - and also when you look at that - I know Luke wants to ask a question, but I will perhaps come back to this. We asked TasNetworks a bit about the impact that regulating Basslink would have on them, and they're still figuring it out. I'm interested in what your views are on that. I might go to Luke, because we're getting a bit bogged down in this.

Mr EDMUNDS - It's related to this sort of stuff. You're talking about the part in the assessment report where it says:

... committing to a review of the current wholesale pricing framework, given its links to the Victorian contract price.

I've got a couple of questions about that. What's the scope of that review? What options are under consideration? When will the government consult and decide?

Mr BARNETT - Thank you for the question. It's more of an operational one and a process-related one, so I will pass to the Deputy Secretary.

Ms PINTO - What I might do is just give some broader context and point out the accountability for that as a body of work. Firstly, I will point out that the FID assessment had a number of criterion, and as a part of assessing against each of those criterion, there was consideration as to what the parameters were that would need to be considered. To the criterion 1, which was related to impacts on consumer charges: you correctly point out that there was a policy recommendation given to the government at the time - and I note that the FID assessment was undertaken and a recommendation was given to a government in a caretaker period and, as a result, that document outlines a number of policy areas that a government may consider - so, I'm just giving that context. That criterion 1, which was in relation to consumer charges, it was determined it was partially met because there were factors that still needed to be considered as a part of that area of impact for the state; and one of the mitigating actions recommended in that report was to recommend to a government to do a review of the wholesale pricing framework. That's the first context I just wanted to provide.

The second piece I would provide there is just to clarify accountability: that review of the wholesale pricing framework is the purview of the Treasurer within this state and the Department of Treasury and Finance. What I can say, though, in further addition to that: so I cannot at this point in time articulate what the scope of that work is, but what I can say is that there is a very important governance structure that oversees project Marinus and all of the associated elements related to the projects themselves. I'm talking to Marinus Link and North West Transmission Developments, which is being delivered by TasNetworks. There is a governance that oversees the assurance and oversight of those projects and there is governance that oversees the policy elements. Although that is a body of work that is being undertaken by Treasury and Finance, there is an energy taskforce that is within the governance structure, and the Deputy Premier may seek, at some point, to make reference to the governance model that we have in place.

I can let the Committee know that the policy work that will be undertaken by Treasury and Finance has a high-priority nature to it. It will be a major policy piece of work that will be considered by that taskforce, and through the governance structure advice will be given up to government. The other point I would make is that the review of the wholesale pricing framework is not what I would class a near-term policy matter. A near-term policy matter for the government, as an example, is the offsetting of transmission charges for Direct Connect customers.

Mr EDMUNDS - Yes, the second dot point.

Ms PINTO - Yep, that is what I would class as an immediate or a near-term policy matter for the government. The review of the wholesale pricing framework is a longer-term policy position that should be undertaken.

I will note the last time it was reviewed - and my colleagues in Treasury will probably pull me up because I might get it wrong in terms of timeframes, but I believe it was 2018/2019 there was a comprehensive review of the wholesale regulatory framework - again, I'm calling on memory - which took about two years. It's not a small task, as my colleague Mr Christian noted when this was firstly established, I think it was about a two- to three-year body of work, so it's not a near-term policy piece, but it does need to be done ahead of commissioning of the project. Sorry, excuse my giving you that extra context.

Mr EDMUNDS - That's fine. That is good context. I have a couple of questions about some of the other dot points in the consumer impacts part, but just I might stick to some of the ones we had before we came in. As part of the energy taskforce work, does that include considering decoupling residential and small business price outcomes from Victorian contract prices?

Ms PINTO - Through you, Deputy Premier, thank you. That concept may be one that is considered; I do not have in front of me, it has not been determined as yet, but one of the considerations of a review of a wholesale pricing framework may be that - and I will point again to the earlier review that was undertaken in that timeframe that I may have got wrong, but my memory is telling me it was around 2019. Yes, that's correct, it is Treasury. Just to be clear, that is a matter for Treasury to consider as a part of that scope of work.

Mr EDMUNDS - No worries. It sounds like we might have to write to the Treasurer about a few of the follow-up questions. With regards to the fifth dot point, considering the mechanisms to deliver pricing relief, including through the planned 2028 review of the Renewable Energy Dividend, we were talking to Hydro when they were here - that might've been on Monday - about the Renewable Energy Dividend. Do you have any advice from Hydro about what to expect in terms of whether that dividend is likely to flow through to customers at any stage in the next five years?

Ms PINTO - Sorry, not specifically no.

Mr EDMUNDS - Perhaps I'll reframe it. The Renewable Energy Dividend is when Hydro returns more than \$90 million and then half of that is then returned via power bills. You know that, sorry, I'm not telling you how to suck eggs. Are we expecting that to occur at any stage in, say, the next five years?

Mr BARNETT - Well, first of all, that's a matter for Treasury and the Treasurer and should be seen in a budget context, and, obviously, based on further advice from Hydro Tasmania. It's very difficult to answer hypothetical questions for the future.

Mr EDMUNDS - Has there been any advice along those lines?

Mr BARNETT - Well, I'm not the Treasurer or the Secretary.

Mr EDMUNDS - Yes, or to you as Acting Energy Minister?

Mr BARNETT - I'm not aware of that, but I can clarify, if you've got any advice? I'm not aware of any advice to that effect, but it's clearly a matter, in any event, for the Treasurer.

Mr EDMUNDS - Thanks. So, no advice from Hydro to you as Acting Energy Minister about potential lower dividends around the Renewable Energy Dividend?

Mr BARNETT - As I say, that's a policy for the Treasurer and I can't pre-empt the Treasurer. The stakeholder ministers are the Energy Minister, as you know, and the Treasurer. The Treasurer would get feedback on that sort of thing from time to time, and I'm not the Treasurer, so I can't answer for him. That's a decision for the Treasurer in the budget context. Obviously, the Energy Minister has regular briefings with Hydro Tasmania, and I've had a number as an Acting Minister, so I can't speak for the Minister himself.

Mr EDMUNDS - You said it's a decision for the Treasurer: just to clarify, there's no real decision to be made, though, is there? It's just the dividend is over or above a certain threshold and then the money just flows. We're not considering scrapping the dividend, are we?

Ms PINTO - Through you, Deputy Premier, just to re-clarify, this is a matter for the Treasurer and for Treasury and Finance. They would work closely, of course, with all GBEs and in working closely with Hydro, part of working closely with them would be to understand their projections, their financial projections, over time. I can't say much more than -

CHAIR - The policy itself doesn't affect that. They have to get over \$100 million of -

Ms PINTO - 90.

CHAIR - \$90 million, sorry, before it even kicks in, so -

Mr EDMUNDS - It was just a line about a decision. Not sure if that means the whole policy might be getting scrapped.

Mr BARNETT - The point is, obviously, we can't answer hypothetical questions, but I appreciate your question. I think we've responded in the best way we possibly can. Thank you.

CHAIR - Acting Minister and Deputy Premier, the FID assessment says certain matters were still unresolved at FID and are contained in the conditions subsequent to be satisfied after the decision. The first question is: why did the government approve the FID before those matters were settled? What conditions subsequent are still open today? When does each one have to be met?

Mr BARNETT - Thank you very much for the question. Again, I'll check with the Deputy Secretary to add to the answer. Obviously, we made the decision in the best interests of Tasmania. It was based on advice we had, subject to and conditional upon the timeframes that were put to us as a state government vis-à-vis, obviously, the federal government and the Victorian Government, and the agreements that Marinus Link had in place. And based on advice from, obviously, the various entities - GBE entities like Hydro, TasNetworks - and certain contractual arrangements in place. That's the reason the decision was made at the time.

CHAIR - So what conditions subsequent are still open? What is the maximum exposure Tasmania may face as a result of that, if they're not met?

Mr BARNETT - Well, I'll just check with the Deputy Secretary and take advice on that.

Ms PINTO - Through you, Deputy Premier, what I might start with, Chair, is to explain the FID criterion and the process of undertaking assessment and providing the recommendation to the government. A set of eight criterion were set and, as I have noted earlier, parameters for assessment were undertaken as a part, I earlier referred to an energy task force. At the time there was a Marinus Task Force, very similar composition across government and providing advice into that task force was an expert advisory panel and also legal, commercial and energy market experts providing advice into that task force.

Mr BARNETT - Can I confirm, that's really quite important in terms of the energy task force and advice to myself and others in Cabinet. There was an advisory panel in addition and then, of course, other advice was received from time to time.

CHAIR - The question is particularly about the conditions.

Mr BARNETT - Yes, but I do think the governance framework would be useful if you could just share that because this is treated seriously in terms of your question and there is a governance framework, if you could.

Ms PINTO - Certainly. What we had was a set of eight criterion and an agreed set of assessment parameters, and for each of the criterion against those assessment parameters - and this is documented in the FID assessment document - where you assessed whether for that

particular criterion it was not met, partially met or clearly met; and they were robust assessment parameters against each of those.

The timing of making a financial investment decision, at that time, for a normal infrastructure project; normally you will have resolved all matters associated with an investment. For example, you'd ensure you have your equity lined up, you have your debt and

-

CHAIR - I understand that, I'm trying to understand - there were some conditions subsequent that were not able to be satisfied at the time, how many are there still outstanding and what potential exposure Tasmania have?

Ms PINTO - In terms of the eight criterion that we had in particular, criterion 2 related to the FID recommendations from Marinus Link and TasNetworks. At the commencement of assessment, recommendation had been provided from MLPL [Marinus Link Pty Ltd] in regard to their FID recommendation, and the conditions that were set by MLPL at that point in time. Some were what I would class hardline conditions that had to be met in order for a financial close. I'll give you an example: equity as shareholders - the shareholders had to have their equity contribution available appropriated within the state to be able to meet financial investment decision and meet financial close. That is why initially that criterion was assessed as not met. Now, the negotiation with the Australian Government that had us capping our equity then moved that from a rating of 'not met' to 'partially met'.

If I point to TasNetworks and their requirements, and the assessment of TasNetworks in the north-west, the assessment undertaken at that point in time was only partially met because the project, although over its 60-year life, the project returned quite significant losses in the early part of the asset's life. To clarify - and again, it's very clear in the FID assessment - that situation was derived as a result of the concessional financing and the concessional opportunities provided through that to put downward pressure on consumers, in its out working in the financial model, had those returns in that fashion. That was a condition that needed to be - as a part of it being partially met, that was a mitigating action that needed to be resolved, and there were a couple of other elements that were identified within that criterion.

In answer to your question, resolving a financial model - and that has been an area that Treasury and Finance has taken the lead on - they are working through an acceptable financial model with TasNetworks and working through an appropriate debt access arrangement with TASCORP. They are the primary elements. The other elements that have needed to be resolved pertain also to TasNetworks with the strategic benefit payment, which was part of the North West Transmission Developments project. That was also a condition that was attached to that project. They're the primary matters.

CHAIR - So, what's the total exposure then? The things that aren't resolved or aren't settled?

Ms PINTO - The primary matters that, in summary, are still in a stage of finalising are conditions subsequent in categories such as - and I'll clarify some that have been resolved: revenue determinations by the AER, in majority they've all now been resolved; appropriate approvals, so I'll give you an example, the Northwest Transmission Developments project has had the TPC [Tasmanian Planning Commission] approval just come through in just the last one to two weeks, it is now going through an approval process at a federal level through the EPBC

[*Environment Protection and Biodiversity Conservation Act 1999* (Cth)]. So, there are approval mechanisms that are still being undertaken. The other, probably key, area is in regards to Marinus Link. They would have been speaking to the Committee about a month ago in regards to land access.

CHAIR - The question I had is: if these cannot be met or are not met, what's the likely cost, the amount that that will cost the state?

Ms PINTO - Through you, Deputy Premier, in the FID assessment document, it articulates the potential risk to shareholders if the project continues to progress and if a matter that cannot be resolved occurs, the project cannot proceed. There was a section in the report that outlines -

CHAIR - I'm interested in, if for some reason the project cannot proceed, what would it cost the state?

Ms PINTO - So, first thing I can say - again, through you, Deputy Premier - is that the government in caretaker negotiated a capping of equity. That was extremely important for us as a shareholder. That means we are no longer called to call on for equity contributions.

CHAIR - We reduce our equity percentage.

Ms PINTO - That's correct.

CHAIR - We understand that.

Mr BAYLEY - This is for Marinus, not North West Transmissions.

Ms PINTO - Yep. So, that's the equity part. Like a lot of infrastructure projects, there's an equity component and there is a debt component. The Clean Energy Finance Corporation is the financier. The debt facility has not commenced and I'm going into territory that MLPL will be far more - if I'm going to speak broadly as to the matters that -

CHAIR - Let me just reframe this because we've heard a lot of this last hearing: if Marinus Link couldn't proceed for some reason, what is the exposure to the state? How much of the risk do we carry there?

Mr BARNETT - Look, through you, Chair, I think the Deputy Secretary's outlined the range of criterion, she's outlined the range of challenges in terms of finance, in terms of the North West Transmission, in terms of the approval process, in terms of Marinus Link. We can't speak for and on behalf of Marinus Link, but the agreement does have terms and conditions which allow for further consultation between parties as in Victoria, federal government and ourselves, obviously, the shareholders of Marinus Link. The equity arrangements as well.

CHAIR - I recall being informed in a briefing we had, not a confidential - a briefing of members, I think, some time ago, that prior to the signing FID, that the Commonwealth wore the risk. That changed with the signing of the FID, as I understood it, from what we were told. This is months and months ago, prior to the signing, well prior to the signing, this was. So now, if something should happen that they cannot go ahead, like if it doesn't get the necessary

approvals or whatever, what is the exposure for Tasmania? That's the question. It's a really specific question.

Ms PINTO - Through you, Deputy Premier, the equity contribution that the government has already made would be at risk. It's \$103 million -

Mr BAYLEY - \$103 million.

Ms PINTO - Thank you, excuse me, thank you. There would be some wind-up costs. I'm talking about - let's just say that were to occur at this point in time - there might be some wind-up costs associated with the wind-up of an organisation.

At this point in time - and again, I will defer to my colleagues - but my understanding is that the debt facility with Clean Energy Finance Corporation has not been called on as yet. That is occurring at a later date. So, there are no -

CHAIR - For the NWTD or Marinus?

Ms PINTO - I'm talking Marinus.

Mr BAYLEY - Can I ask on this -

CHAIR - And I'll come back to Janie.

Mr BAYLEY - Sorry, Janie. But it was mentioned before, Vanessa, around the losses and the FID is really clear. There's an equity contribution of \$191 million required for the North West Transmission Developments, and the FID is really clear around effectively 25 years' worth of losses to TasNetworks - and they redacted the amount of those losses. And then there is the statement:

The initial losses are likely to place pressure on the state's credit rating in the short-to-medium term until there is evidence that Hydro Tasmania's modelled returns will be realised.

I guess the question for you, Acting Minister, is how does TasNetworks survive those losses? Does government intend to compensate them for those losses? Does government intend to, you know, improve revenues by changing the regulated revenue profile? How is TasNetworks going to be able to sustain 25-years' worth of losses of a substantial amount that's redacted on the construction of the North West Transmission Developments?

Mr BARNETT - Okay, thanks very much for the questions. There is no expectation of this occurring. You're asking hypothetical questions, or at least questions which are looking into the future in a very negative respect. In terms of Marinus Link -

Mr BAYLEY - It's the financial - I'm quoting from the financial investment decision.

Mr BARNETT - In terms of Marinus Link, we're expecting billions of investment, thousands of jobs. In fact, \$4.4 billion in economic activity between now and 2036. Reduction in CO₂, 140 million tonnes. We are being very positive, and you're asking questions which in my view are calling into question the veracity of Marinus Link and obviously that's relevant to

the Greens; it's not relevant to the state government. We believe this is in Tasmania's best interest. We are doing everything we can to make it successful for Tasmania's future and to grow our economy, create more jobs and deliver an improved environment with respect.

Mr BAYLEY - With respect, Deputy Premier, additional emphasis doesn't change the significance of this question. This is a question posed by your own financial investment decision. I'll read it to you. If you want to attack me for posing this question, I'll read it -

CHAIR - Order, order. Let's just ask the question.

Mr BARNETT - Well we know that the Greens are consistently opposing Marinus Link day in, day out, year in, year out.

CHAIR - Order. Can we just get this question.

Mr BAYLEY - This is North West Transmission Developments and TasNetworks.

Mr BARNETT - They are linked. They are directly linked and the Greens oppose it.

Mr BAYLEY - Okay, so returns to government. This is your financial investment decision - returns to government.

... It is estimated that over the 5-year construction period there is a net project loss of \$(redacted) million; and post commissioning the project makes a loss of (redacted) million for the first 20 years before moving to positive returns over the remaining 40 years.

...

The initial losses are likely to place pressure on the state's credit rating in the short-to-medium term until there is evidence that Hydro Tasmania's modelled returns will be realised.

So, your document says there is going to be a significant redacted amount of, let's say, millions of dollars of losses for 25 years by TasNetworks. And my question was how is TasNetworks going to sustain this and has government entertained how it will subsidise this or will it pass on these losses to consumers?

Mr BARNETT - Be assured that our government made a tough call that was in the best interest of Tasmania which will deliver on average \$470 million per year to Tasmania, on average, over the number of decades ahead compared to if there is no Marinus Link. We are very aware of the views of the Greens and some others with respect to Marinus Link.

So we've factored all that up in our decision-making. We've made the call; we received expert advice. We've received the Whole-of-State Business Case, the FID Assessment Report. We've had advisory panels and expert advice and you're referring to one part of that -

Mr BAYLEY - And I'm asking you how will you accommodate TasNetworks.

Mr BARNETT - And be assured that we've considered all of the pros and cons, and we believe it's best for Tasmania. In fact we are overwhelmingly assured of the benefits for growing Tasmania's economy, creating more jobs and delivering a cleaner environment.

Mr BAYLEY - So, given that information in the FID, let me just ask the question straight: does the government intend to compensate for reduced TasNetworks dividends by changing the regulated revenue profile, i.e., higher customer contributions and, if so, by how much?

Mr BARNETT - I will pass to the Deputy Secretary very shortly. We have ongoing liaison and discussion with, of course, Hydro Tasmania, which will benefit significantly of some, on average, \$470 million a year.

Mr BAYLEY - This is a question about TasNetworks.

Mr BARNETT - We obviously have ongoing discussions and liaison with TasNetworks on an ongoing basis, as does Treasury. Treasury has done modelling and advice on this. They've acted on expert advice in the FID assessment report. Having said that, I will pass to the Deputy Secretary.

Ms PINTO - Through you, Deputy Premier: as I noted earlier, the criteria 2 which related to the two businesses and, in particular TasNetworks, and over the life of that asset, being 60 years, there is a period of time, on the basis of the modelling that had been done at that point in time, that had the returns negative to 25 years.

Mr BAYLEY - Losses: 25 years?

Ms PINTO - Yes, losses. Part of the condition associated with that, or the next step that was required, was for Treasury to work with TasNetworks on that financial model. That has work -

Mr BARNETT - In addition to that, as you would be aware, which we've made clear on the public record, we have received significant concessions from the federal government, through concessional finance and grants, including for the North West Transmission on north-west Tasmania, so we are very pleased with the outcomes of those concessions, and we thank the federal government for seeing what's in the best interest of Tasmania and supporting Tasmania in that regard. All that needs to be factored in going forward. Just picking out one small little bit of detail, Mr Bayley, and attempting to undermine the merits of Marinus Link, I think does you no good at all.

Mr BAYLEY - It is a simple question. It's a simple question about how do you accommodate those losses?

CHAIR - I'm going to Janie, perhaps.

Ms FINLAY - Thank you, Chair. Thank you, Deputy Premier. It was made clear to us at the beginning of the briefing that the \$470 million that Hydro was modelled to receive was a point in time, and that point in time was December 2024. There's obviously been a lot of things that have changed since December 2024. Deputy Premier, you've mentioned that you've met with Hydro on a number of occasions in this acting role; are you saying that at no time in

PUBLIC

any of those briefings since you've been in your acting role, Hydro has discussed any changes in their projected financials, and what impacts that might have for it as an entity and for you as a government?

Mr BARNETT - Thanks very much for the question, and can I say I'm so thankful for the opportunity to be in this acting role, albeit for a short time, and very pleased and proud of the leadership of the Minister for Energy and Renewables, Nick Duigan, and wish him a speedy recovery, which I know I can say on behalf of all of us, and certainly pleased and proud of Hydro Tasmania, its 100 years of investment.

Ms FINLAY - Deputy Premier -

Mr BARNETT - I've only had a number of meetings with Hydro Tasmania. The information and modelling I've shared with you is on the public record. The Premier has made reference to it. I've made reference to it, as has the Minister.

Ms FINLAY - Okay. Can I ask the question in a different way, Chair, please?

CHAIR - Just reframe the question, Janie.

Ms FINLAY - Yes. You just said a few minutes ago that for the decades ahead, Hydro Tasmania will return on average \$470 million a year. Do you believe that's still to be true? Has Hydro not informed you, in any of your briefings, of changes to its projected earnings?

Mr BARNETT - What I can advise is the advice that we received at the time, which was the modelling, which made it very clear of the average of 470 -

Ms FINLAY - I'm not interested, Deputy Premier, at the modelling at the time. I'm asking for current advice.

Mr BARNETT - I'm answering your question. Well, I'm advising you the advice that I have received, and I've acted on that advice, as has the government, and the Premier has made clear in more recent days and weeks, of the average \$470 million per year with Marinus compared to not with Marinus.

Ms FINLAY - So you maintain that current advice is that that's still true?

Mr BARNETT - That's the advice and the modelling that we've received and we've acted on it.

Mr BAYLEY - It hasn't been updated since, is the question.

Mr BARNETT - I haven't seen any further updates that I'm aware of since that time.

Mr BAYLEY - Have you been verbally updated? Shrugging your shoulders, for the record.

Mr BARNETT - I can't add to my answer.

Mr BAYLEY - You have -

PUBLIC

Ms FINLAY - Could you ask your team, Deputy Premier, whether anyone at the table has had updated advice on that, please.

Ms PINTO - Through you, Deputy Premier: I can confirm that modelling was undertaken as a part of the FID assessment, and -

Ms FINLAY - I'm not asking that question.

Ms PINTO - a request for revised modelling has not been provided to Hydro.

CHAIR - Does the -

Ms FINLAY - Has Hydro provided any updated information to government about the changes to its projected position, financially?

Ms PINTO - Through you, Deputy Premier: not that I'm aware of, no.

CHAIR - The \$470 million, as I understand, relies on up to 800 megawatts of new renewable energy. Should that not eventuate, that will change, obviously?

Mr BARNETT - Well, I think you're aware, and I said in my opening remarks, of the 500 additional megawatts that Hydro is working on already.

CHAIR - They're proposals. They're not actual projects, those. It does rely on -

Mr BARNETT - No, I will repeat what I said. Through you, Chair: we have secured our first capacity investment scheme project at Bell Bay, strengthening Tasmania's contribution to the national energy reliability, and have tasked Hydro Tasmania to bring on 500 megawatts of renewable energy generation by 2030.

CHAIR - They're proposals. Those are the Tarraleah and Cethana projects, are they not?

Mr BARNETT - There is a range of projects, is my understanding. You had Hydro here in recent times and it is best to answer -

CHAIR - Hydro assured us they were proposals, not projects.

Mr BARNETT - that, with the 500 megawatts of new energy.

CHAIR - That still leaves 300 megawatts of other variable renewable energy?

Mr BARNETT - Well, I'm sure Hydro would be pleased to update the Committee if that's -

CHAIR - That's not its job. That's the private investment we're talking about.

Mr BARNETT - Well, thank you very much for the question. I've answered it to the best of my ability. I will check if the Deputy Secretary has anything further to add.

PUBLIC

Ms PINTO - Through you, Deputy Premier: there is a significant pipeline of new development in Tasmania, a range of wind and solar developments. Hydro has undertaken two expression-of-interest processes out to market. One, the first expression of interest process was predominantly targeted at solar developers, and through that process they -

CHAIR - These are for power purchase agreements; they're not building them?

Ms PINTO - That's correct; these are the power purchase agreements. They undertook to enter into a contractual arrangement with one developer, being Northern Midlands Solar Farm, but -

CHAIR - We've been through all that. Janie, I will go back to you if you want to follow that up.

Ms FINLAY - Deputy Premier, I'd like to refer back to earlier questions by Mr Edmunds in regards to the renewable energy dividend: have you, or anyone at the table, received any advice from Hydro of a change in its financial circumstances that would prevent the delivery of renewable energy dividends in the next five to seven years?

Mr BARNETT - Thanks very much for that. As I say, I've been in the role for not that long, but I appreciate that. I think there are updates from time to time, but in terms of the long term - in terms of the short term, I get updates. There's nothing I think I can add to my answer from earlier in the Committee hearing.

Ms FINLAY - Has anyone at the table received any briefings at any time from Hydro that would indicate that it's unlikely that Tasmanians will receive renewable energy dividends in the next five to seven years?

Mr BARNETT - I do think - through you, Chair - that that's a question best for Hydro Tasmania, but let's just see if the Deputy Secretary can add to that answer.

Ms PINTO - Through you, Deputy Premier, I can say that we meet on a regular basis with Hydro, as we do with all of our other energy GBEs. We discuss matters that are relevant, or live, of importance. I can say personally that I'm not aware of any time of that particular matter being discussed.

Mr BARNETT - I should add - through you, Chair - that like other government business enterprises, Hydro has a corporate plan that gets updated on an annual basis. They provide reports, obviously, to the public arena -

CHAIR - The corporate plan's not a public document, though.

Mr BARNETT - and indeed to the parliament on a regular basis.

Mr EDMUNDS - We only get one year of that, though.

CHAIR - The statement of corporate intent only includes one year.

Mr BARNETT - I'm aware that you had Hydro Tasmania here as a witness just weeks ago.

PUBLIC

Mr EDMUNDS - To your comment before, Minister - when we put those questions to them, they put them back to government, so we're in the feedback loop of information.

CHAIR - Janie, are you finished?

Ms FINLAY - Well, in asking these questions and in hearing the answers to questions from other members of the Committee, it feels to me that direct responses haven't been made. It concerns me that the Deputy Premier has put on the record that for decades ahead it is expected that Hydro will continue to be in a position to deliver \$470 million, on average, outcomes, when it was clear that it was stated that that was a point in time position, and there's been significant changes in circumstances since then. I want to re-ask the Deputy Premier - is he confident in his answer that current advice is that Hydro will deliver for decades ahead an average of \$470 million per year?

Mr BARNETT - I'm referring to the modelling that has been released and received.

Ms FINLAY - That's not what you said earlier, Deputy Premier.

Mr BARNETT - I'm making it clear now, for the record, that I quoted from the modelling that was received and which I quoted in my opening statement. I'll say it again: the Financial Investment Decision Assessment Report - there is, 'modelled average annual increase in returns from Hydro Tasmania to the government of \$470 million compared to "no Marinus"'. That was what I quoted, and if there's any misunderstanding, that is the quote. That is my position.

Ms FINLAY - The Deputy Premier has changed his answer and corrected the record there. Could I then ask the Deputy Premier, has there been any information that the Deputy Premier or anyone at the table has heard to change that - that there would be a change to that December 2024 position?

Mr BARNETT - I can't add to my answer which I've provided. I think I've assisted the Committee and said very clearly that that was based on that modelling. The modelling was provided, the decision was made, and, of course, it's based on modelling and, of course, circumstances change from time to time.

CHAIR - Has Hydro not provided any updated advice to you, as the Acting Minister, on their projections and expectations?

Mr BARNETT - Not to my knowledge.

Mr BAYLEY - Can I go to a load issue, in particularly in relation to AI and data centres - specifically the Firmus project in Launceston. By way of update, there's some speculation, I think, that 90 megawatts has been locked in for that development. I know it has sort of a Stage 1A and a Stage 1B of 44 megawatts each, and then there's a potential for 300 megawatts in a second stage. Can you confirm whether a supply agreement has been reached with Firmus for its data centre, and whether or not that includes a discount?

Mr BARNETT - Thanks for the question. The first thing I would say is you're making reference to a private company, Firmus.

Mr BAYLEY - That's right. We've visited as part of this Committee. It's part of what we've been looking at.

Mr BARNETT - Of course, they're a private company, and I wouldn't be revealing any private or confidential information between a private company and a government business enterprise.

Mr BAYLEY - Would you support a discounted power agreement with Firmus? How is the government treating data centres into the future? Similar to the four major industrials with a negotiated contract that's discounted?

Mr BARNETT - To be clear, we support investment, growth and jobs in Tasmania as a government. We're for it. We thank Firmus for its interest and its investment at the moment. What the government business enterprises do is consistent with, and we expect it to be consistent with, the government's policy around government business enterprises, to be obviously commercially viable, but to operate in the best interests of Tasmania. We've had that reform process since November the year before last, which the Premier and I announced together - I think it was November 2024. That process has progressed. We expect them to operate in the best interests of Tasmania, but in a sustainable and commercially viable way.

Mr BAYLEY - So, you support them and I completely accept that. The Tasmanian Government supports the establishment of data centres. Do you support them receiving, I guess, discounted power through a direct contract with a supplier?

Mr BARNETT - Well, I can't go into commercial-in-confidence matters on behalf of individual companies.

Mr BAYLEY - That's a policy. That's a policy issue, isn't it?

Mr BARNETT - As a government we support development, growth and jobs. We support investment. We support the GBEs' priority to support existing customers, major industrials. There's a new charter that makes it very clear what their direction should be, and the charter's quite explicit with respect to operating in a commercial way but in the best interests of Tasmania.

Mr BAYLEY - Has there been any direction to one of the government businesses, be it Hydro or TasNetworks, around discounted power for this or any other data centres?

Mr BARNETT - Look, I can't add to the answer in terms of the charter and what's in the charter, which the Premier's made clear, I've made clear, in recent months and years. Our GBEs need to operate in a commercial way, a sustainable way, and operate in the best interests of Tasmania.

Mr BAYLEY - But you can direct them to enter into non-commercial arrangements?

Mr BARNETT - It's really important that they operate consistent with the charter. Obviously, what's relevant to Hydro Tasmania or TasNetworks and how they operate are operational matters. They have to operate consistent with the charter. We welcome Firmus; we welcome other investors. We absolutely support our major industrials. We've been working

very hard with our major industrials, and we appreciate their work and support and the employment of thousands of Tasmanians.

Mr BAYLEY - Can you at least confirm if Firmus has secured a power agreement?

Mr BARNETT - It's not for me to answer that. That's a matter for Firmus and/or Hydro Tasmania and Aurora Energy.

Mr BAYLEY - One last one, then. In relation to the government's broader AI strategy and data centres, do you have an estimate or an upper limit in terms of the power demand that that strategy would allocate to that sector?

Mr BARNETT - Look, thank you very much for the question. I can understand where you're coming from with that question and, of course, I can't answer hypothetical questions, but -

Mr BAYLEY - This is in relation to your strategy.

Mr BARNETT - Yes, that's my point. Of course, we welcome investment in Tasmania. We have a great brand, which is clean, fresh, pure and natural, the Tasmanian brand. We are 100 per cent fully self-sufficient in renewable energy - that's recognised around Australia, around the world, and the fact that we've got both national and international interest in Tasmania is excellent. But we continue to strongly support our major industrials and those with the existing load and those that currently operate in Tasmania.

Mr BAYLEY - But you're producing a strategy specifically in relation to AI and data centres in the state.

Mr BARNETT - We have a strategy that supports the growth of our economy, creating more jobs and growing our energy security. There's a real opportunity in this space for Tasmania. We're considering what's best for Tasmania and we'll always act accordingly.

Mr BAYLEY - What does that strategy envisage in terms of the power demands of the AI sector, or forecast?

Mr BARNETT - Well, in terms of the AI factories, and that's obviously relevant to all of Australia, but specifically to Tasmania, because we have the renewable energy credentials, so there is clearly interest. We appreciate that, and we'll consider what's best for Tasmania but it's clearly, first and foremost, relevant to the relevant government business enterprises. I've mentioned Aurora Energy and Hydro Tasmania and TasNetworks, and we have regular meetings with them on an ongoing basis.

We look forward to further positive and constructive discussions with investors and proponents. You can see in Launceston already an investment is well and truly underway. We say congratulations to Firmus on its success to date and its plans to date, and we're glad that it has made arrangements accordingly.

Mr BAYLEY - But, as a government, in terms of strategising, you don't have a sense of demand that will be required into the future under your strategy?

PUBLIC

Mr BARNETT - Well, under our strategy - our strategy is to build Marinus Link, which will massively increase our economy. It will create more jobs and deliver underlying benefits through to Hydro Tasmania and help us pay for schools and hospitals.

CHAIR - We just need to wrap it up. We are out of time. Minister, I will thank you -

Mr BARNETT - I do have a phone number for you. The one for CBOS is 1300 654 499.

Mr EDMUNDS - Is that like a hotline or is that just the office number?

Mr BARNETT - It is a free-call number. It will go direct through and you can ask and express your views with respect to the fuel-check app or other matters related to CBOS.

Mr EDMUNDS - Just during business hours? Or is it like, you know, when you had the data breach you had more availability, or is that just 9.00 to 5.00?

Mr BARNETT - That's a question that I can't answer. I assume it's through business hours but if it's not, I'll get back to you.

Mr EDMUNDS - Thanks.

CHAIR - Alright. Well, thanks, Minister and your team, for appearing before the Committee. We'll wrap the hearing up.

Mr BARNETT - Thanks very much, Chair. Thanks to the Committee.

CHAIR - Thank you. We will write to you with the questions and maybe some others we want to send through as well.

Mr BARNETT - Thank you very much.

The witnesses withdrew.

The Committee adjourned at 1.30 p.m.