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THE JOINT SELECT COMMITTEE ON ENERGY MATTERS MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE, HOBART ON THURSDAY 30 APRIL 2026.

The Committee met at 10.29 a.m.

CHAIR (Ms Forrest) - Thank you, Nigel, and your team for appearing before the Energy Matters Committee. We were keen to hear from Aurora Energy, particularly around the arrangements with Firmus Technologies.

We appreciate that some of the evidence you wish to provide to the committee you've requested to be given *in camera*. The committee has deliberated on that already, so when you make that request, we will honour that request. But we do want to have an opportunity to ask you some questions in public session first, being a government-owned business. If there are matters that we ask that you can't cover in that session, you can indicate that and then we'll defer those until we're in a private session.

Mr CLARK - Great, thank you.

CHAIR - Everything you say is covered by parliamentary privilege before the committee today. That may not extend beyond the committee hearing. The first part of the meeting will be broadcast; once we go into the closed and in-camera session, the broadcast will be stopped and a separate *Hansard* will be prepared. Do you have any questions about that before we commence?

Mr CLARK - No, that's fine. Thank you.

CHAIR - Okay. I'll get you both to take the statutory declaration; it's sitting on the table there in front of you, and then I invite you to make some opening comments if you wish and introduce yourselves in that process.

Mr NIGEL CLARK, CHIEF EXECUTIVE OFFICER, AND **Mr OLIVER COUSLAND**, COMPANY SECRETARY/GENERAL COUNSEL, AURORA ENERGY, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - I do invite you to make some opening comments. Obviously, there may be some things you wish to cover in more detail in a private session, but we will have a few questions for you. But, as I said, if you can't cover them now, we'll move into the in-camera session to do that.

Mr CLARK - Sure. Just from an opening point of view, thank you for the opportunity to come and explain. I think what we'll be able to demonstrate today is that the deal that we've done with Firmus is a really good deal, but it's also not unusual to deals that we do every day, every week, every month with other C and I (commercial and industrial) customers in Tasmania. I think today is a chance for us to just break that out and just show the process followed. As I said, we think it's a very positive deal for Tasmania, and both for Aurora Energy and Hydro Tasmania.

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CHAIR - Great. I just wanted to ask - and, again, if these things can't be responded to here, then we're happy to push them off until a little bit later - but with the arrangement that's been entered into, was that a decision of Aurora or were you directed by the minister to do that?

Mr CLARK - No, absolutely it was a decision of Aurora. It was basically a normal commercial transaction, whereas an industrial customer they came to us seeking a retail energy contract and we negotiated with Firmus and executed that deal. There was no government involvement with us in any way.

CHAIR - Has that agreement been finalised or is it still in the negotiation period?

Mr CLARK - No, the deal's been finalised and executed on 5 March. We entered into a three-year retail service agreement with Firmus, so it's got a three-year duration. Effectively, it will build in load over the duration. We'll start out at circa 50 megawatts and by November build to about 105 megawatts.

CHAIR - That's this year?

Mr CLARK - This year.

Ms FINLAY - In that direct relationship between Firmus and Aurora, were there introductions or referrals from the office of the Coordinator-General or from ReCFIT or other places for them to land with you?

Mr CLARK - No. We already had a relationship with Firmus. We'd been supplying energy to their early operation since - let me find the date - June 2020, so we already have been operating with Firmus for a number of years. Obviously, a different contract to this contract, so we had no introductions. We were familiar with them.

Ms FINLAY - And at that time you mentioned in the introduction you've been the CEO for three, three and a half years. So that predates you. At that time, did the introductions to Firmus come through the Office of the Coordinator-General or department or ministerial officers, the initial relationship?

Mr CLARK - I don't believe so. I mean based on the wholesale team, I think it was just basically a commercial deal, as was this one here, where they approached Aurora. But remember, they can also approach any retailer in the market to be the retailer to them, so we have to compete and win the business. But I don't believe there were any specific introductions back then.

Ms FINLAY - And out of interest with the early operations, what was the load in that contract?

Mr CLARK - That was a load up to 30 megawatts.

CHAIR - That was the previous arrangement you're talking about?

Mr CLARK - Correct.

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Ms FINLAY - With the three-year deal that you have now, have you got existing options built into that? How does that work?

Mr CLARK - No. It's just a straight three-year deal.

Ms FINLAY - So there's no commitment or promise of future -

Mr CLARK - No. Typically what happens with a C and I contract, commercial and industrial, is you do a contract for a period of time and that's it.

Obviously, as you approach the end of that, that contract, we would typically start talking with those constituents again to say, 'Let's do a new deal'. But it's a three-year deal. It has a hard start and a hard end date. Basically, we have to go out and contract the energy supply to back that risk. That's why it's a defined period.

Ms FINLAY - I've got questions about that contract in a minute.

This is not a reflection on Aurora, nor on you, but it is a cheeky but true statement to make: things can take time to build into a contract and get an agreement that is complete and so how long ago did you start commencing the negotiations with Firmus for this current arrangement for the three-year deal? Over what period of time did that take to build?

Mr CLARK - It would at least be in the vicinity of six months. Typically, large industrial deals can take anywhere between three to nine months. Obviously, it also depends on different companies will have different perspectives where they want a longer-term deal - five years, eight years. Some will wait for what they perceive to be a drop in the market prices before they want to contract. But yes, typically it takes months to pull such a deal together.

Ms FINLAY - And did the initial request for this deal come in at three years or was that something that was negotiated? I can imagine an investment of this scale and there's a large gain being spoken about - the scale of the operations and the investments and the power requested. Was there originally a much larger or longer term sought?

Mr CLARK - I don't believe so. I think the pricing that we sought to get from the market from Hydro Tasmania was primarily three years - was the pricing that they were zooming in on.

Ms FINLAY - You mentioned the contract then with Hydro and how that relationship works. Can you describe the process and the task of securing that contract, so the actual energy that you are then on-selling? What the relationships are with Hydro? How that process works?

Mr CLARK - We operate, obviously, with Hydro all the time. They are the dominant generator in Tasmania, but we are not limited to just having to buy energy from them. At the moment, before Marinus gets built, they are the prime supplier.

In essence, when a customer approaches us for a major contract, we'll have the discussion with them about the term, what they're seeking. We will then put that to Hydro Tasmania to get a price, so, one - are they happy to supply that energy? And secondly, what's the price they are willing to supply that at? We are obviously the retailer, so we are in the middle of that transaction.

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We have to take the price that we get from Hydro or from a market participant and turn that into a price that the customer is going to pay.

Now there's different types of contracts. You can take on no risk and have the load following contract where basically the load is matched by the deal or we, at times, for smaller loads we will do what they call flat swaps and different types of instruments and we will have to wear some of the risk of the shape of the customer, so do they use a lot in peak times, do they use a lot in the flat time. We have to make a price that covers our risk because at the end of the day we are the liable party if the wholesale prices deviate.

Ms FINLAY - I did have a question about that. What is the level of risk that Aurora holds in the contract that you've entered into now?

Mr CLARK - This one effectively is a load-following swap. What that means is that the price covers the full load shape of the Firmus load. From that point of view, we have no exposure to their shape pattern, so if they happen to use more or less in certain times of the day, the contract covers that.

Ms FINLAY - Are you exposed to any other risks in the contract?

Mr COUSLAND - We might take some of this *in camera*, if that's okay, some of the risk aspects of the contract.

Ms FINLAY - Sure, happy to come back to that.

Can I ask about the authority to enter into these types of contracts? You mentioned that these are standard contracts in terms of this commercial, sort of industrial environment. How many does Aurora manage of this nature?

Mr CLARK - Thousands.

Ms FINLAY - How many have you got currently at play that you're negotiating?

Mr CLARK - There are always contracts.

Ms FINLAY - How many new contracts, so not existing, that might be looking to re-enter a contract, but how many new contracts of this nature would you be -

CHAIR - Wouldn't there have to be contracts of a certain size here because there would be all sorts of residential customers as well.

Ms FINLAY - Well, no, of the commercial of the C and I, I think you called it.

Mr CLARK - It's a moving feast. That market - it is constantly evolving. Sometimes you may have a customer, they might leave you, they might come back, so I believe there is no set answer to that.

Ms FINLAY - I suppose the purpose of the question, if I can paint a picture around that, is of the agreement you've entered into with Firmus, acknowledging that they had early

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operations agreement, are there three, 10, 100 of this style or interest agreement that you're currently in negotiations with for contracts?

Mr CLARK - In Tasmania large contracts obviously don't come along every day as you'd be aware. It's a question of what industries are coming or going into the state. But no, there are not hundreds of contracts of this size, no.

Ms FINLAY - But there are some currently being negotiated at the moment, new entrants?

Mr CLARK - It's always a question of who approaches us. As I said, we're in competition with the likes of Shell and other retailers so it doesn't necessarily mean that Aurora is going to see what transactions are going on in the state; we will only see what comes to us.

Ms FINLAY - I'm asking that specifically of Aurora. Is Aurora in other negotiations for similar types of contracts at the moment?

CHAIR - Of this scale? Is that the question, of this scale?

Ms FINLAY - Yes.

CHAIR - This is quite a large contract, I imagine, for you.

Mr CLARK - *In camera* we could talk about that question.

Ms FINLAY - Thank you.

Mr BAYLEY - I guess, in terms of contingency, three years is not a long-term deal. You've talked about the fact that there are no options, and it will be renegotiated at the conclusion of that. Is it a take or pay type contract? What happens if the centre is not built - that Firmus doesn't have the full demand? Does Aurora have a contingency plan in that regard?

Mr CLARK - We'll take that one *in camera*.

CHAIR - We'll come back to that one, Vica.

Mr BAYLEY - Were there any conflicts of interest within Aurora, the negotiating team, or the board in relation to this contract that were declared?

Mr CLARK - No.

Mr BAYLEY - Did you receive any financial advice about Firmus as a company prior to reaching this agreement?

Mr CLARK - We do a credit assessment on all large customers. We did the required diligence as to Firmus as a counter-party.

Mr BAYLEY - Right, one last one: what sort of arrangement was put in place in terms of announcing this deal? My recollection was that it was Firmus that announced this arrangement. It's obviously in a significant capital-raising exercise at the moment.

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How do you negotiate and come to an arrangement in terms of the announcement of these kinds of arrangements, these kinds of power purchase agreements?

Mr CLARK - We'll pick that one up *in camera*.

Ms FINLAY - The reason I was asking about the number and the scale of these sorts of agreements previously is I'm interested in the decision-making authority around it.

For a contract at this size, where's the delegated authority sit to enter into the agreement? Is it a board-level decision? Is it you as CEO or is it standard practice within - where does the actual decision and authority sit? Where was the decision made, I suppose, to enter into this contract?

Mr CLARK - Most will sit within the office of the CEO. Commercial and industrial deals, as I said, they're happening every day, every week. So we have authorisations that cover that - transactions of a super-large size. There is some board aspects that would kick in, but for the majority of deals the office of the CEO would have the authority.

Mr COUSLAND - And primarily the board approval is around the credit risk assessment side of it because there are two parts to it: the credit risk and the contract.

Ms FINLAY - Okay. I'm clear that there's been no referral or invitation to meet in terms of that initial relationship with Firmus, as you've reported to the committee, and that there's been no ministerial direction or anything. But, at a board level and at a CEO board level, are there briefs or policy positions presented to Aurora to operate within around this type of energy usage around AI and data centres? Have there been conversations between departments, ministerial officers and the board and yourself, as CEO, around what Tasmania's seeking to achieve and therefore Aurora's role in that, outside the specifics of the contract, but just generally?

Mr CLARK - This transaction just presented along with, as I said, other commercial and industrial, so there's been no specific dialogue in any in any way in regards to -

Ms FINLAY - Sorry, not specific to the contract, but just in terms of Aurora being a retail provider of energy in Tasmania and the state's declaration around AI and bringing in data centres and that sort of thing -

CHAIR - Beyond the ministerial statement of expectations, perhaps?

Ms FINLAY - Yes, that's right.

CHAIR - That's obviously a living document, and the statement of corporate intent covers off on what the expectations we, as the owners of Aurora, have. Just to be clear, Janie, are you talking about: is there other information given by the government to Aurora outside of those frameworks?

Ms FINLAY - That's right.

Mr CLARK - I don't believe so, no. Not in regards to this.

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Ms FINLAY - Which I suppose is interesting and curious in terms of from an outsider looking in, where you've got the state of Tasmania looking strategically at the things that we would deliver and the resources that we've got to do that and the precious resources that we've got to do that. They're actually at a premium internationally. How then decisions can happen in a what's seemingly quite an isolated way in terms of buying, selling and the value of that power.

Has the preciousness and the premium of the resource and the competition for the resource, does that get considered in the decision? Or is it a purely isolated commercial decision between an interested party and your capacity to buy a contract from Hydro?

Mr CLARK - Our role is the retailer. Our role is not to - I think back up to manage the themes of the state as you're alluding to there. We are a retailer. Our statement of corporate intent is to be a retailer to the Tasmanian public and businesses, and that's the role that we play, so we will look to do commercial deals that make sense from a retail point of view in fulfilling that obligation.

Ms FINLAY - But there's no expectation of premium, or there's no external inputs or expectations around the nature of the energy that you're selling or the -

Mr CLARK - No, if you look at our statement of corporate intent, we don't have any of those obligations that you're alluding to there in looking at the total interest of Tasmania and resources. We're not the generator, we're the retailer, so we will source energy from multiple sources. As I said, Hydro tends to be the dominant one, but, as I said, in time with Marinus Link and others, we can source energy from market players and sell it to a customer, and we have to manage at risk and make a commercial return for the people of Tasmania.

Ms FINLAY - Acknowledging that we'll have some conversations *in camera* around the number of contracts like this that you might be considering, could I ask a different question around that? How often is there an approach for entering into a retail agreement for power of this scale and that it's denied? Or that they're not fulfilled - or not able to be fulfilled?

Mr CLARK - We'll take that *in camera*, thanks.

Ms FINLAY - Fair enough.

Mr BAYLEY - Janie, if I may. A quick question, Chair. One of the things that people are struggling to understand is other businesses, I think Norske Skog is a perfect example, couldn't get access to power some years ago. Then this contract for over 100 megawatts has been landed. Were you involved in conversations with Norske going back some years in relation to the failure to deliver an arrangement to meet their needs?

Mr CLARK - We're happy to talk about that one *in camera*. We had recent engagement, obviously, with Norske last year.

CHAIR - We'll take that *in camera*.

Mr BAYLEY - Can I come back just to the timing and the announcement, because I just want to check, Chair, in particular, whether issues of transparency and Aurora making

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announcements about the arrangements it reaches. It's a matter of public interest and so those questions about the timing of this - Firmus making the announcement versus Aurora making the announcement - are real.

I guess I did want to put on the record in public again to you why it took three weeks for this arrangement to be announced publicly and that it was Firmus that announced it as opposed to Aurora? I would have thought that in the public interest, as a public entity, Aurora would have taken the lead and the initiative to announce this.

Mr CLARK - I'm happy to pick that one up *in camera*.

CHAIR - We'll take that *in camera* as well.

Mr BAYLEY - Is there nothing you can tell us publicly in relation to that? I mean, transparency of announcements is an important public principal.

Mr CLARK - I don't think there's any smoking gun here. Sometimes we will announce retail transactions that we've done. A lot of times we won't. This one was a new entity into Tasmania, so we put out an appropriate short release just on the nature of the agreement, because it was a significant new deal for Tasmania, so I think -

Mr BAYLEY - But can you confirm that was after Firmus had announced it themselves?

Mr COUSLAND - Sorry, just to clarify, it was a joint - we worked on a joint statement.

Mr CLARK - I was going to say, I don't think it was after.

Mr COUSLAND - What you are referring to as the Firmus statement was a joint statement that we worked on with them.

CHAIR - And then you made a subsequent announcement yourself, is that what you're saying, Nigel?

Mr CLARK - I think the one we're referring to was the joint - it was a media release on the 25th of March.

CHAIR - That's one you were referring to, Vica? The 25th of March announcement?

Mr BAYLEY - Yes. And that's jointly auspiced by Aurora and Firmus?

Mr COUSLAND - Yes, correct.

Mr CLARK - Which many times we'll do media releases on a variety of things, whether it be a contract or something with a community partner. That's a joint media release, so it was in that nature.

Ms FINLAY - Can I ask: what are the limitations to Aurora being able to enter into contracts like this?

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Mr CLARK - The only limitation on Aurora effectively is can we bring together a financial transaction that works. On the one hand we have to be able to get the supply and we have to be able to get the supply at a price plus our margin that the customer's willing to pay, so that's it. So there is no other -

CHAIR - Purely commercial.

Mr CLARK - It's a commercial - we're a retailer. That's what we're paid to do, that's what we are here for in Tasmania, so there is no limitations in theory.

CHAIR - I think we've got a quite a list -

Mr CLARK - Can I just correct one thing for the record: the original price request they asked for was both three- and five-year terms, so I'm sorry, I made an error earlier; it was three and five, and three was the deal.

Ms FINLAY - The reason why I asked that subsequent question around how long it took to get to that point - six months is great compared to some of the things that we hear from other organisations in terms of time. I thought it may have taken longer. So my question was going to then be, are you already in negotiations for the next contract period? Because by all public commentary it's going to be a quite a significant step up, but that won't happen for another two years or something.

Mr CLARK - No, we won't. We only just inked this deal, but your point is correct. As a contract's approaching its end date. So typically, in a lot of cases, six months out from a contract ending, you'd be having a discussion with the customer. Obviously, our intent is to hang on to every customer we have, so we will try to do that.

Ms FINLAY - Is the agreement for supply intermittent or continuous? Is there a difference in your agreements on that?

Mr CLARK - We'll pick that one up *in camera*, thanks.

Ms FINLAY - How does that matter?

Mr CLARK - Well, there can be different arrangements with various players in Tasmania and it's probably typically more a Hydro and a Networks question, but some contracts will have ability to interrupt load and various other things, so there is -

CHAIR - Which are all part of their commercial contractual arrangement. We do need to be a bit cautious here.

Ms FINLAY - Yeah. We will get *in camera* around the number of other types of contracts that you're working on like this, but I'd like to ask here, are you working on other significant AI or data centre agreements in Tasmania at the moment?

Mr CLARK - No. Not with any other entities at this point in time. No. Not that I'm aware, no.

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Ms FINLAY - The agreement at the moment with Firmus is an agreement for operations anywhere in Tasmania or site specific?

Mr CLARK - Contracts are site specific typically and you're contracting for that, for that NMI (National Meter Identifier) and that load.

Ms FINLAY - And so are you in agreement or have you inked other agreements for Firmus at other sites?

Mr CLARK - I better pick that one up *in camera*.

CHAIR - In view of the time, there's a lot of things to get through.

Mr BAYLEY - Chair, one last one, just coming back to the staging of the announcement of this.

The joint release you referred to - 25th of March, as I understand it, the co-founder of Firmus was on the ABC radio the day before that, on the 24th of March.

Can you confirm, was that an agreed strategy between Aurora and Firmus for him to go out the day before Aurora actually announced this publicly?

Mr CLARK - No, we in no way coordinate Firmus's activities.

Mr BAYLEY - So you worked up a joint media release for release on the 25th and, I guess in some ways, Firmus pre-empted that and went on the radio the day before. Is that how that rolled?

Mr CLARK - No, we have no control over when the CEO may be on the radio. In essence, part of the logic of the joint media release was to just ensure that there was full transparency with the public as to the nature of the deal done because some of the discussion and media interest was twisting the facts or getting the facts wrong, so part of our media release was to straighten up those facts.

Ms FINLAY - What were the facts that we're getting wrong?

Mr BAYLEY - Is that in the wake of the Firmus CEO's interview that prompted questions?

Mr CLARK - Oh, there was just general media. I can't speak for media outlets as to what prompted their interest.

But no, there were points on the record of things such as the counter-party or the counter-parties - Aurora Energy is not Hydro Tasmania, so there were just some basic factual statements that were getting picked up by the media that were incorrect, so we wanted to ensure that the full facts and transparency were there.

Ms FINLAY - What were the other concerning matters -

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Mr BAYLEY - Why didn't Aurora, I guess, go out with your own release in your own terms, I guess, on the 24th or as agreed with Firmus, why did you have to do a joint release to announce this agreement - or follow up on the announcement of this agreement?

Mr CLARK - Well, as I said, it was ensuring that the record was straight, but also the reason it was a joint release is it was a good news story for Tasmania to be able to announce this transaction.

Ms FINLAY - In your introduction, you said that it's a good news story and you said it was a good deal. What makes it a good news story?

Mr CLARK - We'll pick that up *in camera*, thanks.

Ms FINLAY - You put a media release out about it being a good news story. Are there not any publicly available piece of information?

Mr CLARK - It goes to matters of financial, so we'll pick that up *in camera*, thanks.

Ms FINLAY - Could I ask one other question before we go into camera? You talked about you enter into the agreement with Hydro, you've got the retail agreement, you've got your margin on the way through. Do you consider the clip that you take on the way through in different ways with different entities or is there a standard margin that you apply to these types of contracts?

Mr CLARK - Every deal is different, so, obviously, depending on whether we are taking on wholesale risk or not, it depends on the load shape of the customer. If it's a really peaky customer load that's more expensive for us to hedge so, there's a multitude of things that will feed into where an end margin establishes itself. You have some ideal target margins that when you do your annual plan you ideally hope to make *x* margin but every transaction is different in where that margin may land.

Ms FINLAY - Back to previous questions, they are only internal commercial decisions they're not influenced or characterised by any other external expectations like ministerial or departmental expectations of results or outcomes?

Mr CLARK - No, that is a wholly internal process.

CHAIR - I think we've only got 15 minutes left. I would like to suggest that we now take those questions into an in-camera session. We will stop the broadcast. I assume you're happy to have these two guys in the back of the room, just checking?

Mr CLARK - Yes.

CHAIR - Treasury did get kicked out yesterday. That was DSG kicking Treasury out. That was not this committee. It was a different one.

The Committee adjourned at 11.00 a.m.