



PARLIAMENT OF TASMANIA

Joint Select Committee on Energy Matters

Inquiry into energy prices and related matters in Tasmania

Interim Report

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Legislative Council

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CHAIR'S FOREWORD

On behalf of the Committee, I am pleased to present this interim report to the Parliament.

Tasmania's energy system is at a critical juncture. The state's predominantly renewable electricity system, built on more than a century of hydroelectric development, provides a significant competitive advantage as Australia transitions to clean energy. However, this interim report finds that serious challenges remain around affordability, energy security, market structure, and the equitable distribution of costs and benefits from major new electricity infrastructure and developments.

This interim report presents findings and recommendations based on evidence received by the Committee up to 11 June 2025, the date on which the House of Assembly was dissolved ahead of the 2025 state election, for the second time during this inquiry.

The Committee was first established in the Fiftieth Parliament in October 2023, before being dissolved at the prorogation of that Parliament in February 2024. It was re-established in the Fifty-First Parliament in June 2024, receiving 108 submissions and holding nine public hearings before again being dissolved in June 2025. The Committee was subsequently re-established in the Fifty-Second Parliament in September 2025 and resolved to publish this interim report on the evidence received to that point.

A separate and subsequent report will address matters arising after 11 June 2025, including the Tasmanian Government's Final Investment Decision on Project Marinus, the release of the redacted Whole of State Business Case, and other significant energy developments occurring after that date.

Energy prices and affordability

While Tasmania has among the lowest regulated standing offer electricity tariffs in Australia, this does not reflect the lived experience of many Tasmanians when paying their electricity bills. Higher per-household consumption, driven by the state's cold climate, ageing and poorly insulated housing stock, and high reliance on electric heating, means Tasmanian households face among the highest electricity bills in the country. Evidence provided to the Committee estimates approximately 50,000 Tasmanian households are experiencing energy poverty.

Current concession arrangements do not adequately address the underlying causes of high energy costs, particularly for renters who cannot modify their homes or access rooftop solar. The Committee finds that expanding rooftop solar and improving the

energy efficiency of rental properties are the most effective long-term measures to reduce bills for low-income households.

Energy security and supply

Tasmania's reliance on a single 500 MW interconnector in Basslink, combined with hydro generation subject to increasing climate variability, presents an ongoing energy security risk. The 2023–24 water year recorded the lowest inflows since records commenced in 1997–98, requiring Hydro Tasmania to draw on gas generation and Basslink imports. The August 2024 storm event, which left more than 47,000 customers without power for extended periods, further demonstrated the vulnerability of Tasmania's distribution network. Diversification of generation, particularly through expanded wind, solar, and rooftop solar and the future additional interconnection are important aspects of improving resilience.

Market structure and the role of state-owned entities

Hydro Tasmania's dominant market position, while an asset in many respects, creates barriers for new generation developers seeking Power Purchase Agreements and constrains competition. The dual obligation on state-owned energy businesses to operate commercially while serving public policy goals creates inherent tension. The Committee finds that private generators have an important role alongside state-owned entities in meeting Tasmania's growing energy needs, but face significant challenges including complex approvals processes, limited transmission capacity, and market uncertainty.

Project Marinus

Project Marinus, comprising the proposed two-stage 1,500 MW interconnector and the North West Transmission Developments, was the most contested issue before the Committee. This project will be more fully reported on in a future report.

The evidence received prior to 11 June 2025, revealed two fundamentally conflicting narratives. Proponents, including the Tasmanian Government, Hydro Tasmania, TasNetworks, and the business community, contend that Marinus is critical infrastructure that will improve energy security, unlock new renewable generation, and put downward pressure on energy prices. Modelling commissioned by Marinus Link Pty Ltd projects net residential savings of \$25–\$36 per year from Stage 1.

Critics, including independent analysts, consumer advocates, major industrial users, and community representatives, raised serious concerns that the primary benefits will flow to mainland electricity users and private generators rather than Tasmanians.

TasNetworks' own modelling projects network charge increases of approximately 15.6 per cent for major industrial customers and 3.5 per cent for residential and small business customers by 2031–32, before accounting for any wholesale price reduction. The basis for Tasmania's 27.6 per cent share of regulated revenue recovery was not clearly explained to the Committee. The Committee notes that this cost-recovery share is distinct from Tasmania's equity contribution and is not allocated simply by population; the public-interest question is whether projected Tasmanian market benefits and consumer protections justify Tasmanian consumers' paying this share of regulated costs. The historical experience of Basslink, after which Tasmanian residential electricity prices grew faster than in any other National Electricity Market region, warrants caution in assessing projected benefits to customers.

The Committee found that to proceed with Project Marinus in the public interest concessional financing arrangements must be finalised, the cost allocation must be transparently explained, and robust consumer protections must be in place before a Final Investment Decision (FID) is made. These matters, together with the FID itself and the Whole of State Business Case, will be examined in the Committee's subsequent report.

Opportunities

Tasmania's renewable energy credentials, hydro storage capacity, and world-class wind resources position the state well for the clean energy transition. Emerging industries including green methanol, green hydrogen, and advanced manufacturing are attracted to Tasmania specifically because of its renewable energy advantages. Expanding rooftop solar represents the fastest, cheapest, and least disruptive opportunity to increase distributed renewable generation. Currently, Tasmania significantly lags other National Electricity Market regions at approximately 3.3 per cent of electricity demand compared to South Australia's 26 per cent. Virtual power plants, flexible industrial loads, and innovative technology enterprises also present emerging opportunities to strengthen grid stability and diversify the economy.

Committee Recommendations

The Committee has made six recommendations arising from the evidence received up to 11 June 2025, noting this evidence was taken prior to the Government making the FID for Marinus Link.

The Committee has made recommendations related to assisting Tasmanians meet the cost of electricity, including the need to reform electricity concession arrangements to better target and support vulnerable households and to review minimum energy efficiency standards for rental properties to meet contemporary expectations.

The Committee further recommends the Tasmanian Government work with the Australian Government to deliver dedicated programs improving the energy efficiency of public and private rental properties, and to develop a targeted strategy to substantially increase rooftop solar and battery penetration across Tasmania, including in public housing.

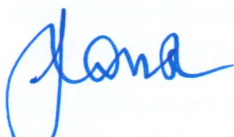
The Committee made recommendations relating to the need for early and meaningful community and landholder engagement by private and public proponents of large-scale renewable energy and transmission projects and the importance of regular monitoring and public reporting of requirements related to the delivery of new energy projects. This monitoring and reporting includes matters related to transport, accommodation, workforce planning, and Tasmanian industry participation plans.

These recommendations reflect the Committee's view that whatever path Tasmania takes on major energy infrastructure, the interests of households, renters, regional communities, and local industry must be placed at the centre of decision-making.

Conclusion

In conclusion, Tasmania has and will continue to play an important role in the national energy transition. The decisions made in the coming years on interconnection, generation investment, consumer protection, and market structure will shape the state's energy future for decades. This Committee's findings and recommendations are intended to promote decision-making that is transparent, equitable, and in the genuine long-term interests of all Tasmanians, particularly those least able to bear the costs of getting them wrong.

I would like to thank all those who took the time to make submissions and provided evidence to the inquiry. I also wish to note the Committee's appreciation for the work of our Committee Secretary, Mr Michael Barnier and assistant Ms Kiah Charles. The Committee looks forward to releasing a final report in due course.



Ruth Forrest MLC
CHAIR

18 May 2026

FINDINGS

Chapter 2: Background – Energy in Tasmania

1. Tasmania's electricity system is predominantly renewable. In 2023-24, hydropower supplied approximately 77 per cent of on-island generation (7,467 GWh of approximately 9,686 GWh), while hydro represented approximately 63 per cent of electricity supplied to meet Tasmanian consumption once net Basslink imports are included.
2. Tasmania joined the National Electricity Market in 2005 via the Basslink interconnector, integrating its previously isolated system into the east-coast electricity grid and linking Tasmanian prices to mainland market dynamics.
3. The 2015–16 energy crisis, caused by the convergence of record low rainfall, extended drought, depleted water storages, together with an extended Basslink outage, demonstrated the systemic vulnerability of relying on a single interconnector combined with hydro generation subject to climate variability.
4. Approximately 40 per cent of Tasmania's total final energy use is met by electricity. The remaining energy use is largely direct use of fuels, including petroleum for transport, and coal, gas and other fuels for industry and stationary energy uses (energy consumption for purposes other than transportation). This means the electrification challenge extends well beyond the electricity sector.
5. Climate variability is increasing the unpredictability of hydro inflows, with inflows to Hydro Tasmania's storages in 2023–24 the lowest since records commenced in 1997–98. This required Hydro Tasmania to draw on gas generation and Basslink imports to maintain supply, highlighting the growing risk of hydrological variability to Tasmania's energy security and Hydro Tasmania's profitability.
6. Tasmania's electricity demand is characterised by high industrial load, with four large industrial users accounting for more than half the state's electricity consumption, making the system vulnerable to changes in that industrial base.
7. Residential electricity consumption in Tasmania is higher per household than mainland states, primarily due to the state's cooler climate, older and less energy-efficient housing stock, and the prevalence of electric heating and low household gas penetration.
8. The August 2024 storm event, which left more than 47,000 customers without power for extended periods, demonstrated that Tasmania's distribution network faces significant resilience challenges beyond interconnection and generation risks.

Chapter 3: Factors that impact energy prices for Tasmanian customers

9. The Tasmanian Economic Regulator has greatest discretion over retail-cost allowances and the approval of Aurora Energy's standing-offer prices. However, much of the regulated price stack is driven by pass-through or formula-based inputs, including Australian Energy Regulated-approved network tariffs and wholesale energy costs calculated under the Wholesale Electricity Price methodology. These inputs are only partly within direct State control, notwithstanding State ownership of Hydro Tasmania.
10. While Tasmania has among the lowest regulated standing offer retail tariffs in Australia, this does not reflect the full electricity bill, which is significantly influenced by higher per-household consumption driven by Tasmania's cold climate, poor housing stock, prevalence of electric heating and low household gas penetration.
11. The claim made by the Minister for Energy and Renewables, the Hon. Nick Duigan MLC, that Tasmania has the lowest regulated electricity prices in the national market is technically narrow and fails to accurately reflect the lived experience of Tasmanians, particularly those in energy poverty.
12. A lower regulated electricity price, as referenced by the Minister for Energy and Renewables, the Hon. Nick Duigan MLC, does not equate with a lower electricity bill when household consumption is high due to energy-inefficient housing.
13. Hydro Tasmania's dominance in generation means its bidding strategy can significantly influence Tasmanian wholesale prices. Diversifying the generation base could increase competition and place downward pressure on prices, provided new entrants have effective offtake/hedging options and adequate transmission/interconnector access.
14. Increasing wind and solar generation in Tasmania's energy mix could allow hydro storage to be used more strategically and may place downward pressure on wholesale prices at times of renewable output, although longer-term price effects will depend on demand growth, transmission and interconnector constraints, storage behaviour and contract market conditions.
15. Climate variability and declining inflows to hydro catchments create uncertainty in long-term generation and contribute to periods of higher wholesale prices and increased gas generation.
16. Hydro Tasmania's existing water infrastructure and generation assets are ageing, with some schemes over 85 years old, and require significant capital investment to maintain reliability and efficiency, including approximately \$1.15 billion in capital investment over the next decade under its Strategic Asset Management Plan, exclusive of Battery of the Nation projects.

17. Tasmania's connection to the Victorian region of the National Electricity Market via Basslink means Tasmanian spot prices are generally closely related to Victorian spot prices, tying Tasmanian consumers to mainland market volatility.
18. Network charges (transmission and distribution costs) are the largest component of the electricity price stack and are governed by the Australian Energy Regulator, outside the jurisdiction of the Tasmanian Economic Regulator.
19. New generation entities that directly benefit from new energy transmission infrastructure, including generators exporting power interstate, could contribute to its cost.
20. The 2024–29 regulatory period for TasNetworks has resulted in significant increases in transmission tariffs, which have been immediately passed through to customers. Small business customers, particularly in hospitality, have less flexibility to manage and respond to increased network (transmission) costs.
21. Rural and regional customers pay the same network tariffs as urban customers, a longstanding policy that provides equity but means remote areas are effectively subsidised by urban networks.
22. Retail costs (billing, customer service, retail margins, and retail market risk management) represent approximately 12 per cent of the typical electricity bill; the Tasmanian Economic Regulator has limited discretion over this component.
23. Approximately 50,000 Tasmanian households are estimated to be experiencing energy poverty, characterised by the inability to afford adequate energy to maintain a decent standard of living and good health.
24. Current electricity concession arrangements do not adequately address the underlying causes of high energy costs for vulnerable Tasmanians, particularly renters. Poorly targeted energy rebates have also provided support to higher-income households.
25. The most effective long-term measure to reduce electricity bills for low-income households is to support the roll-out of rooftop solar, and improving the energy efficiency of the housing they occupy, including insulation, efficient heating, and minimum appliance standards in rental properties.

Chapter 4: Challenges in Tasmania's Energy Supply and Costs

26. The competing obligations of state-owned energy businesses to operate commercially while serving public policy goals presents a range of challenges, including managing environmental and social considerations, encouraging new private investment and maintaining competitive pressure, while leveraging the benefits of public ownership.

27. Retail electricity prices increased by approximately 30 per cent in the five years to 2023, despite Tasmania's strengths in renewable generation.
28. Hydro Tasmania's market dominance creates a challenge for new renewable developments seeking Power Purchase Agreements. Hydro Tasmania is involved in almost all Power Purchase Agreements and is effectively the 'market maker', both buying and selling electricity, in terms that are favourable to it.
29. The dual obligation on state-owned energy businesses to operate commercially while serving public policy objectives creates a difficult tension; Hydro Tasmania simultaneously is required to maximise returns for government and to keep power prices as low as possible for consumers.
30. Tasmania's energy requirements are complex: there is tension between securing sufficient supply to meet changing demand in a way that keeps energy accessible and affordable for all Tasmanians.
31. Despite government projections of growing demand, measured energy consumption on mainland Tasmania has been relatively stable over the past five years, ranging between 10,683 GWh and 11,225 GWh, and fell from 11,225 GWh in 2021–22 to 10,935 GWh in 2023–24. The Office of the Tasmanian Economic Regulator attributed this to increased behind-the-meter solar self-consumption, meaning the true level of demand may be understated as this consumption is not accurately captured in available data.
32. Increased installation of rooftop solar and batteries would assist in meeting Tasmania's changing energy requirements.
33. Noting only approximately 40 per cent of Tasmania's final energy use is met by electricity, electricity demand in Tasmania is expected to grow due to factors such as electrification of business, major industries, and transport sectors.
34. Proposed expansions of state-owned renewable generation (Hydro Tasmania's Cethana and Tarraleah proposals) carry significant challenges relating to cost, implementation timeframes, and community and environmental acceptance.
35. Hydro Tasmania's Tarraleah redevelopment was estimated at \$1.05 billion in its preliminary business case; final cost estimates were still being refined at the time evidence was taken, noting rising pressures pushing costs upwards.
36. Private renewable energy developments must navigate a range of approvals processes, limited transmission capacity in prime renewable resource areas, and market uncertainty around Power Purchase Agreements.
37. Some challenges facing new renewable and transmission infrastructure developments relate to community and stakeholder opposition, site selection, visual, environmental, and Aboriginal heritage impacts, land acquisition,

- impacts on farming operations, and inadequate community and stakeholder engagement. Securing and maintaining social licence is a challenge.
38. The absence of a competitive offtake (Power Purchase Agreements) market and the limitations of Basslink's 500 MW capacity constrain the commercial case for new private generation projects without additional interconnection and/or additional load in Tasmania.
 39. Tasmania's reliance on a single 500 MW interconnector (Basslink) creates an ongoing energy security risk. An extended outage occurred in 2015–16, coincided with depleted water storages and drought conditions, and forced emergency imports of diesel generation and demand reduction measures.
 40. On-island transmission capacity, particularly in the north-west, is insufficient to support the volume of new renewable generation proposed for that region without significant investment.
 41. Hydro Tasmania's water storage levels in 2023–24 were managed down to levels close to the Prudent Storage Level (the minimum buffer required for energy security), requiring increased gas generation and net imports via Basslink.
 42. Climate change is increasing volatility in rainfall patterns, making extended dry sequences more likely and requiring more robust backup generation and demand management tools.
 43. The Office of the Tasmanian Economic Regulator's Annual Energy Security Review 2023–24, which reports on the water year/security review period rather than the financial year, found that low inflows led Hydro Tasmania to reduce hydro generation by 20.2 per cent, import 2,470 GWh via Basslink (with net imports of 1,914 GWh), and generate 444 GWh from gas - the highest gas generation since 2018–19.
 44. Until a second interconnector is operational and/or increased on-island renewable generation is online, Tasmania's energy security will remain dependent on the reliability of Basslink and the availability of sufficient water storage.
 45. The operational arrangements for Basslink were in a state of uncertainty at the time evidence was taken. Hydro Tasmania's long-term contractual right to control Basslink's flow was due to expire on 30 June 2025.
 46. Stronger inflows in August and September 2024 restored water storage levels to 47.7 per cent of maximum usable energy, 15.2 percentage points above the High Reliability Level.

Chapter 5: Opportunities in Tasmania's Energy Supply and Costs

47. Over the past decade, regulated electricity prices in Tasmania have increased by approximately 16 per cent in nominal terms, which represents a price reduction in real-terms relative to inflation.
48. Tasmania's publicly owned generation fleet, operated by Hydro Tasmania, provides a renewable energy advantage that most jurisdictions cannot match; this positions the state well in the clean energy transition.
49. State-owned entities can pursue strategic investments and policy objectives, including offering Power Purchase Agreements to new generators on terms (including non-commercial) that facilitate market entry.
50. Hydro Tasmania can be directed by the Shareholder Minister, and have been on occasion, to enter into Power Purchase Agreements that are not on commercial terms (onerous contracts).
51. Growing energy demand from electrification of transport and industry, and emerging industries such as green hydrogen and e-fuels, represents a significant economic development opportunity for Tasmania if the energy system expands to support it.
52. Expanding rooftop solar, supported by batteries and Hydro Tasmania's storage capacity, is among the quickest, cheapest, and least socially and environmentally disruptive ways to increase distributed renewable generation and reduce customers' net grid demand in Tasmania, subject to network hosting capacity, export limits, seasonal output and complementary storage or flexible demand.
53. Emerging industries including green methanol production, green hydrogen, and advanced manufacturing are attracted to Tasmania specifically because of its renewable energy credentials.
54. If managed well, major public renewable energy generation projects, including upgrades of existing infrastructure, can strengthen energy security, reduce long-term power costs, and stimulate regional economies.
55. Hydro Tasmania's Tarraleah redevelopment is projected to deliver up to 190 MW of flexible, dispatchable hydropower capacity, 100 MW more than the existing station, and to generate approximately 30 per cent more energy from the same volume of water.
56. The proposed Hydro Tasmania Lake Cethana pumped hydro project represents a 750 MW, 20-hour, long-duration storage opportunity that Hydro considers cost-competitive compared to similar projects in other states and territories. Early Hydro Tasmania modelling indicates the Lake Cethana project may not require Marinus Stage 2 to be commercially viable.

57. Hydro Tasmania's projections related to construction of the proposed Hydro Tasmania Battery of the Nation projects indicate the creation of up to 300 jobs over a six-year construction period for Cethana and approximately 250 peak construction jobs over five years for the Tarraleah redevelopment.
58. Private energy generators have an important role in achieving the volume of new capacity required to meet the 200 per cent Tasmanian Renewable Energy Target.
59. Private projects, including large-scale wind and solar farms and integrated green fuel manufacturing, can bring capital, expertise, and new value chains to Tasmania, creating jobs and diversifying the economy.
60. The Capacity Investment Scheme is an Australian Government revenue-underwriting scheme that supports eligible renewable generation and clean dispatchable capacity projects by reducing revenue risk.
61. Expanding generation, interconnection, and storage capacity are potentially transformative opportunities for Tasmania's energy future.
62. Tasmania has by far the lowest share of rooftop solar relative to electricity demand of any National Electricity Market region at approximately 3.3 per cent, compared to South Australia at 26 per cent and Victoria at 11.8 per cent. The CSIRO estimates the levelised cost (LCOE) of rooftop solar generation at \$50–\$75/MWh, making it the lowest-cost source of new electricity generation.
63. Tasmania has an advantage over the rest of the National Electricity Market in that dispatchable hydro storage can reduce output when rooftop solar is producing, preserving water for later. This can reduce the need for batteries, demand flexibility and distribution-network upgrades to manage local solar exports and evening peaks.
64. Some analysis has indicated that supporting rooftop solar expansion in Tasmania would deliver orders of magnitude more clean energy production per dollar of public subsidy than equivalent investment in Battery of the Nation or Marinus Link.
65. Virtual power plants and flexible industrial loads could provide grid stabilisation services, consume surplus renewable energy, and deliver efficiency gains for Hydro Tasmania.
66. Diversification of generation sources (wind and solar alongside hydro) and expanded interconnection would significantly improve Tasmania's energy security by reducing dependence on any single source or piece of infrastructure.
67. Innovative solutions such as virtual power plants and load collocated with generation represent emerging opportunities to enhance system stability and energy security.

- 68. Integration of wind generation with Hydro Tasmania's storage creates a more reliable and resilient system; wind generation can displace hydro when the wind is blowing, preserving water storage for when it is most valuable.
- 69. Expanding rooftop solar can improve energy security by reducing daytime net demand and allowing hydro water to be conserved, but its contribution is seasonal and daytime-weighted; winter and evening reliability still require hydro, wind, storage, flexible demand or interconnection.

Chapter 6: Tasmania's participation in the National Electricity Market

- 70. Meeting future electricity demand in the context of the national renewables transition will require significant new generation, supported by storage and interconnection.
- 71. The decarbonisation of transport, industry, and other sectors in Tasmania will require substantial increases in renewable electricity generation, with major industrial users already planning significant electrification programs.
- 72. To meet demand in 2023–24 during a period of lower on-island generation, Tasmania relied on net imports via Basslink of 1,249 GWh, demonstrating the system's dependence on interconnection during periods of hydrological stress.
- 73. Some major industrial users are planning to increase electricity demand significantly as they electrify operations. Grange Resources, for example, is contemplating increasing its electricity demand from 34 MW to over 200 MW as it removes diesel and gas from its operations and transitions to underground mining.
- 74. There are divergent strategic views on how Tasmania should manage its role in the National Electricity Market, including whether to deepen integration for mutual benefit or prioritise self-sufficiency to protect consumers from external market volatility.
- 75. Tasmania's participation in the National Electricity Market (NEM) since 2006 has coincided with electricity price growth that has exceeded other NEM regions, notwithstanding the absence of consumption growth; the net benefit of NEM participation is contested.
- 76. Project Marinus presents a risk that capital and operating costs will be disproportionately borne by Tasmanian consumers, while benefits flow primarily to mainland consumers and private generators, unless explicit safeguards are in place.
- 77. Assuming Marinus Link is operated as a regulated interconnector, generators in Tasmania benefit by gaining access to a larger export market while Tasmanian consumers bear a portion of the regulated infrastructure costs (including North West Transmission Development); this represents a potential

- transfer of benefit from consumers to generators that requires explicit policy attention.
78. Without deliberate strategies to engage landowners, traditional owners, and local communities and share project benefits, large renewable and transmission projects risk failing to secure the social licence necessary for successful delivery.
 79. Tasmania's abundant renewable resources, established hydro assets, and integration with the National Electricity Market provide opportunities for economic development, including export of clean energy and associated products.
 80. Emerging industries including green methanol, e-fuels, and green hydrogen production potentially represent significant long-term economic opportunities if Tasmania can provide reliable, affordable renewable energy at scale.
 81. Rooftop solar in Tasmania has the potential for further significant growth.
 82. Innovative uses of renewable energy, such as virtual power plants and high-performance computing as a dispatchable load, demonstrate the potential to diversify Tasmania's economy.

Chapter 7: Marinus Link and associated energy developments

83. Evidence from independent analysts, consumer advocates, heavy industry, and community representatives raised concerns that the primary benefits of Project Marinus (including electricity costs) will not flow proportionately to Tasmanian consumers, rather those benefits may be realised by mainland electricity users and private generation investors.
84. For Project Marinus to benefit Tasmanians, its benefits must tangibly reach households and businesses through affordable power, local jobs, and community development, rather than primarily enabling export revenues for Hydro Tasmania or private investors.
85. The Tasmanian Government, Marinus Link Pty Ltd, Hydro Tasmania, TasNetworks, and the broader business community suggest Project Marinus is critical infrastructure that will improve Tasmania's energy security, unlock new renewable generation, and provide downward pressure on energy prices.
86. The funding arrangements for Project Marinus rely predominantly on intergovernmental equity and concessional financing from the Commonwealth through the Clean Energy Finance Corporation, which materially reduces but does not eliminate the cost impact on Tasmanian consumers.

87. The basis for Tasmania's 27.6 per cent share of regulated revenue recovery for Project Marinus, being distinct from Tasmania's equity contribution and smaller population size, was not clearly explained.
88. Concessional financing from the Clean Energy Finance Corporation for both Marinus Link and the North West Transmission Development is estimated by the Tasmanian Government to reduce the maximum allowable revenue to be recovered from consumers by at least 60 per cent compared to non-concessional financing.
89. There are two conflicting narratives on the energy bill impacts of Project Marinus: one in which greater market efficiency and new renewable generation reduces wholesale prices and delivers net savings; and one in which Tasmanian business, industry, and households bear rising network and transmission costs for infrastructure from which they derive limited direct benefit.
90. Modelling by FTI Consulting commissioned by Marinus Link Pty Ltd projects net consumer savings of \$25–\$36 per year for a typical residential customer from Stage 1; this modelling depends on assumptions about new generation development and market conditions.
91. Marinus Link and the North West Transmission Development Stage 1 projections depend on significant assumptions about new renewable generation coming online in Tasmania and are modelled using the Australian Energy Market Operator's Integrated System Plan inputs.
92. TasNetworks modelling projects that North West Transmission Development Stage 1 will increase network charges for major industrial customers by approximately 15.6 per cent and for residential and small business customers by approximately 3.5 per cent (approximately \$36 and \$127 per year respectively) by 2031–32. This assumes concessional financing arrangements with the Clean Energy Finance Corporation are finalised as expected, and is before accounting for any wholesale energy price reduction.
93. Representatives from major industrial, Grange Resources, provided evidence indicating transmission cost increases of up to 29.6 per cent based on information provided to Grange by TasNetworks.
94. For Project Marinus to proceed in the public interest, concessional financing arrangements for the project and robust customer concession and consumer-protection programs to protect vulnerable Tasmanians from bill shock are important.
95. The historical experience with Basslink, where residential electricity prices in Tasmania grew faster than in any other National Electricity Market region following the interconnector's commissioning, warrants caution in assessing projected consumer benefits from Marinus Link.

96. Alternatives to Project Marinus exist, including maximising on-island renewable generation, expanding rooftop solar, demand-side management, and strategic use of Basslink; these carry different trade-offs and may not deliver the same scale of economic development, renewable energy investment, or export opportunity.
97. Should Project Marinus not proceed proponents warn of constrained renewable energy investment and development, foregone federal funding, and longer-term energy security risks as Basslink ages.
98. Ernst & Young modelling, commissioned by Marinus Link Pty Ltd in 2023, assumed an increase in generation capacity to the north-west, north-east, and midlands regions of Tasmania. The modelling for north-west Tasmania also estimated the total direct and indirect economic contribution of Marinus Link and North West Transmission Developments, and the induced investment to these regions, would deliver 4,923 Full Time Equivalent (FTE) jobs and 2,201 FTE jobs respectively, with 80 and 17 FTEs in ongoing operations in north-west Tasmania.
99. The 'do nothing approach' (not proceeding with Project Marinus) should be assessed against both (a) the risks of not proceeding, including renewable energy investment, reduced interconnection flexibility and possible future energy-security constraints, and (b) the risk of proceeding with a project whose costs are uncertain and whose benefits depend on contested assumptions about future market conditions, renewable investment, and load growth.
100. Any consideration of alternatives to Project Marinus must acknowledge the need for continued investment in Tasmania's energy future regardless of the decision on additional interconnection.
101. It is plausible that, without Basslink, Tasmania would have needed to consider additional on-island generation, demand-management or storage options; however, the scale, cost and timing of those alternatives cannot be concluded with certainty from the evidence.

Chapter 8: Related matters raised with the Committee

102. Construction of Marinus Link and the North West Transmission Developments will require a workforce numbering in the thousands, creating material pressure on housing, transport, and community infrastructure in north-west Tasmania.
103. Accommodation and workforce strategies developed for Project Marinus construction have the potential to deliver long-term community infrastructure benefits beyond the construction period if designed with this intent.

104. Requirements for workforce accommodation strategies have been incorporated into core contractor tendering processes, but the adequacy of these arrangements cannot yet be assessed as contractor proposals had not been received at the time evidence was taken.
105. A TasNetworks' permit application for the North West Transmission Developments has projected 333 roles during construction, with approximately 45 per cent in the north-west region; the head contractor is required to arrange accommodation for construction workers, most likely through a camp arrangement.
106. The Tasmanian Government had commenced preparatory work on housing, roads, skills, and workforce planning in anticipation of a positive Project Marinus Final Investment Decision, but detailed planning across government portfolios had not yet commenced.
107. The Tasmanian Government's privatisation review was in its early stages at the time evidence was provided to the Committee in April 2025.
108. The consideration of privatising state-owned energy assets is a major policy decision with wide-ranging consequences, including consumer service delivery, employee welfare, and energy prices.
109. TasNetworks was not consulted on Premier Rockliff's privatisation of government businesses review, only being informed the day before the Premier's 2025 State of the State speech, when it was announced.
110. The social and hardship programs delivered by Aurora Energy, as the state-owned retailer, are unlikely to be replicated to the same degree by a private entity operating under a commercial model, though minimum obligations under the National Electricity Rules would continue to apply.
111. The Government abandoned its privatisation review on 7 June 2025.

RECOMMENDATIONS

The Committee recommends the Tasmanian Government:

- 1. Reform electricity concession arrangements to target and better support vulnerable households from cost increases.**
- 2. Review relevant legislation in the area of minimum energy efficiency standards for rental properties to meet contemporary standards.**
- 3. Work with the Australian Government to deliver ongoing, dedicated programs that improve the energy efficiency of public and private rental properties, including minimum insulation and energy-efficient fixed heating appropriate to the size of the dwelling.**
- 4. Work with the Australian Government to develop a targeted strategy to substantially increase rooftop solar and battery penetration in Tasmania, including public housing stock.**
- 5. Strengthen requirements for all proponents of large-scale renewable energy and transmission projects regarding early and meaningful community and landholder engagement.**
- 6. Regularly monitor, and publicly report on, compliance with requirements related to the delivery of new energy projects, including transport, accommodation, workforce planning, and relevant Tasmanian industry participation plans.**

GLOSSARY OF TERMS AND ABBREVIATIONS

5MS	Five Minute Settlement
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
APA	APA Group Limited (owner of Basslink)
CEFC	Clean Energy Finance Corporation
CIS	Capacity Investment Scheme – Australian Government initiative to provide revenue support/safety net for new renewable energy (wind, solar) and clean dispatchable (battery) projects to support the 82 per cent renewables target by 2030
CSO	Community Service Obligation – where governments mandate for public entities to provide essential services that are not, or may not be, commercially viable
EST	Energy Security Taskforce
EV	Electric Vehicle
FID	Final Investment Decision
FTE	Full Time Equivalent
GWh	A gigawatt-hour – A measure of energy (one GWh equals one million kilowatt-hours)
HVDC	High Voltage Direct Current
HRL	High Reliability Level
IRR / IRRs	Inter-Regional Residues – settlement residues arising from price differences between NEM regions and interconnector flows.
ISP	Integrated System Plan – AEMO’s long-term blueprint for the national grid.
LCOE	Levelised cost of energy – measures the cost of building, operating, and maintaining a system divided by total energy output over its lifetime.
LGC	Large-scale Generation Certificate - a renewable energy certificate created for each MWh of eligible renewable generation.
MIIs	Major Industrials, in a Tasmanian context referring particularly to Bell Bay Aluminium, Boyer Paper Mill (formerly Norske Skog), TEMCO/Liberty Bell Bay, and Nyrstar
MLPL	Marinus Link Pty Ltd
MW	Megawatt – A measure of power or capacity (one MW equals one million watts).
NEM	National Electricity Market
NWTD	North West Transmission Developments
OTTER	Office of the Tasmanian Economic Regulator

PPA	Power Purchase Agreement
PSL	Prudent Storage Level
PV generation	Photovoltaic generation, i.e. solar
ReCFIT	Renewables, Climate and Future Industries Tasmania
REGO	Renewable Energy Guarantees of Origin - digital certificates in Australia's Guarantee of Origin scheme to track and verify renewable electricity, proving when, where, and how it was generated
REZ	Renewable Energy Zone
RIT-T	Regulatory Investment Test for Transmission
TRET	Tasmanian Renewable Energy Target
TVPS	Tamar Valley Power Station
VRE	Variable Renewable Energy
WEP	Wholesale Electricity Price
WoSBC	Whole-of-State Business Case - the Tasmanian Government's business case for Marinus Link

1 INQUIRY PROCESS

Appointment and terms of reference

- 1.1 On 23 May 2024, the Honourable Ruth Forrest MLC, the Independent Member for Murchison, moved a motion in the Legislative Council to establish a joint select committee on energy prices and related matters in the Fifty-First Parliament of Tasmania.
- 1.2 The Legislative Council passed the motion on 23 May 2024, and the House of Assembly agreed to the Resolution on 13 June 2024, with the following terms of reference:
 - (1) ... –
 - (a) *Factors that impact energy prices for Tasmanian household and small and medium business customers, with particular reference to energy generation, distribution and retail costs.*
 - (b) *The challenges related to energy supply and energy costs in Tasmania including –*
 - (i) *Role and participation of State-owned energy entities;*
 - (ii) *Energy requirements;*
 - (iii) *Expansion of State-owned renewable energy generation including associated community and economic benefits;*
 - (iv) *Private energy generators;*
 - (v) *Energy generation, storage and transmission capacity; and*
 - (vi) *Energy security considerations.*
 - (c) *Opportunities related to energy supply and energy costs in Tasmania including –*
 - (i) *Role and participation of State-owned energy entities;*
 - (ii) *Energy requirements;*
 - (iii) *Expansion of State-owned renewable energy generation including associated community and economic benefits;*
 - (iv) *Private energy generators;*
 - (v) *Energy generation, storage and transmission capacity; and*
 - (vi) *Energy security considerations.*
 - (d) *Tasmania’s past, current and future participation in the National Electricity Market with a focus on impacts for Tasmania, including matters related to the national renewable energy transition:*

- (i) *Current and future energy demand;*
- (ii) *Costs, risks and benefits; and*
- (iii) *Resource opportunities.*

(e) *Marinus Link PTY Ltd and associated energy power developments (Battery of the Nation and North West Transmission Development) including –*

- (i) *Likely beneficiaries;*
- (ii) *Funding arrangements, including the potential for private sector contribution;*
- (iii) *Impact on Tasmanians’ energy bills and concessional pricing arrangements; and*
- (iv) *Alternative options and associated costs and/or benefits to Tasmania including costs and cost of a ‘do nothing approach’.*

(f) *Any other matters incidental thereto.*

...

- 1.3 The Joint Select Committee on Energy Matters established in the Fifty-First Parliament combined two previous committee inquiries relating to energy matters from the Fiftieth Parliament, with Ms Forrest MLC stating, when moving the motion, that it is “to effectively re-establish two committees as one”.¹
- 1.4 The two previous committees were the Legislative Council Sessional Committee Government Administration ‘A’ Inquiry into Energy Prices established on 23 August 2023, and the Joint Select Committee on Energy Matters established on 17 October 2023. Both previous committees ceased at the prorogation of the Fiftieth Parliament and dissolution of the House of Assembly on 14 February 2024.
- 1.5 The Resolution establishing the Committee of the Fifty-First Parliament authorised the receipt of all submissions made to the previous committees, and these have been considered as a part of this Inquiry.
- 1.6 The Committee first met on 28 June 2024 with the following membership of eight Members equally drawn from both Houses: Mr Vica Bayley MP, the Honourable Mr Luke Edmunds MLC (Deputy Chair), Mr Craig Garland MP, Ms Janie Finlay MP, the Hon. Ms Forrest MLC (Chair), the Honourable Mr Dean Harriss MLC, Mr Mark Shelton MP, and the Honourable Mr Kerry Vincent MLC.
- 1.7 On 28 June 2024, the Committee resolved to take into evidence the transcript of the public hearing held on 1 December 2023 of the Legislative Council Sessional Committee Government Administration ‘A’ Inquiry.

¹ Hon. Ruth Forrest MLC, Legislative Council, *Hansard*, 23 May 2024, p. 12.

- 1.8 On 30 October 2024, the Hon. Mr Vincent MLC was discharged from the Committee, with the Honourable Rebecca Thomas MLC appointed to the resulting vacancy.
- 1.9 On 4 March 2025, Mr Michael Ferguson MP was appointed to the Committee for Mr Shelton MP.
- 1.10 On 13 March 2025, the Hon. Ms Thomas MLC was discharged from the Committee, with the Honourable Ms Sarah Lovell MLC appointed to the resulting vacancy.
- 1.11 The Committee had not yet reported when the House of Assembly was dissolved and the Parliament of Tasmania prorogued on 11 June 2025.
- 1.12 On 25 September 2025, the Committee was reestablished in the Fifty-Second Parliament of Tasmania with the same substantive terms of reference. The new Committee was authorised to receive all evidence made to the Committee in the Fifty-First Parliament and, in turn, the previous committees, and these have been considered as a part of this ongoing Inquiry.
- 1.13 The Committee in the Fifty-Second Parliament first met on 15 October 2025 with the following membership of eight Members equally drawn from both Houses: Mr Bayley MP, the Hon. Mr Edmunds MLC (Deputy Chair), Mr Garland MP, Ms Finlay MP, the Hon. Ms Forrest MLC (Chair), the Hon. Mr Harriss MLC, the Hon. Ms Lovell MLC, and Mr Marcus Vermey MP.
- 1.14 On 15 October 2025, the Committee resolved to publish an interim report on the evidence received by the Committee up to and including 11 June 2025. The Committee also considered publicly available material published after this date to inform itself of matters referred to in this Report.
- 1.15 The Committee will receive further evidence and publish a final report later in 2026 considering energy developments in Tasmania occurring after 11 June 2025, particularly in relation to Project Marinus.

Conduct of the Inquiry

- 1.16 The Committee in the Fifty-First Parliament resolved to invite, by way of advertisement on the Parliament of Tasmania website and in the three major Tasmanian newspapers, interested persons and organisations to make a submission to the Committee in relation to the Terms of Reference.
- 1.17 The Committee also directly invited a number of persons and organisations that provided submissions to the previous inquiries to update their submissions, as well as inviting additional stakeholders to provide a submission.
- 1.18 Up to and including 11 June 2025, the Committee received a total of 108 written submissions. The submissions comprised 38 submissions from the Legislative Council Sessional Committee Government Administration 'A' Inquiry,

- 21 submissions from the Joint Select Committee Inquiry in the Fiftieth Parliament, and 49 submissions received in the Fifty-First Parliament (see Appendix A - List of submissions).
- 1.19 The Committee in the Fifty-First Parliament held eight public hearings at Parliament House, Hobart, and one public hearing at the University of Tasmania, Inveresk Campus in Launceston. The Legislative Council Sessional Committee Government Administration ‘A’ Inquiry held a public hearing in Hobart on 1 December 2023 (see Appendix B – Lists of witnesses).
- 1.20 The respective Committees in the Fiftieth and Fifty-First Parliaments also undertook site visits to energy stakeholders throughout Tasmania in February 2024, October 2024, and March 2025. The site visits provided an opportunity for Members to directly engage with stakeholders, view important energy infrastructure and operations, as well as be briefed on proposed renewable energy projects throughout Tasmania (see Appendix C – Site Visits).
- 1.21 The minutes of the Committees of the Fiftieth and Fifty-First Parliament are attached as Appendix D. The transcripts of evidence from public hearings of the Legislative Council Sessional Committee Government Administration ‘A’ and the Committee of the Fifty-First Parliament are at Appendix E.

Structure of this Report

- 1.22 This Report consists of the following Chapters that reflect the Terms of Reference for this Inquiry:
- Chapter 1 provides a brief overview of the Inquiry.
 - Chapter 2 presents a background on energy in Tasmania, including Tasmania’s unique energy position, Tasmania’s role in the National Electricity Market (NEM), and the challenges and opportunities for Tasmania from the renewable energy transition.
 - Chapter 3 looks at factors that impact energy prices for Tasmanian household and small and medium business customers, with particular reference to energy generation, distribution and retail costs.
 - Chapter 4 considers the challenges related to energy supply and energy costs in Tasmania.
 - Chapter 5 reflects on the opportunities related to energy supply and energy costs in Tasmania.
 - Chapter 6 assesses Tasmania’s past, current and future participation in the NEM with a focus on impacts for Tasmania, including matters related to the national renewable energy transition.
 - Chapter 7 focuses on Marinus Link Pty Ltd and associated energy power developments Battery of the Nation and North West Transmission

Developments. The final report will consider evidence related to Project Marinus from 11 June 2025 onwards.

- Chapter 8 presents related matters raised with the Committee in this Inquiry, including the impact of Project Marinus on affected communities, and the privatisation of state-owned energy assets.

2 BACKGROUND – ENERGY IN TASMANIA

- 2.1 Tasmania’s energy system occupies a distinctive position in Australia’s evolving electricity landscape. Abundant renewable resources contribute to Tasmania being the first Australian state to achieve net-zero emissions, and the state has since positioned itself as a potential exporter of clean energy to the mainland.²
- 2.2 With its early 20th-century hydro development, strong government involvement, and isolated geography, Tasmania’s energy infrastructure has historically evolved on a separate trajectory from other National Electricity Market (NEM) participants.³ However, since joining the NEM in 2005 via the Basslink interconnector, Tasmania’s energy system has become integrated into Australia’s east-coast electricity grid, both economically and physically.⁴
- 2.3 Tasmania’s energy challenges ahead are multifaceted. Electrification of transport, heating, and industrial processes will drive new demand patterns and infrastructure requirements. Major projects such as Project Marinus (i.e. Marinus Link and the North West Transmission Developments (NWTDD)) present opportunities for renewable exports and to support national reliability but also raise questions about environmental impact, cost recovery, and strategic alignment and public benefit.⁵
- 2.4 Climate variability and its impacts, particularly on hydropower, also remain long-term concerns and affordability remains central to public trust and political support. This will require considered allocation of the costs associated with future investments, transparency over the impact on energy users, action to protect vulnerable consumers, and strong regulatory oversight.⁶
- 2.5 This Chapter provides an overview of Tasmania’s electricity system. It aims to support public understanding and consideration of prevalent themes in the interim report and the evidence received by the Committee in response to the Terms of Reference.
- 2.6 It begins by outlining how the NEM functions and Tasmania’s role within it, then moves on to describe the island’s energy mix, demand structure, and the physical assets that support its electricity supply. The Chapter then introduces the major challenges and opportunities facing Tasmania in the energy transition.

² Submission No. 21 (50th Parliament Joint Select Committee on Energy Matters), Tasmanian Government, p. 1.

³ Submission No. 38 (Legislative Council Inquiry into Energy Prices), Tasmanian Policy Exchange, pp. 9, 13.

⁴ Submission No. 30 (51st Parliament Joint Select Committee on Energy Matters), APA, p. 6.

⁵ Submission No. 18 (50th Parliament Joint Select Committee on Energy Matters), Marinus Link Pty Ltd, p. 10.

⁶ Submission No. 9 (50th Parliament Joint Select Committee on Energy Matters), Hydro Tasmania, p. 17.

The National Electricity Market (NEM)

- 2.7 The NEM is a complex wholesale electricity market and physical transmission system that began formal operations in 1998.⁷ It covers Australia's five eastern and southern regional markets — Queensland, New South Wales (including the Australian Capital Territory), Victoria, South Australia, and Tasmania. Tasmania joined in 2005 following the commissioning of the Basslink high-voltage direct current (HVDC) interconnector, and commenced commercial operation in April 2006.⁸
- 2.8 The NEM is operated by the Australian Energy Market Operator (AEMO), which coordinates real-time dispatch, forecasts demand and manages interregional flows. Electricity is bought and sold in a centrally dispatched 'energy-only' spot market, where generators bid to supply electricity every five minutes. AEMO's dispatch engine dispatches scheduled and semi-scheduled resources every five minutes to meet demand at least cost, subject to network and system-security constraints. The regional 'spot' price is set at the regional reference node; settlement is generally at the Regional Reference Price (RRP), with loss-factor adjustments, while dispatch outcomes can be affected by local prices and binding network constraints.⁹
- 2.9 These prices are subject to volatility and influenced by many factors, including demand, weather, fuel availability, system outages, and interconnector constraints.¹⁰
- 2.10 Overlaid on this electricity market is a complex network of forward contracts, power purchase agreements (PPAs), and derivative instruments used by generators, retailers, and large users to hedge against price volatility.¹¹ The rise of renewable energy, especially wind and solar, has introduced new price dynamics and created challenges for risk management.¹²

⁷ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. 3.

⁸ *2016 Tasmanian Electricity Network Reliability Review Final Report*, Office of the Tasmanian Economic Regulator, published October 2016, p. 16.

⁹ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, pp. 3-4.

¹⁰ *National Electricity Market wholesale market settings review: Final report*, Australian Department of Climate Change, Energy, the Environment and Water, published December 2025, p. 52. Accessed at: <https://www.energy.gov.au/sites/default/files/2025-12/national-electricity-market-wholesale-market-settings-review-final-report.pdf>.

¹¹ *National Electricity Market wholesale market settings review: Final report*, Australian Department of Climate Change, Energy, the Environment and Water, published December 2025, p.59. Accessed at: <https://www.energy.gov.au/sites/default/files/2025-12/national-electricity-market-wholesale-market-settings-review-final-report.pdf>.

¹² *National Electricity Market wholesale market settings review: Final report*, Australian Department of Climate Change, Energy, the Environment and Water, published December 2025, p.59. Accessed at: <https://www.energy.gov.au/sites/default/files/2025-12/national-electricity-market-wholesale-market-settings-review-final-report.pdf>.

- 2.11 The physical backbone of the NEM is a network of more than 40,000 km of high-voltage transmission lines.¹³ While most of these lines are within mainland states, key interconnectors allow electricity to flow between regions, most notably Basslink between Tasmania and Victoria. Interconnector capacities are a fundamental determinant of market integration.¹⁴

Tasmania's Energy System and Market Role

Historical Development of Hydro Power in Tasmania

- 2.12 Tasmania's electricity system has been shaped by geography, state policy, and early industrialisation.¹⁵ The island's mountainous terrain and high annual rainfall, particularly in the central and western highlands, have long made it an ideal location for hydroelectric development.¹⁶
- 2.13 Hydro-electric generation began with the 1895 commissioning of the Duck Reach power station near Launceston, one of the earliest publicly owned hydro schemes in the Southern Hemisphere. The Waddamana scheme, built in the early 20th century, marked the beginning of Tasmania's state-led energy strategy, and in 1914 the Hydro-Electric Department (later the Hydro-Electric Commission, and today Hydro Tasmania) was established to oversee large-scale hydro development.¹⁷
- 2.14 The growth of Tasmania's hydro infrastructure continued for decades and was subject to significant public debate and protest across the 1970s and 1980s. By the mid-20th century, major schemes such as Poatina, Tarraleah, and Gordon were providing reliable baseload power, enabling the expansion of energy-intensive industries including aluminium smelting, zinc refining, and forestry-related manufacturing. By the 1980s, more than 30 hydro power stations and reservoirs had been constructed across the state.
- 2.15 Hydro Tasmania remains the dominant electricity generator, owning and operating more than 30 power stations and around 50 major dams today.¹⁸

¹³ Australian Energy Market Operator website, *Fact Sheet: National Electricity Market*. Accessed at: <https://www.aemo.com.au/-/media/files/electricity/nem/national-electricity-market-fact-sheet.pdf>.

¹⁴ Australian Energy Market Commission website, *How power is dispatched across the system*. Accessed at: <https://www.aemc.gov.au/energy-system/electricity/electricity-market/how-power-dispatched-across-system>.

¹⁵ *The Power of Nature*, Hydro Tasmania, published September 2014, pp. 4-5. Accessed at <https://www.hydro.com.au/docs/default-source/clean-energy/our-power-stations/power-of-nature.pdf>.

¹⁶ *The Power of Nature*, Hydro Tasmania, published September 2014, p. 6. Accessed at <https://www.hydro.com.au/docs/default-source/clean-energy/our-power-stations/power-of-nature.pdf>.

¹⁷ *The Power of Nature*, Hydro Tasmania, published September 2014, p. 4. Accessed at <https://www.hydro.com.au/docs/default-source/clean-energy/our-power-stations/power-of-nature.pdf>.

¹⁸ Hydro Tasmania website, *About us*, Accessed at: <https://www.hydro.com.au/about-us>; *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. 2.

Entry into the NEM

- 2.16 Until the construction of the Basslink interconnector between George Town in northern Tasmania and Loy Yang in Victoria was completed in 2005, Tasmania's power system was isolated from mainland Australia, relying exclusively on local generation.¹⁹
- 2.17 The 370-kilometre cable, capable of transferring approximately 500 MW northward and 480 MW southward, linked Tasmania to the mainland and allowed the state to participate in the NEM.²⁰
- 2.18 Joining the NEM created an environment where Hydro Tasmania had more options regarding water storage and financial management through selling power during periods of high mainland prices and importing power when Victorian prices were lower or Tasmanian water storages were low.²¹
- 2.19 In theory, Basslink allowed Tasmania to 'firm up' variable supply on the mainland and leverage its hydro storage to act as a battery for the NEM.²² In practice, this role has been limited by several factors including variability in rainfall, transmission constraints, and the risks of over-reliance on a single interconnector.²³
- 2.20 The 2015–16 Basslink outage, which lasted nearly six months, coinciding with a drought and depleted water storage levels, required Tasmania to restart gas generation, import costly diesel generators, and implement demand reduction measures. This event spurred the development of more conservative energy security policies²⁴ and motivated renewed interest in a further interconnector (i.e. Marinus Link).²⁵
- 2.21 Basslink Pty Ltd has a transmission licence and is responsible for the operation of Basslink.²⁶ Basslink Pty Ltd entered voluntary administration and went into

¹⁹ APA Group Ltd website, *Basslink*. Accessed at: <https://www.apa.com.au/operations-and-projects/electricity-transmission/electricity-interconnectors/basslink>.

²⁰ APA Group Ltd website, "Basslink", Accessed at: <https://www.apa.com.au/operations-and-projects/electricity-transmission/electricity-interconnectors/basslink>.

²¹ APA Group Ltd website, "Basslink", Accessed at: <https://www.apa.com.au/operations-and-projects/electricity-transmission/electricity-interconnectors/basslink>.

²² *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. 39.

²³ *Feasibility of a second Tasmanian interconnector: Final Study*, Dr. John Tamblyn, Tasmanian Energy Taskforce, published April 2017, pp. vii, 27-28. Accessed at: <https://www.energy.gov.au/sites/default/files/feasibility-second-tas-interconnector-final-report-2017.pdf>; *Annual Energy Security Review 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. 18.

²⁴ *Annual Energy Security Review 2023-24*, Office of the Tasmanian Economic Regulator, published in December 2024, p. 1.

²⁵ *Annual Energy Security Review 2023-24*, Office of the Tasmanian Economic Regulator, published in December 2024, p. 18.

²⁶ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published in March 2025, pp. 2, 39.

receivership in November 2021 and was subsequently sold to APA Group Ltd in October 2022.²⁷

Energy Generation and Consumption

- 2.22 Tasmania's electricity supply is predominantly renewable, with hydropower contributing the largest share. As of 2023–24:
- Hydropower supplied 7,467 GWh;
 - Wind contributed approximately 1,789 GWh;
 - Gas (primarily Tamar Valley Power Station) produced around 221 GWh; and
 - Rooftop PV generation (solar) contributed about 209 GWh.²⁸
- 2.23 In 2023–24, on-island generation was supplemented by 2,118 GWh of imports via Basslink, while the state exported 869 GWh. This level of dependence on imports reflects a drier year; in wetter years, Tasmania has been a net exporter.²⁹ In years where Tasmania is a net electricity importer, some of the electricity could be generated from non-renewable sources.
- 2.24 Tasmania has a legislated target of producing 200 per cent of its electricity demand from renewables by 2040 and exporting surplus clean energy to the mainland.³⁰
- 2.25 On the demand side, Tasmania's electricity consumption is characterised by:
- High industrial demand: four large industrial users (Bell Bay Aluminium, Boyer Paper Mill (formerly Norske Skog), TEMCO, and Nyrstar) account for more than half the state's load;
 - Residential use: around 19 per cent of total demand; and
 - Small to medium businesses: around 23 per cent.³¹
- 2.26 These consumption patterns create relatively stable, high baseload demand, especially in industrial zones. The withdrawal of a major industrial load would impact consumption. The increasing uptake of rooftop solar and electrification

²⁷ *Inquiry into Hydro Tasmania and the Termination of the Basslink Services Agreement*, Parliament of Tasmania, Parliamentary Standing Committee of Public Accounts, published 17 June 2024.

²⁸ *Energy in Tasmania Report 2023–24*, Office of the Tasmanian Economic Regulator, published March 2025, p. 7.

²⁹ *Energy in Tasmania Report 2023–24*, Office of the Tasmanian Economic Regulator, published March 2025, pp. 7–8.

³⁰ See *Energy Co-ordination and Planning Amendment (Tasmanian Renewable Energy Target) Act 2020* (Tas).

³¹ *Energy in Tasmania Annual Energy Security Review 2023–24*, Office of the Tasmanian Economic Regulator, published November 2024, p. 7.

trends, particularly the uptake of electric vehicles (EVs), heat pumps, and all-electric housing, are likely to reshape load profiles in the medium term.³²

Electrification and Load Flexibility

- 2.27 Changes in electricity use may reshape the demands placed on the grid.³³ Future developments include the use of EV batteries to store power and then return it for other uses, distributed generation through rooftop solar, increased use of batteries, and electrification of transport.³⁴
- 2.28 For Tasmania, where hydro already provides flexibility, these developments highlight the value of enabling smarter demand-side participation. Distributed solar PV, smart meters, and time-of-use tariffs could allow households and business to play an active role in grid balancing, especially as battery adoption grows.³⁵
- 2.29 Programs such as the state's PowerSmart incentive³⁶ and community microgrid trials³⁷ represent small steps in this direction, but scaling up may require regulatory reform, investment in digital infrastructure, and public engagement, to support electrification not only to reduce emissions but also to possibly enhance system stability and affordability.³⁸

Opportunities and Challenges: Storage, Transmission, and Market Design

- 2.30 Tasmania's energy future is shaped by a complex interplay of physical infrastructure capabilities, environmental and social factors, market

³² *Energy in Tasmania Report 2022-2023*, Office of the Tasmanian Economic Regulator, published March 2024, p. 5; Submission No. 38 (Legislative Council Inquiry into Energy Prices), Tasmanian Policy Exchange, pp. 6, 24, 33.

³³ Submission No. 38 (Legislative Council Inquiry into Energy Prices), Tasmanian Policy Exchange, pp. 6, 33.

³⁴ Submission No. 38 (Legislative Council Inquiry into Energy Prices), Tasmanian Policy Exchange, p. 6; Submission No. 24 (51st Parliament Joint Select Committee on Energy Matters), Carbon Zero Initiative, p. 4; Submission No. 37 (51st Parliament Joint Select Committee on Energy Matters), Tasmanian Policy Exchange, p. 10; Submission No. 48 (51st Parliament Joint Select Committee on Energy Matters), Professor Bruce Mountain, p. 5; and Submission No. 46 (51st Parliament Joint Select Committee on Energy Matters), RACT, p. 3.

³⁵ *State of the Energy Market 2025*, Australian Energy Regulator, pp. 51, 54, 59, 69. Accessed at: https://www.aer.gov.au/system/files/2025-08/State%20of%20the%20energy%20market%202025%20-%20Full%20report_0.pdf; *Draft 2026 Integrated System Plan for the National Electricity Market: Appendix A9, Demand Side Factors Statement*, Australian Energy Market Operator, pp. 33-34. Accessed at: <https://www.aemo.com.au/-/media/files/major-publications/isp/draft-2026/a9-demand-side-factors-statement.pdf>.

³⁶ Renewables, Climate and Future Industries Tasmania website, *PowerSmart for Small Business*. Accessed at https://www.recfit.tas.gov.au/grants_programs/energy-efficiency/powersmart_for_small_business.

³⁷ For example, see Clarence City Council website, *Tasmania's first community battery in Clarence*. Accessed at: <https://www.ccc.tas.gov.au/2025/09/tasmanias-first-community-battery-in-clarence/>.

³⁸ *Draft 2026 Integrated System Plan for the National Electricity Market: Appendix A9, Demand Side Factors Statement*, Australian Energy Market Operator, p. 39.

integration, technological change, and strategic investments. While the state's renewable energy abundance and hydro capacity offer clear opportunities, its islanded geography, limited interconnection, and exposure to national market volatility also present unique challenges.

- 2.31 This section briefly explores these dynamics, structured around four key dimensions: storage and flexibility; transmission and interconnection; market structure and reform; and system resilience in the context of climate risk.

Storage and Flexibility

- 2.32 Energy storage is increasingly seen as vital to the clean energy transition, especially in systems dominated by variable renewable energy (VRE) sources like wind and solar.³⁹ While much of mainland Australia is confronted with the technical and economic complexities of integrating large-scale batteries and pumped hydro, Tasmania already benefits from flexible hydro generation, providing reliability at a lower cost and complexity, and supports the development and use of VRE by providing stability against curtailment or blackouts.⁴⁰
- 2.33 Hydro Tasmania operates one of the largest renewable storage portfolios in the country. Hydro Tasmania's storages have a maximum energy storage capacity of approximately 14,000 GWh, larger than Tasmania's annual electricity consumption. However, the amount that can be treated as secure, dispatchable supply is lower because storages are managed subject to operating constraints, environmental obligations and prudent-storage requirements.⁴¹ This storage allows Hydro Tasmania to reduce hydro output when local wind or imported mainland renewable energy is available, conserving water for later periods of higher value or tighter supply.⁴²
- 2.34 Tasmania's hydro assets have traditionally served a dual purpose: meeting local demand and arbitraging price differences in the NEM. During periods of low prices on the mainland, Tasmania can conserve water and import power via Basslink; during high-price periods, it can export hydroelectricity.⁴³ However, this strategy depends heavily on interconnector availability, demand, and water inflows and subsequent storage levels.

³⁹ International Energy Agency website, *Grid-scale Storage*. Accessed at: <https://www.iea.org/energy-system/electricity/grid-scale-storage>.

⁴⁰ *Annual Report 2024-25*, Hydro Tasmania, pp. 25-26.

⁴¹ *Energy in Tasmania Report 2022-23*, Office of the Tasmanian Economic Regulator, published March 2024, p. 13.

⁴² *Battery of the Nation: Analysis of the future National Electricity Market*, Hydro Tasmania, published April 2018, pp. 4, 6. Accessed at: <https://www.hydro.com.au/docs/default-source/clean-energy/battery-of-the-nation/future-state-nem-analysis-full-report.pdf>.

⁴³ *Optimising the 'Battery of the Nation'*, Institute for Energy Economics and Financial Analysis, published March 2024, pp. 32, 35. Accessed at: https://ieefa.org/sites/default/files/2024-03/Optimising%20the%20battery%20of%20the%20nation_mar24.pdf.

- 2.35 Looking forward, the Tasmanian Government promotes pumped hydro storage as a key component of the Battery of the Nation strategy.⁴⁴ This involves developing pumped-hydro schemes that use existing hydro reservoirs and new pumping/generation infrastructure, such as the proposed Lake Cethana project, to pump water to an upper storage when electricity is cheap or surplus and release it through turbines during periods of higher demand or market value.⁴⁵
- 2.36 Hydro Tasmania has identified over 2,500 MW of technically feasible pumped hydro capacity, enough to significantly augment NEM-wide flexibility and stability.⁴⁶ However, these projects require significant capital investment and planning approvals, and their commercial value is likely to be affected by the timing, capacity and operation of additional interconnection and future NEM market conditions.

Transmission and Interconnection

- 2.37 The cornerstone of the Tasmanian Government's vision to double its renewable production and act as a 'battery' for the mainland is the proposed Project Marinus (two new high-capacity HVDC cables connecting Tasmania to Victoria, along with the accompanying North West Transmission Developments (NWTDD)), which is part of AEMO's Integrated System Plan (ISP) and is considered critical infrastructure for the NEM's energy transition.⁴⁷
- 2.38 Marinus Link, proposed in two 750 MW stages (1,500 MW total), would add significant capacity compared to Basslink (currently approximately 500 MW) on its own.⁴⁸ It is proposed that it will enable new renewable energy projects in Tasmania to proceed, facilitate the operation of pumped hydro, and improve overall NEM resilience by balancing variable generation across the states.⁴⁹

⁴⁴ *Battery of the Nation - Tasmanian pumped hydro in Australia's future electricity market*, Hydro Tasmania, published April 2018, p. 12. Accessed at <https://arena.gov.au/assets/2018/06/battery-of-the-nation%E2%80%93tasmanian-pumped-hydro-in-australias-future-electricity-market.pdf>; and Australian Department of Climate Change, Energy, the Environment and Water website, *Pumped hydro*. Accessed at: <https://www.dcceew.gov.au/energy/renewable/pumped-hydro>.

⁴⁵ *Battery of the Nation – Pumped Hydro Energy Storage Projects*, Hydro Tasmania, published August 2019, pp. 15-18. Access at: <https://arena.gov.au/assets/2018/02/battery-of-the-nation-pumped-hydro-energy-storage-projects-prefeasibility-report.pdf>; Hydro Tasmania website, *Pumped hydro*. Accessed at: <https://www.hydro.com.au/clean-energy/our-major-projects/pumped-hydro>.

⁴⁶ Australian Renewable Energy Agency website, *Battery of the Nation – A concept study of Tasmanian pumped hydro options*. Accessed at: <https://arena.gov.au/projects/battery-of-the-nation/>; *Battery of the Nation – Pumped Hydro Energy Storage Projects*, Hydro Tasmania, published August 2019, pp 10, 13.

⁴⁷ Submission No. 23a (51st Parliament Joint Select Committee on Energy Matters), Marinus Link Attachments, see AEMO 2024 Integrated System Plan For the National Electricity Market: A roadmap for the energy transition, p. 14.

⁴⁸ Submission No. 23a (51st Parliament Joint Select Committee on Energy Matters), Marinus Link Attachments, see AEMO 2024 Integrated System Plan For the National Electricity Market: A roadmap for the energy transition, p. 62.

⁴⁹ *Annual Energy Security Review 2023-24*, Office of the Tasmanian Economic Regulator, published in December 2024, pp. 18-19.

- 2.39 In cost-benefit analyses, AEMO and Infrastructure Australia estimate that the project delivers net market benefits under most plausible scenarios.⁵⁰ The 2022 ISP identified Marinus Link (Stage 1) as actionable with preparatory activities, noting its contribution to whole-of-system reliability.⁵¹
- 2.40 However, some energy economists caution against AEMO's modelling in support of projects such as Marinus Link, with criticism levelled at the value placed on technological and other assumptions, potentially overstating the net benefits of projects.⁵²
- 2.41 The cost allocation for this infrastructure also has its critics, especially if Tasmanian consumers bear a disproportionate burden for infrastructure that primarily serves mainland demand.⁵³
- 2.42 The NWTG, meanwhile, involves construction of approximately 240 kilometres of new and upgraded high-voltage transmission lines across north-west Tasmania to strengthen the existing network and to connect future new renewable energy and hydro expansion sites to the Tasmanian grid.⁵⁴
- 2.43 Proponents state that these developments are essential to integrate new renewable capacity and enable higher utilisation of interconnectors. TasNetworks has completed environmental and community consultation processes, and early works are underway. Community support for NWTG has been an ongoing issue, with land-use conflicts remaining a risk.⁵⁵

Market Design, Volatility, and Integration

- 2.44 Tasmania's market integration into the NEM provides both opportunities and exposure. On one hand, the ability to trade electricity with the mainland allows Hydro Tasmania to maximise revenue, optimise storage, and support NEM-

⁵⁰ Submission No. 23a (51st Parliament Joint Select Committee on Energy Matters), Marinus Link Attachments, see FTI Consulting, p. 22; see also *2024 Integrated System Plan for the National Electricity Market: Appendix 6. Cost-Benefit Analysis*, Australian Energy Market Operator. Accessed at <https://www.aemo.com.au/-/media/files/major-publications/isp/2024/appendices/a6-cost-benefit-analysis.pdf>.

⁵¹ *2022 Integrated System Plan*, Australian Energy Market Operator, p. 13. Accessed at: <https://www.aemo.com.au/-/media/files/major-publications/isp/2022/2022-documents/2022-integrated-system-plan-isp.pdf>.

⁵² Professor Bruce Mountain, Transcript of Evidence, 12 November 2024, pp. 21, 24, 27.

⁵³ See Submission No. 48 (51st Parliament Joint Select Committee on Energy Matters), Prof. Bruce Mountain, pp. 33-34.

⁵⁴ *North West Transmission Developments: CPA-2 - Independent Verification and Assessment*, GHD Advisory for TasNetworks, 31 October 2025, p. 1. Accessed at: <https://www.aer.gov.au/system/files/2025-11/A.4%20GHD%20Advisory%20North%20West%20Transmission%20Developments%20CPA%20%20%20Independent%20Verification%20and%20Assessment.pdf>; Australian Department of Climate Change, Energy, the Environment and Water website, *Rewiring the Nation*. Accessed at: <https://www.dcceew.gov.au/energy/renewable/rewiring-the-nation>.

⁵⁵ TasNetworks website, *Community Engagement*. Accessed at: <https://www.tasnetworks.com.au/poles-and-wires/planning-and-developments/north-west-transmission-developments/community-engagement>.

wide reliability. On the other hand, it ties Tasmanian prices to mainland volatility and structural reforms that are often outside state control.⁵⁶

- 2.45 The impacts of household generation and storage, increased electrification (for example the use of EVs) require anticipation and management for both system planning and price stability. Strategies such as managed EV charging and thermal load shifting (an energy management technique that moves heating or cooling consumption from peak-demand times to off-peak periods) could alter the market.
- 2.46 Moreover, the move to five-minute settlement (5MS), implemented in October 2021, has changed bidding strategies and market participation incentives.⁵⁷ For Tasmania, where Hydro Tasmania can respond quickly, 5MS has likely enhanced the value of flexible assets if they are dispatched strategically.⁵⁸
- 2.47 Tasmania's market position in the NEM presents as both advantageous and challenging. The state's renewable strength is an asset, but full participation in a market undergoing rapid transition also requires strategic investments in flexibility, risk management tools, and regulatory foresight.

Climate Risk, Energy Resilience, and Cost-of-Living Pressures

- 2.48 Tasmania's energy system is widely viewed as a success story of clean energy development.⁵⁹ However, it remains exposed to a set of interconnected risks related to climate variability, infrastructure fragility, and affordability.
- 2.49 As Tasmania increases its ambition—through Marinus Link, pumped hydro projects, and broader electrification—the system's resilience and fairness will face new tests. This section discusses key concerns across three dimensions: climate-related risks to supply and infrastructure; system-wide resilience in the face of shocks; and cost-of-living impacts for households, small businesses, and large industrial consumers.

Climate Risk and Variability

- 2.50 Hydropower is inherently dependent on rainfall patterns, and while Tasmania is fortunate in its high-altitude catchments and historical inflows, climate change has introduced new uncertainty. Rainfall is becoming more variable and less predictable in some parts of Tasmania.

⁵⁶ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, March 2025, p. 4.

⁵⁷ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, pp. 3-4.

⁵⁸ See *National electricity amendment (delayed implementation of five minute and global settlement) rule 2020*, Australian Energy Market Commission. Accessed at: https://www.aemc.gov.au/sites/default/files/documents/final_determination.pdf.

⁵⁹ Renewables, Climate and Future Industries Tasmania website, *Harnessing our renewable energy*. Accessed at: https://www.recfit.tas.gov.au/what_is_recfit/energy_vision/harnessing_our_renewable_energy

- 2.51 Extended dry spells, such as those in 2015–16, sharply reduce inflows to water storages. The 2015–16 event was particularly severe as Basslink failed in December 2015 and remained offline until June 2016.⁶⁰ With hydro storages already depleted Tasmania was forced to import diesel generators, restart the gas-fired Tamar Valley Power Station, and implement voluntary curtailment across some users.⁶¹
- 2.52 This incident triggered a review of energy security protocols and resulted in the establishment of two key planning thresholds for Hydro Tasmania:
- *High Reliability Level (HRL)*: the level of storage required to supply Tasmanian demand during a six-month Basslink outage.
 - *Prudent Storage Level (PSL)*: a more conservative threshold to guide water storage management under normal operation.⁶²
- 2.53 Hydro Tasmania now manages storages with these thresholds in mind, aiming to reduce risk exposure. In 2023–24, for example, storages were drawn down to ~47 per cent of capacity in mid-winter but remained above the PSL. Despite below-average inflows, Tasmania avoided emergency imports, highlighting the value of planning buffers.⁶³
- 2.54 Looking forward, the impacts of climate change on hydrological systems remains a concern. Global climate models suggest a possible increase in rainfall intensity but also longer dry intervals. For Tasmania, this could translate into more erratic inflow sequences, challenging traditional optimisation strategies.⁶⁴

System Resilience: Storms, Interconnection, and Islanding Risk

- 2.55 Tasmania’s islanded geography and reliance on a single interconnector introduces structural risks.⁶⁵

⁶⁰ *Energy in Tasmania Report 2015-16*, Office of the Tasmanian Economic Regulator, published December 2016, pp. 35-36.

⁶¹ *Energy in Tasmania Report 2015-16*, Office of the Tasmanian Economic Regulator, published December 2016, pp 8.

⁶² *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, pp. 71-72.

⁶³ Hydro Tasmania website, *Hydro Tasmania storages at healthy levels despite multi-year drought*. Accessed at: <https://www.hydro.com.au/news/media-releases/2025/10/31/hydro-tasmania-storages-at-healthy-levels-despite-multi-year-drought>.

⁶⁴ CSIRO Climate Change in Australia website, *Tasmania’s Changing Climate*. Accessed at: <https://www.climatechangeinaustralia.gov.au/en/changing-climate/state-climate-statements/tasmania/>.

⁶⁵ *Energy in Tasmania: Annual Energy Security Review 2024-25*, Office of the Tasmanian Economic Regulator, December 2025, p. i; *Project Specification Consultation Report: Additional interconnection between Victoria and Tasmania*, TasNetworks, July 2018, p. 20. Accessed at: <https://www.marinuslink.com.au/wp-content/uploads/2019/05/Project-Specification-Consultation-Report.pdf>.

- 2.56 In addition to interconnector fragility, Tasmania’s internal network is also vulnerable to extreme weather. The August 2024 storm event severely damaged distribution infrastructure in the north-west, leaving more than 47,000 customers without power, some for several weeks. The outage prompted a government review into network resilience, vegetation management, and storm preparedness. TasNetworks has since accelerated its vegetation clearance programs, especially in high-wind corridors.⁶⁶
- 2.57 Tasmania’s Energy Security Taskforce (EST) and AEMO both emphasise the importance of robust backup systems, diversified generation, and smart grid investment.⁶⁷ These measures become even more critical as households and industries become more reliant on electricity.⁶⁸
- 2.58 Additionally, increased inverter-based resources (for example, wind and solar) pose system strength challenges. As synchronous machines like those used in hydro and gas generation are partially displaced, voltage control and frequency stability must be maintained through alternative means.⁶⁹

Energy Affordability and Cost-of-Living Pressures

- 2.59 Despite its high renewable energy penetration, Tasmania has not been immune to concerns about energy affordability. Electricity prices are a significant cost for low-income households and a competitiveness factor for small businesses and industry.⁷⁰
- 2.60 However, Tasmania’s residential electricity prices are among the lowest in the NEM, due to:
- Predominantly state-owned generation and retail;

⁶⁶ *Network Outage Review: Final report*, ReCFIT, April 2025, pp. 54-55. Accessed at: https://www.recfit.tas.gov.au/_data/assets/pdf_file/0006/585258/August-2024-Electrical-Outage-Independent-Review-Final-Paper-April-2025.pdf; August Storm Response - Post-Incident-Review, TasNetworks. Accessed at: https://www.tasnetworks.com.au/config/getattachment/651cc8b0-20ad-406c-8c31-f430293a07e4/tasnetworks_storm-response_final.pdf.

⁶⁷ *Tasmanian Energy Security Taskforce: Final report*, Tasmanian Energy Security Taskforce, June 2017, pp. xii, 84-85. Accessed at https://www.stategrowth.tas.gov.au/_data/assets/pdf_file/0004/151159/Tasmanian_Energy_Security_Taskforce_-_Final_Report.PDF; and *2025 Transition Plan for System Security*, Australian Energy Market Operator, December 2025, p. 6. Accessed at: <https://www.aemo.com.au/-/media/files/major-publications/tpss/2025-transition-plan-for-system-security.pdf>.

⁶⁸ Submission No. 23a, Marinus Link Attachments, see AEMO 2024 Integrated System Plan, p. 7; see also *Electricity and Energy Sector Plan 2025*, Australian Department of Climate Change, Energy, Environment and Water, 2025, pp. 16, 34-35. Accessed at <https://www.dcceew.gov.au/sites/default/files/documents/electricity-energy-sector-plan-2025.pdf>.

⁶⁹ See *2025 Transition Plan for System Security*, Australian Energy Market Operator, December 2025. Accessed at: <https://www.aemo.com.au/-/media/files/major-publications/tpss/2025-transition-plan-for-system-security.pdf>.

⁷⁰ Submission No. 26 (51st Parliament Joint Select Committee on Energy Matters), TasCOSS, pp. i-ii; and Submission No. 14 (51st Parliament Joint Select Committee on Energy Matters), Tasmanian Hospitality Association, p. 1.

- Regulated retail pricing (set by the Tasmanian Economic Regulator);
 - Low marginal cost of hydro power; and
 - Minimal reliance on gas or coal.⁷¹
- 2.61 In 2023–24, the median Tasmanian household electricity bill remained below \$2,000 per year, lower than in NSW, Victoria, or South Australia. Small business tariffs were also the most competitive nationally.⁷² However, these averages can obscure variability for consumers, such as:
- Households with electric heating may face high winter peaks; and
 - Precarious renters and social housing tenants may lack access to solar or energy efficiency upgrades.⁷³
- 2.62 Additionally, concerns have been raised about the possible long-term cost impacts, on consumers and the State, of infrastructure investments like Marinus Link and NWTD.
- 2.63 Large industrial users monitor costs closely and value price stability, reliable supply, and firm contracts. Many have vertically integrated or long-term PPA arrangements with Hydro Tasmania or Aurora Energy, however, even minor tariff shifts can impact competitiveness, especially in globally exposed sectors. These industries are cautiously supportive of energy transition projects, provided they maintain price certainty and system reliability.⁷⁴

Findings

The Committee finds:

1. Tasmania's electricity system is predominantly renewable. In 2023-24, hydropower supplied approximately 77 per cent of on-island generation (7,467 GWh of approximately 9,686 GWh), while hydro represented approximately 63 per cent of electricity supplied to meet Tasmanian consumption once net Basslink imports are included.

⁷¹ Australian Renewable Energy Agency website, *Battery of The Nation PHES Prefeasibility Studies Summary*. Accessed at: <https://arena.gov.au/knowledge-bank/battery-of-the-nation-phes-prefeasibility-studies-summary/>; Australian Renewable Energy Agency website, *Battery of the Nation – A Concept Study of Tasmanian Pumped Hydro Options*. Accessed at: <https://arena.gov.au/projects/battery-of-the-nation/>.

⁷² *Comparison of Electricity and Gas Prices Available to Small Customers in Australia*, Office of the Tasmanian Economic Regulator, December 2024, p. ii.

⁷³ Submission No. 26 (51st Parliament Joint Select Committee on Energy Matters), TasCOSS, pp. ii, 9, and Submission No. 14 (51st Parliament Joint Select Committee on Energy Matters), Tasmanian Hospitality Association, p. 2.

⁷⁴ Submission No 28 (51st Parliament Joint Select Committee on Energy Matters), Grange Resources, pp. 4-5; and Submission No 17 (50th Parliament Joint Select Committee on Energy Matters), Energy Users Association of Australia, pp. 2, 3.

2. Tasmania joined the National Electricity Market in 2005 via the Basslink interconnector, integrating its previously isolated system into the east-coast electricity grid and linking Tasmanian prices to mainland market dynamics.
3. The 2015–16 energy crisis, caused by the convergence of record low rainfall, extended drought, depleted water storages, together with an extended Basslink outage, demonstrated the systemic vulnerability of relying on a single interconnector combined with hydro generation subject to climate variability.
4. Approximately 40 per cent of Tasmania's total final energy use is met by electricity. The remaining energy use is largely direct use of fuels, including petroleum for transport, and coal, gas and other fuels for industry and stationary energy uses (energy consumption for purposes other than transportation). This means the electrification challenge extends well beyond the electricity sector.
5. Climate variability is increasing the unpredictability of hydro inflows, with inflows to Hydro Tasmania's storages in 2023–24 the lowest since records commenced in 1997–98. This required Hydro Tasmania to draw on gas generation and Basslink imports to maintain supply, highlighting the growing risk of hydrological variability to Tasmania's energy security and Hydro Tasmania's profitability.
6. Tasmania's electricity demand is characterised by high industrial load, with four large industrial users accounting for more than half the state's electricity consumption, making the system vulnerable to changes in that industrial base.
7. Residential electricity consumption in Tasmania is higher per household than mainland states, primarily due to the state's cooler climate, older and less energy-efficient housing stock, and the prevalence of electric heating and low household gas penetration.
8. The August 2024 storm event, which left more than 47,000 customers without power for extended periods, demonstrated that Tasmania's distribution network faces significant resilience challenges beyond interconnection and generation risks.

3 FACTORS THAT IMPACT ENERGY PRICES FOR TASMANIAN CUSTOMERS

- 3.1 The Committee received evidence from individuals, consumer groups, community organisations, the state-owned companies and government representatives about the impact of energy prices on Tasmanian households and small and medium business customers.

Overview of Energy Price Components

- 3.2 Electricity prices in Tasmania are driven by three main cost components: generation (wholesale energy costs), network costs (transmission and distribution), and retail costs (retailing and other services).

Evidence received

- 3.3 In its evidence to the Committee, the Office of the Tasmanian Economic Regulator (OTTER) explained the Tasmanian Economic Regulator's role in setting energy prices as well as a breakdown of the energy cost components in Tasmania:

Ms LONG - ... Network charges are the largest cost component, making up approximately 42 per cent of the total costs. Network charges are determined by the Australian Energy Regulator, an independent national body.

Generation costs make up around 32 per cent of the total costs with the WEP [wholesale energy price] being the main component of the costs.

NEM participation charges, which are set by the Australian Energy Market operator metering costs and renewable energy target costs, comprise around 14 per cent of total costs.

As a result, the regulator has discretion with respect to the determining around 12 per cent of the costs that contribute to standing offer retail prices.⁷⁵

- 3.4 These components as detailed above in 3.3, including the regulated or standing offer retail price as determined by the Tasmanian Economic Regulator, form part of what is commonly referred to as a “price stack”. The price stack includes all components of the total price paid by the customer.
- 3.5 The Committee heard that while Tasmania's electricity market has eight licensed retailers⁷⁶, around 99 per cent of residential and small business

⁷⁵ Ms. Kirstan Long, Director, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, pp. 15-16.

⁷⁶ Ms. Kirstan Long, Director, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, p. 16.

customers remain on Aurora Energy’s regulated standing offer tariff, meaning most consumers pay a government-regulated price for electricity.⁷⁷

- 3.6 Importantly, the Tasmanian Economic Regulator can approve standing offer prices but “does not have discretion to determine the majority of those costs that contribute to the prices,” since inputs like network charges and wholesale contract prices are set externally.⁷⁸
- 3.7 Several witnesses emphasised that Tasmanian electricity pricing must be understood in a national context. The Minister for Energy and Renewables, the Honourable Nick Duigan MLC, stated that the “independent Tasmanian Economic Regulator has confirmed that Tasmania has the lowest regulated electricity prices in the national market”.⁷⁹
- 3.8 However, consumer advocates cautioned that this statistic can be misleading. TasCOSS pointed out that while standing offer (regulated) prices in Tasmania are low there are lower prices in other jurisdictions:

Ms PICONE - ... we can't claim to have the lowest regulated electricity prices in the country and this is confirmed by the Office of the Tasmanian Economic Regulator price comparison report that shows there are lower market prices across a range of tariffs in Victoria, New South Wales, Queensland and the ACT than Tasmania's regulated price.⁸⁰

- 3.9 OTTER provided context around the lowest regulated electricity prices debate and how it attempts to convey this information to the public.

Mr FERGUSON - ... How does the office - which is independent and not political - play the role in a public literacy sense to help people understand the question that is challenged from time to time about whether Tasmania has the lowest regulated tariff prices in the country?

...

Ms LONG - We do put out our price comparison report every year. It's a large and fairly complex report. From an energy literacy perspective, it's probably not easily digestible by everybody and we certainly are making attempts to improve the readability and the clarity of that, but we compare approximately, I think, 396 tariffs across the country. It's quite a complex job. We're looking at both regulated tariffs and market offer tariffs and seeing where Tasmania sits across the country. Our most recent report that came out in December 2024 found that Tasmania does have among the cheapest regulated retail tariffs in the country,

⁷⁷ Mr. Nigel Clark, Chief Executive Officer, Aurora Energy, Transcript of Evidence, 12 November 2024, p. 76.

⁷⁸ Ms. Kirstan Long, Director, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, p. 15.

⁷⁹ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 1.

⁸⁰ Ms. Andrienne Picone, Chief Executive Officer, TasCOSS, Transcript of Evidence, 20 March 2025, p. 2.

but, as I said, we're comparing a lot of tariffs and making assumptions about consumption levels.

Mr PATTERSON - When we're trying to compare Tasmania's regulated tariffs with those in other jurisdictions, we might have one regulated tariff for residential customers on time of use. When you go to Victoria, they have five different distribution networks there and they have a standing offer tariff for time of use for each of those distribution networks and then three retailers in those, so you've 15 tariffs there that we're looking at.

It's very difficult to compare one tariff to 15 tariffs and make a statement that means something to your average reader. We use a methodology where we look at those tariffs, we apply Tasmanian average consumption levels to each of those tariffs and then work out which of those tariffs produce the median bill of the 15. We'll compare Tasmania's one tariff to the median of the others and that's a way of boiling it down in a way we can present it in a meaningful way to your average reader.

What that means is that we might be criticised because there's one tariff in Victoria that's actually lower than Tasmania's tariff, and we'll say, 'well look, Tasmania has the lowest regulated time of use tariff in the country at Tasmania's typical consumption level', but there's one tariff in Victoria that's lower. So, our methodology and...way of presenting it gives you that information, but it is possible to sort of pick a hole in it if you want to dig deep enough.

But it's a way of boiling down almost 400 different tariffs and that's after we've excluded any retailer that has a less than 10 per cent market share. We do this across a number of different comparisons: residential general use, controlled load. That's your fixed-rate tariff where you might have a heating and hot water tariff mixed in as well and then you've got a residential time of use, you've got a business general use controlled load. You've got a number of different consumption levels that we'll look at. Really boiling it down is what we're trying to do to give people a picture of where we sit.⁸¹

- 3.10 TasCOSS stated to the Committee that what is more relevant to households is the size of their energy bills:

Ms PICONE – It's a fact that Tasmanians have the most expensive electricity bills in the country because Tasmanian households use more electricity than mainland households. That is for reasons I'm sure you're familiar with: our cold climate, our low penetration of gas and poor housing stock that is incredibly inefficient.⁸²

- 3.11 Ultimately, what matters to households and businesses is the size of their energy bill.

⁸¹ Ms. Kirstan Long, Director, and Mr. Tristan Patterson, Assistant Director – Regulatory Compliance and Performance, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, pp. 17-18.

⁸² Ms. Andrienne Picone, Chief Executive Officer, TasCOSS, Transcript of Evidence, 20 March 2025, p. 2.

- 3.12 The Committee notes that the Minister's claims of the lowest regulated energy costs reflects one element of the price stack and does not consider the higher energy use of Tasmanians and the costs of other components.

Generation and Wholesale Energy Costs

- 3.13 The Committee heard a broad range of perspectives on each element of the price stack. There was consensus that Tasmania's energy system is undergoing a major transition with changing demand, ageing infrastructure, and a shift toward renewables, which creates both opportunities and impact on costs.
- 3.14 Witnesses from government, industry, and consumer groups all stressed the need to balance affordability with the investments required to ensure reliability and that emissions targets are met. The following sections present evidence on how generation, network, and retail factors each impact energy prices for Tasmanian households and small-to-medium enterprises (SMEs), noting regional and socio-economic differences where relevant.

Evidence received

- 3.15 Tasmania's electricity generation mix, dominated by Hydro Tasmania's hydro-electric assets, complemented by wind farms, increasing solar generation, and the gas-fired Tamar Valley Power Station, plays a critical role in determining wholesale energy costs.
- 3.16 A recurrent theme in evidence was the unique value of Tasmania's hydro resources and how they are best utilised. Professor Richard Eccleston from the University of Tasmania, Tasmanian Policy Exchange, used an analogy to explain that hydro power, while extremely valuable, is a relatively costly resource that should be used strategically in the era of renewables:

***Prof ECCLESTON** - ... In terms of simple analogies and metaphors, my view about hydro is it's like a classic car. It's really valuable. It's a really nice thing to have. You want to use it sparingly and you don't want to drive it to work every day.⁸³*

- 3.17 Professor Eccleston argued that increasing the proportion of low-cost variable renewables (wind and solar) in Tasmania's generation mix will allow water storages to be conserved for when it is most valuable, providing stored energy at times of peak demand or high mainland prices, as well as meeting growing demand and emissions reduction:

***Prof ECCLESTON** - ... in terms of the structure of the market, increasing wind and solar in the mix will not only increase capacity, but should put a downward pressure on costs... I'm of the view that to support decarbonisation nationally and to futureproof existing industries, we do need additional generation on island, but that's a choice. We clearly need to think about the best ways of*

⁸³ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 2.

*ensuring that there is new and appropriate generation on island and that's been a huge challenge. In the short term, there are some opportunities to remove cost pressures.*⁸⁴

3.18 However, significant challenges present in generation investment and pricing during the transition. Hydro Tasmania's existing plants are ageing and require expensive upgrades and maintenance, and "there are no quick fixes" when it comes to new renewable projects (wind, solar, battery storage), which face development hurdles and high capital costs.⁸⁵

3.19 A distinctive aspect of Tasmania's wholesale pricing is its interconnection with the National Electricity Market (NEM) via Basslink (and potentially Marinus Link in the future). This allows for energy import and export with Victoria, which can bolster energy security but also ties Tasmanian prices to NEM market dynamics.⁸⁶

3.20 The Committee heard that Hydro Tasmania actively arbitrages between the Tasmanian and mainland markets to benefit consumers. The Minister advised the Committee that:

*Mr DUIGAN - Hydro Tasmania will continue to manage this to ensure the lowest power prices for Tasmanians while maximising returns from its water and storage. Tasmania has benefited from this.*⁸⁷

3.21 In practice, this means exporting power when mainland prices are high and importing (or conserving water) when mainland prices are lower, to the extent transmission capacity allows.

3.22 However, Tasmanian wholesale prices are influenced by Victorian market prices and hydro storage levels. When mainland prices spike or hydro output is constrained (for example, by low rainfall or maintenance needs), Tasmanian spot prices can rise.

*As Tasmania is connected to the Victorian region of the NEM via Basslink, Tasmanian spot prices are generally closely related to Victorian spot prices, with differences reflecting the costs of generation within each region and the losses associated with transporting electricity between the regions. Only where constraints apply do spot prices between the two regions diverge significantly.*⁸⁸

⁸⁴ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, pp. 2-3.

⁸⁵ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 3.

⁸⁶ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. 4.

⁸⁷ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 1.

⁸⁸ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. 4.

- 3.23 In OTTER's *Energy in Tasmania Report 2023-24*, it is noted that throughout 2023-24, Hydro Tasmania had to cut back generation to preserve water storages, and run the gas-fired Tamar Valley Power Station to meet demand:

During 2023-24, there was very low rainfall over Hydro Tasmania's catchments. To preserve energy in storage levels, Hydro Tasmania reduced its hydro-electric generation, increased its gas generation and imported more energy through the Basslink interconnector.

Tasmania's on-island generation was lower in 2023-24, declining by 506 GWh or 5.0 per cent from 2022-23. This was primarily due to lower hydro-electric generation, which was 9.3 per cent below 2022-23.

Hydro Tasmania (through its subsidiary AETV Pty Ltd) increased its electricity generation from gas. The Tamar Valley Power Station (TVPS) produced 221 GWh of electricity, 150 GWh or 211 per cent more than in 2022-23.⁸⁹

- 3.24 Professor Eccleston gave evidence that a drier 2024 demonstrates how supply constraints can quickly translate into higher wholesale costs and also higher emissions:

Prof ECCLESTON - ... this year we all know we had a very dry autumn and first part of winter. Hydro had to prudently manage dam levels and cut back generation. The Tamar Valley gas power station, as Janie knows, was running fairly hard up until midwinter. Not a great outcome in terms of Tasmania's emissions, which highlights the need for more capacity. It did push Tasmanian spot prices up - Tamar Valley is not only carbon-intensive but expensive to run...⁹⁰

- 3.25 Hydro Tasmania's market dominance in generation was another point of discussion. The Committee heard evidence that, as the incumbent generator, Hydro can often set the marginal price in Tasmania. Ms Bess Clark, Chief Executive Officer of TasRex, a renewable energy developer, advised the Committee that:

Ms CLARK - Hydro Tasmania has the ability, just by virtue of history and its scale and its dispatch resource, to set the price in Tasmania a lot of the time...⁹¹

- 3.26 Ms Clark suggested that until Tasmania diversifies its generation base and has further interconnection, Hydro's bidding strategy significantly affects wholesale price outcomes. Several witnesses advocated for bringing new generators into the market to increase competition and put downward pressure on prices.

- 3.27 The Committee heard that TasRex is progressing plans for up to 5 GW of new renewable capacity across Tasmania, including the 288 MW Northern Midlands

⁸⁹ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, pp. i-ii.

⁹⁰ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 3.

⁹¹ Ms. Bess Clark, Chief Executive Officer, TasRex, Transcript of Evidence, 12 November 2024, p. 6.

Solar Farm at Connorville near Cressy as its first project. Ms Clark stated that this solar farm “will generate enough clean energy to power around 70,000 homes.”⁹²

- 3.28 Ms Clark noted that projects like these, combined with battery storage, could supply cheaper electricity for everyday demand while allowing Hydro to focus on peak and firming duties, effectively using hydro only when needed.⁹³
- 3.29 Marinus Link was frequently mentioned as a factor with complex price implications. Proponents argued that Marinus could enable investment in wind farms and ‘deep storage’ (pumped hydro) by providing access to larger markets, thereby lowering wholesale costs in the long run. Prof. Eccleston provided evidence he was “cautiously supportive of Marinus in principle”, noting that for the right investment cost it:

*Prof ECCLESTON - ...should allow us to use hydro generation when it’s most valuable, rather than using hydro to run base load, when wind and solar generation would be much cheaper.*⁹⁴

- 3.30 Marinus Link modelling reviewed by Professor Eccleston added he believed that Marinus could put slight “downward pressure on prices in Tasmania” over time by facilitating more low-cost generation and profitable energy exports, which ultimately benefit Hydro’s dividends to Tasmanians.⁹⁵
- 3.31 On the other hand, witnesses raised concerns about the cost impacts of Marinus Link and related projects.
- 3.32 Mr Ben Saward, Commercial Manager at Grange Resources, one of Tasmania’s largest industrial energy users, warned that the required transmission investments could drive prices up significantly if not funded carefully.⁹⁶
- 3.33 Mr Saward revealed that TasNetworks had presented Grange Resources with estimates of the “impost of Marinus” – the additional transmission charges that large customers would bear – and when referring to the current trajectory of wholesale and network prices observed that “obviously, when more renewables are coming into the energy mix, all the prices are going up.”⁹⁷ He

⁹² Ms. Bess Clark, Chief Executive Officer, TasRex, Transcript of Evidence, 12 November 2024, p. 2.

⁹³ Ms. Bess Clark, Chief Executive Officer, TasRex, Transcript of Evidence, 12 November 2024, p. 2.

⁹⁴ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 3.

⁹⁵ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, pp. 3-4.

⁹⁶ Mr Ben Saward, Commercial Manager, Grange Resources, Transcript of Evidence, 11 February 2025, pp. 36-37.

⁹⁷ Mr Ben Saward, Commercial Manager, Grange Resources, Transcript of Evidence, 11 February 2025, p. 37.

noted that even with new renewable projects coming online, “it doesn’t offset that much” of the cost burden from Marinus-related network upgrades.⁹⁸

- 3.34 Mr Saward urged that Marinus Link and the associated North West Transmission Developments be delivered in a way that does not unfairly increase Tasmanian prices:

Mr SAWARD - *We continually say the same thing, that we shouldn't have to pay for it, and that we do not inadvertently want to see our energy, the energy not transmission prices, go up as a result as well.*⁹⁹

- 3.35 In its submission, Grange Resources supported a model where new generators shoulder a portion of network upgrade costs (similar to Queensland’s Renewable Energy Zone approach) instead of all costs being passed to consumers:

Grange was invited to consult with KPMG on the market design for the proposed NW Renewable Energy Zone (REZ) in Tasmania... Grange relayed our support for a REZ model aligned to Queensland’s generator funding model rather than a consumer cost recovery model.

A REZ is generally located where generators have access to high quality renewable energy resources, reducing variability and maximising electricity production. NW Tasmania holds world class wind resources which Generators would directly benefit from under a REZ. The REZ is also strategically located to the proposed 750MW Marinus Link Interconnector (Marinus), opening the opportunity for generators to export surplus renewable energy, tapping into the larger Victorian market and further enhancing profitability. With the quality wind resources in NW Tasmania, Generators should be lining up to connect into a REZ with direct access to Marinus. They should not require a subsidy from consumers like Grange...¹⁰⁰

- 3.36 Professor Bruce Mountain of Victoria University presented evidence that pursuing a greater system-wide adoption of rooftop solar generation in Tasmania, together with its hydro storage, would provide “inexpensive electricity”¹⁰¹ when compared to other electricity generation required to make Project Marinus viable:

CHAIR - *How do you see that system affecting power prices for Tasmanians, residential and business, not the big ones?*

Prof MOUNTAIN - *It will absolutely bring them down in Tasmania the way it has in Victoria. One reason why Victoria relatively has no higher time-averaged wholesale electricity prices is because of the growth of rooftop solar. Tasmania*

⁹⁸ Mr Ben Saward, Commercial Manager, Grange Resources, Transcript of Evidence, 11 February 2025, p. 37.

⁹⁹ Mr Ben Saward, Commercial Manager, Grange Resources, Transcript of Evidence, 11 February 2025, p. 42.

¹⁰⁰ Submission No. 28 (51st Parliament Joint Select Committee on Energy Matters), Grange Resources, p.5.

¹⁰¹ Prof. Bruce Mountain, Director, Victorian Energy Policy Centre, Victoria University, Transcript of Evidence, 12 November 2024, p. 24.

*can do that and, as I say, it doesn't face the additional cost of firming it up because of the Hydro capacity it has...*¹⁰²

Network (Transmission and Distribution) Costs

- 3.37 Network charges, being the costs of transporting electricity over high-voltage transmission lines and local distribution grids, were repeatedly identified as a key driver of recent price increases.

Evidence received

- 3.38 TasNetworks, the state-owned network utility, operates under a revenue cap set by the Australian Energy Regulator (AER). In its submission to this inquiry, TasNetworks explained that a new five-year regulatory period began on 1 July 2024 and described how it approached the recent AER revenue determination:

As part of the revenue determination process, we heard from our customers and stakeholders that affordability was their number one concern. We have responded to this feedback, and we are keeping expenditure within our control in line with historic levels by taking the following actions:

- Limited capital expenditure to help offset growing costs in areas like cyber security programs and insurance premiums*
- Absorbed higher costs to procure, build, commission and maintain network assets like electricity poles, wires and sub-stations*
- Committed to a 3 per cent reduction in our operating expenditure for 2024-25 and 0.5 per cent each year until 2029.*

Our actions to constrain expenditure was recognised by the AER who determined our proposed expenditure for the 2024-2029 regulatory period as prudent and efficient.

*There are a number of primarily economic factors that impact charges that are set by the regulator and cannot be absorbed and as a result TasNetworks is forecasting increased network charges in the 2024-2029 period. Interest rates and 'cost of capital' makes up the largest component of TasNetworks' maximum revenue allowance set by the AER. Interest rates are significantly higher than they were when TasNetworks' revenue was set in the preceding five years (2019-2024). TasNetworks is unable to fully absorb these costs while operating and maintaining safe and reliable electricity networks.*¹⁰³

- 3.39 However, the Committee heard evidence that the new period brought significant increases in TasNetworks' tariffs, especially on the transmission side.

¹⁰² Prof. Bruce Mountain, Director, Victorian Energy Policy Centre, Victoria University, Transcript of Evidence, 12 November 2024, p. 24.

¹⁰³ Submission No.6 (51st Parliament Joint Select Committee on Energy Matters), TasNetworks, pp. 1-2.

- 3.40 The Tasmanian Hospitality Association (THA), representing small business customers, gave evidence that the 2024 network tariff reset had an immediate impact on power bills:

Mr OLD - ... These transmission tariff increases were the main focus of the THA submission. While the THA has not yet gone out and canvassed the hospitality industry on the impact since the new transmission tariffs were introduced, we have received concerns from some individual hospitality businesses about the impacts this has had on their electricity bills.

According to the Australian Energy Regulator, TasNetworks' combined distribution and transmission network charges constitute around 36 per cent of the small business electricity bill. So, even though TasNetworks transmission tariffs are just one of the causes of the rise, as we've seen in the energy bills in the past year or two, there is no question that the new tariffs are having a big impact.

Also, these network charges cannot be absorbed by the energy retailers and as such are being passed directly onto small business owners and operators who are wearing the brunt of increases.¹⁰⁴

- 3.41 The Committee heard accounts of how network-driven price hikes are affecting businesses at the grassroots.
- 3.42 Mr Old described Tasmania's hospitality sector as being "in the midst of a cost-of-business crisis", facing a convergence of rising costs, not only of energy, but also insurance, rents, interest rates and more. Many hospitality businesses are high electricity users running commercial kitchens, cool rooms, heating, etc. often seven days a week and are typically run by "mum and dad" owners with limited ability to absorb added costs.¹⁰⁵
- 3.43 Facing these challenges, the THA advocated exploring relief measures such as a tailored "hospitality industry tariff" or similar support:

CHAIR - What would you recommend then if you were meeting with TasNetworks, what would your actual recommendation be?

Mr SHELDON-COLLINS - My thinking is they really need to look at the industry itself; so rather than just say we've looked at demand and we've worked out what the bill rates look like and how that plays out during the day, they need to look at the business and actually understand the business, how it operates and what its energy needs are...

Mr OLD - ... If you're in a perfect world, it would be great to have a hospitality industry tariff that is reflective of the nature of the hospitality industry and when they most need to be open, which is pretty much the weekend, to be honest with you. We still have - most hospitality businesses are still open seven days a week, but there still are some that close on a Monday or a Tuesday or whatever. Let's

¹⁰⁴ Mr Steve Old, Chief Executive Officer, Tasmanian Hospitality Association, Transcript of Evidence, 12 February 2025, p. 12.

¹⁰⁵ Mr. Steve Old, Chief Executive Officer, Tasmanian Hospitality Association, Transcript of Evidence, 12 February 2025, p. 13.

*be honest, hospitality on a weekend... would be the peak for us. It would be having a hospitality rate for the industry itself.*¹⁰⁶

- 3.44 Large industrial customers voiced related concerns. Grange Resources, operating the Savage River mine and pelletising plant at Port Latta in the North-West, one of Tasmania's biggest single electricity users, advised the Committee that network charges are a critical factor in their competitiveness, spending over \$50 million per year on electricity and gas,¹⁰⁷ so that even modest increases in network tariffs can add significantly to their annual energy bill.¹⁰⁸
- 3.45 As referred to above, Mr Ben Saward of Grange Resources warned that TasNetworks' planned investments, especially those tied to Marinus Link and new renewable connections in the north-west, could trigger onerous cost increases for large energy users. He referenced a TasNetworks presentation showing projected transmission cost impacts on major industrials, including Grange Resources and the Liberty Bell Bay smelter, which he described as having a substantial impact on their business.¹⁰⁹
- 3.46 Cross-subsidies and cost allocation emerged as a contentious point. Grange Resources and other big energy customers worry they will shoulder a disproportionate share of new transmission costs under current rules, potentially subsidising infrastructure that primarily benefits future generators or mainland consumers. As noted earlier, Grange's submission argued for a funding model where generators contribute to Renewable Energy Zone (REZ) network upgrade costs, rather than recovering all costs from Tasmanian network users.¹¹⁰
- 3.47 The Tasmanian Government and TasNetworks acknowledged that network spending is increasing but see it as a necessary investment. The Minister for Energy and Renewables, and officials from Renewables, Climate and Future Industries Tasmania (ReCFIT), explained that major investments, like the North-West Transmission Developments (NWD), are essential to move away from fossil fuels and unlock new renewable generation and maintain reliability as demand grows.¹¹¹
- 3.48 It was noted that a key objective of the whole of state business case for Project Marinus is examining how to "... grow the customer base that can pay for that

¹⁰⁶ Mr. Steve Old, Chief Executive Officer, and Mr. Peter Sheldon-Collins, Project Manager Industry Development, Tasmanian Hospitality Association, Transcript of Evidence, 12 February 2025, p. 15.

¹⁰⁷ Submission No.28 (51st Parliament Joint Select Committee on Energy Matters), Grange Resources, p.2.

¹⁰⁸ Mr. Ben Saward, Commercial Manager, Grange Resources, Transcript of Evidence, 11 February 2025, p. 35.

¹⁰⁹ Mr. Ben Saward, Commercial Manager, Grange Resources, Transcript of Evidence, 11 February 2025, p. 35.

¹¹⁰ Mr. Ben Saward, Commercial Manager, Grange Resources, Transcript of Evidence, 11 February 2025, p. 35

¹¹¹ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, pp. 1-2.

fixed cost of transmission” by attracting new industries to Tasmania who would buy power and thereby dilute network costs across more users.¹¹²

- 3.49 However, Minister Duigan conceded that as new transmission projects come online before all potential new generators or customers have materialised, Tasmanian customers could face higher network charges in the interim, while expressing hope that wholesale energy prices would eventually fall in tandem:

CHAIR - *If Marinus goes ahead and comes online, and we assume it's to be a regulated link, then we don't make that decision about how much is to be recouped through that...I want to understand how you balance all of that and still ensure that prices don't escalate, knowing this is expensive infrastructure we're talking about.*

Mr DUIGAN - *You have kind of identified in the notion of a price stack where we would say those costs are coming to bear. Transmission will be part of the price stack.*

CHAIR - *It is part of the price stack. Will it become a bigger part of the price stack, a bigger percentage?*

Mr DUIGAN - *Yes. As the transmission element of the price stack goes up, we would expect to see a greater level of reduction in the wholesale energy aspect in the price stack. That's how those two things would play out.*¹¹³

- 3.50 This underscores a timing issue: network costs are rising now, in expectation of future benefits that are not yet assured.
- 3.51 In terms of regional and rural impacts, the Committee received evidence that TasNetworks applies uniform network tariffs across the state for each customer class. This means that remote and rural customers pay the same delivery charges as urban customers, even though the cost to serve can be higher in sparsely populated areas, due to, for example, longer power lines and more maintenance per customer.¹¹⁴
- 3.52 Uniform tariffs are a long-standing policy that provides equity for rural consumers, effectively subsidized by lower-cost urban networks. No witness advocated changing this arrangement.

Retail Costs and Consumer Impacts

Evidence received

- 3.53 Retail costs are the component of electricity pricing associated with billing, customer service, retail margins, and retail market risk management.

¹¹² Mr. Mark Bowles, Acting Chief Executive Officer, Renewables, Climate and Future Industries Tasmania, Transcript of Evidence, 13 November 2024, p. 4.

¹¹³ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, pp. 3-4.

¹¹⁴ See TasNetworks response to questions on notice dated 30 May 2025.

3.54 In Tasmania's context, retail costs and margins are tightly controlled for the vast majority of customers. Aurora Energy, the government-owned retailer, operates under a regulated pricing framework that caps its standing offer prices.

3.55 At the 12 November 2024 public hearing, Aurora Energy's Chief Executive Officer, Mr Nigel Clark, emphasised that the company's ability to influence final prices is limited:

Mr CLARK - ... we have a regulated price regime and 99.9% of our customers are on the standing offer tariff. We are regulated on very fine margins and fine costs to serve, so we don't...have the headroom to play games with massive undercutting or the like...¹¹⁵

3.56 Unlike in other states, there is minimal discounting or competition in the residential market by design, Aurora's standing offer is intended to be a fair price reflecting efficient costs, with only a small retail margin allowed (being 5 per cent of the bill).¹¹⁶ OTTER confirmed that retail and metering costs typically account for under 10–12 per cent of a typical energy bill:¹¹⁷

CHAIR - But there's only 12 per cent of the actual bill, so even if you were to make that component as tiny and as thin as you could, one would assume you do that.

Ms LONG - We make it as efficient as we possibly can.

CHAIR - It really then falls back to the other regulators in terms of transmission costs, which is the largest component.

Ms LONG - Yes.

CHAIR - Which is outside of the state's control.

Ms LONG - Yes, that's right.

CHAIR - I'm trying to state the obvious here, but the capacity for our state regulator to influence the prices that people see on their bill is very limited. Is that a fair statement?

Ms LONG - It is a fair statement. It is, as I just said, only that 12 per cent of that total cost stack that the regulator has discretion over. It's the network costs established by AER that's about 42 per cent and we've seen that grow as a component over the past few years in particular.

CHAIR - Of the costs that make up the 12 per cent, where's the most flexibility within that.

¹¹⁵ Mr. Nigel Clark, Chief Executive Officer, Aurora Energy, Transcript of Evidence, 12 November 2024, p. 76.

¹¹⁶ Ms. Kirstan Long, Director, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, p. 17

¹¹⁷ Ms. Kirstan Long, Director, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, p. 16.

Ms LONG - There are two major components that make up that 12 per cent: there are Aurora's costs in running its operations. We call that their cost to serve, and there is a retail margin that reflects the risks of any commercial entity taking on the business that it does. From memory, and Glenn might pull out the specifics, I think the cost of service is sitting at around 7 per cent of the cost stack and the retail margin is about 5 per cent of the cost stack.¹¹⁸

- 3.57 Aurora Energy presented itself as a customer-facing entity whose primary role is to support customers and keep the retail component as low as possible:

Mr CLARK - ... We are a proudly [Tasmanian-based] business owned by the people of Tasmania. We are the customer-facing entity that encapsulates the broader energy supply chain. We act to support Tasmania's interests, to seek to keep our component of the energy price as low as possible, and seek to look after vulnerable Tasmanians during this energy transition engulfing Tasmania, Australia, and the world.¹¹⁹

- 3.58 Aurora Energy's evidence highlighted the extensive customer support programs it delivers, which, while not direct price factors, are crucial in mitigating the impact of high energy costs on households:

Mr EDMUNDS - ... Just on your opening comment around vulnerable Tasmanians during the energy transition, I'd be interested if you could elaborate a little bit further on where you see Aurora's role in protecting those people.

Mr CLARK - Sure. It plays out in many spheres. One is the work that we do with vulnerable customers through our YES [Your Energy Support] program. Our YES program is dedicated for those people that have been identified in hardship or vulnerability. We have a dedicated team. We have dedicated programs that work with people that find that they may be in that situation. That can stretch into many tools such as payment plans and extensions. We also recently started a debt forgiveness program for people that were highly vulnerable and [in] reality had built up historic debt that had no chance of being cleared. That's at least north of \$300,000 now that has been through that program as forgiveness. We also do things like match payments for people that are on a payment program. I think there's over \$200,000 in the last year through the YES program.

There's a range of things we do with people that have been identified as vulnerable. There's also a range of things we do in the likes of funding financial counsellors into various organisations. We also have done two donations of \$200,000 a time to the Salvation Army to go into the Energy Relief Fund, and then we do a range of other things in the community from things like the NIL [No Interest Loan] scheme that funds energy efficient appliances in the home. Aurora's been a long-time supporter of that scheme - donated over \$3 million in support and the funding in NILS is probably recycled around about 18 times in

¹¹⁸ Ms. Kirstan Long, Director, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, pp. 16-17.

¹¹⁹ Mr. Nigel Clark, Chief Executive Officer, Aurora Energy, Transcript of Evidence, 12 November 2024, p. 73.

*helping vulnerable Tasmanians. There is a lot that we do within the realms of what we can afford to do in helping those people.*¹²⁰

- 3.59 At the 29 April 2025 public hearing, Aurora Energy gave further evidence about its debt forgiveness framework as well as updated figures for those assisted by it:

Mr BURKE – ...One of the things that we've been actively doing with our YES program, which I know we've spoken to the Committee about in the past and which is quite unique across the National Electricity Market (NEM), is the debt forgiveness framework. That really does seek to target the debt that was accumulated through COVID-19. We know by looking at those numbers and customers' ability to pay back that, if we didn't do something more significant, in some cases, it would take customers up to 10 years to pay off some of that historical debt. We've been targeting that and –

CHAIR - How much has been written off that fits into that category?

Mr BURKE - Since we launched that in about March 2024, it's approximately \$900,000 of customers' debt from hundreds of YES customers. There are some fantastic customer stories that have come out of that program and fantastic feedback. Importantly, it's enabled a lot of customers to have a much greater chance of paying off their debt. That's where a lot of the positivity has come from; customers who suddenly can get the positivity of finishing on the YES program and clearing debt that's been around for some time. That's made a big impact on some of that aged debt.¹²¹

- 3.60 Evidence from TasCOSS and a lived experience advocate underscored just how differently Tasmanians are affected by energy prices. Ms Adrienne Picone, Chief Executive Officer of TasCOSS, reminded the Committee that energy is an essential service and must be accessible to all regardless of means:¹²²

Ms PICONE – ...Our key focus is on energy affordability for residential customers, in particular low-income households, because we estimate around 50,000 Tasmanian households are experiencing energy poverty.

The term energy poverty means being unable to afford the supply required to maintain a decent standard of living and good health. That is, if a household is rationing their energy by going without basic activities like showering, cooking or using their heater in order to pay their electricity bills - they're foregoing other essentials such as fresh food, medicine or rent, then they are experiencing energy poverty.

...

¹²⁰ Mr. Nigel Clark, Chief Executive Officer, Aurora Energy, Transcript of Evidence, 12 November 2024, pp. 73-74.

¹²¹ Mr. Alistair Burke, Chief Operating Officer, Aurora Energy, Transcript of Evidence, 29 April 2025, pp. 57-58.

¹²² Ms. Andrienne Picone, Chief Executive Officer, TasCOSS, Transcript of Evidence, 20 March 2025, pp. 1-2.

*...rising energy prices and inefficient housing stock make it very difficult for an increasing number of Tasmanians to afford their energy and pay their bills on time, and this is evidenced by the increase in household energy debt and the number of people experiencing financial hardship.*¹²³

- 3.61 This situation is especially difficult for low-income families and renters. The Committee heard that households with the least financial resources are “least able to respond to increases in prices and have little capacity to invest in energy efficiency measures that may save on power bills” with many of those in poverty living in rental properties or social housing where they cannot easily improve insulation, heating or appliances.¹²⁴
- 3.62 Ms Picone shared a case study from a person called ‘Liz’ who rented accommodation in Hobart for an extended period and the impact of energy costs on her life as a renter:

Ms PICONE – *Across a decade of renting in Hobart, Liz has lived in rental homes which are too hot to occupy in summer and too cold to stay healthy in winter. In winter, heating costs were ridiculous. This is her direct quote:*

There was no insulation whatsoever. We do things like buy our own cheap electric heaters, use electric blankets in the lounge room and sleep with beanies on. There were certain parts of the house we just couldn't live in and the last rental house we lived in, there was mould halfway up the curtains and the landlord constantly promised to replace them and fix the problem, but he never did.

The result was that Liz and her partner had to make sacrifices on daily things like heating and socialising, and she says:

Often, we would just limit the use of heating to save money. We'd make a conscious decision to minimise power usage that meant if we were going to get together with friends, I would avoid having them to our place during winter because it just gets too cold.

I had a friend who would refuse to come around to my house. She was older and she just wouldn't cope with the cold, which is awkward, particularly when it's people who are not renting and maybe don't understand why I can't put the heater on.

Putting up with energy inefficient homes had a health impact for both Liz and her partner and she says:

Renting and all the uncertainty that goes with it significantly impacted my mental health. I've just been diagnosed with asthma and another respiratory condition, but it's only now, looking back at things I just ignored and put down to hay fever were most likely reactions to continued exposure to things like mould and wood smoke.

¹²³ Ms. Andrienne Picone, Chief Executive Officer, TasCOSS, Transcript of Evidence, 20 March 2025, pp. 2-3.

¹²⁴ Ms. Andrienne Picone, Chief Executive Officer, TasCOSS, Transcript of Evidence, 20 March 2025, p. 2

When we asked her what changes she would like to see happen to address the issues she faced, Liz advocated for multi-whole-of-property upgrades such as draft, ceiling, ventilation and insulation well beyond the current energy efficiency standards, saying they don't go far enough. Liz says:

There needs to be energy-efficient heating and heating that is actually suitable for the size of the property. When searching for rentals we obviously inspected a lot of houses and some of them, fairly decent-sized three-bedroom family properties, would literally have one small panel heater attached to the wall in the lounge room and that wouldn't even heat that room. So yes, there's a minimum standard to have fixed heating, but it's got to be fixed heating that's actually suitable for the house. Also just having insulation put into rental properties would really save people a lot of money.

Liz also advocated for more solar [on] rental properties as part of minimum energy efficiency standards. She says:

Some sort of incentive for landlords to put solar on their property. I mean, it's not going to cover all your power bills, but it certainly helps. But it just doesn't seem to be a thing in rental stock. I've inspected at least a couple of hundred houses in my decade of renting, and in that time, I can only think of two houses which came with solar panels.

She also pointed out the inequity of energy efficiency rights for homeowners versus renters, where renters who often can afford less than homeowners are having to pay more and, as a homeowner, she says she spends far less on power bills now than we ever have when we were renting, which was kind of a catch-²².¹²⁵

- 3.63 Ms Kathryn Sykes, appearing as a lived-experience witness with TasCOSS, shared personal insights, particularly on the psychological impact of energy costs and debt:

Ms SYKES - ... I'm really happy to be here giving a voice to the struggle with paying electricity bills. That is something I have had a lot of experience with during my lifetime as an adult, where I have, at some periods of time more than others, struggled to pay that electricity bill. I know a lot of other people that share the same experience.

I was thinking about it last night, with what I was going to say today - how it feels to receive a bill that you know you're really stretching to try to budget and pay for; it's the worst feeling. It affects every part of your life because anything that you spend is reflected back this bill you need to be paying. To not be able to pay it and to acquire a debt - I'm currently in that situation. It even affected me coming here today because I felt so much shame and fear around having this big debt. It's just insurmountable for me how I'm going to ever pay it. I'm stretching it just to be able to keep up now.

¹²⁵ Ms. Andrienne Picone, Chief Executive Officer, TasCOSS, Transcript of Evidence, 20 March 2025, pp. 5-6.

As for how I'd get rid of that debt and how that affects me, it affects how you feel in society, in your relationship with society, when you have a bill, an essential bill like that, where you can't meet your needs and come to the party. I know that's how it's affected me, even with coming here today. It doesn't go away. I couldn't imagine life without that real heaviness. It affects your quality of life. I think that it spirals because when you're so tight with your money like that, you're in survival mode and there's no getting ahead, so then there's really no coming up with solutions.

I know one thing, with energy-efficient appliances, when you're on a budget you're most likely going to be getting things off Marketplace from people who are upgrading and getting more energy-efficient appliances. Yet they're the ones who are also running it at home. No-one thinks to go and buy themselves a brand new fridge when they're in debt and not able to pay bills. All these things continually compound that stuck feeling that you have with it.

Also, I know for myself, when I've been unemployed and for people who have health issues, you're at home a lot more too, so you do need that heater all day, whereas when you're working you don't have to worry about heating the house from 9 to 5. It's just those evenings. Because you're spending all your time at home, you tend to maybe feel indulgent with the heating in winter.

I was remembering last night, I've known two males that ended up - because I come from that lived experience, so I've had that in my life - and they were experiencing that themselves. They were spiralling down, having mental health issues, and then eventually losing their job and getting into debt. They ended up just moving out and into a tent, where there wasn't any electricity, and they were happier. They were happier living without electricity because there wasn't that pressure of that bill you can't pay. I mean, that's saying something, when you're using a candle to heat yourself up in a tent. You know, the peace of just being and not using something that you can't afford and trying to measure yourself on it all the time - it's not a good feeling. I thought that really says something about how it feels to have that kind of relationship with electricity and not be able to afford it.

CHAIR - I'd like to thank you for the bravery you are showing because it's a very difficult thing. On behalf of the committee, I'd like to acknowledge how hard that must have been for you to come in this morning and to tell us that story, but it's such important information for us to have. Thank you for that. We really appreciate it. It does help us to understand.¹²⁶

- 3.64 Witnesses provided evidence to the Legislative Council Sessional Committee Government Administration 'A' Inquiry into Energy Prices sharing about the difficulties with managing energy costs, particularly for vulnerable Tasmanians. An example of the evidence received was a submission from Lesley Field:

... I am 68 and suffer from an incurable but rare autoimmune disease and am on chemo all the time. This leaves me feeling cold, and ill a lot of the time. However, I have not been able to afford to turn my reverse cycle heating on at all over this

¹²⁶ Ms. Katherine Sykes, Transcript of Evidence, 20 March 2025, pp. 3-4.

past winter. I can't afford the electricity. I changed providers from Aurora to another provider which has helped immensely. But like many people between mortgage stress (yes pensioners can and do buy their own homes), and rising costs I still can't afford heating. I care for my daughter who has an undiagnosed illness, (or many diagnoses that have proven incorrect) who is in the same position as me. I am dreading summer as it's more difficult to keep cool. At least I won't have to go to bed until it cools. At the moment I am in in [sic] bed by 6.30 to keep warm. But I [sic] still better off than many Tasmanians who cannot afford a place to live let alone electricity.¹²⁷

- 3.65 Ms Sykes also considered what would make the most difference to addressing energy costs for her and those who experience hardship in paying energy bills:

Ms SYKES - I had that question put to me and I was thinking about it. For me, it's that big monster debt that's just stuck there - if I could have that gone and have a new slate and a new chance, and keep on top of where I'm at. I have to say that the Your Energy Support (YES) program, I believe, is a really fantastic move in the right direction. Everybody's situations are unique, and I've personally found that program really flexible and able to meet me where I was at and get me engaged with making some payments. A stable energy cost would be really great, too - not that forever-increasing feeling - that's quite scary, especially if you don't have that income and you're stuck in your situation. That's hard to budget for. I've felt, for me, personally, I would benefit more from having that debt from years ago, like a monkey on my back, just some way out of that, and to have a chance to just look after myself now would be wonderful.¹²⁸

- 3.66 To alleviate hardship, Tasmania has a long-standing electricity concession for eligible low-income customers, as well as time-limited rebate schemes co-funded with the Commonwealth.¹²⁹ The Committee received evidence on the effectiveness of these measures.
- 3.67 The concession is currently a flat dollar amount discount on electricity bills.¹³⁰ TasCOSS advocated for reforming the concession to a percentage-based discount, which would automatically adjust to a household's usage and price, providing greater assistance when bills rise and encourage energy conservation.
- 3.68 Mr Stephen Durney, Senior Policy Officer at TasCOSS, explained that if the concession were, for example, a 10 per cent discount rather than a fixed sum, "you could reduce the amount of the energy concession as well [over time] because you'd have a lower concession applied to a lower household bill" when

¹²⁷ Submission No.5 (50th Parliament Legislative Council Inquiry into Energy Prices), Lesley Field, p. 1.

¹²⁸ Ms. Katherine Sykes, Transcript of Evidence, 20 March 2025, p. 5.

¹²⁹ Australian Department of Climate Change, Energy, the Environment and Water website, *Energy Bill Relief Fund*. Accessed at: <https://www.energy.gov.au/energy-bill-relief-fund>; Submission 26 (51st Parliament Joint Select Committee on Energy Matters), TasCOSS, p. 1.

¹³⁰ See Tasmanian Government: Concessions & Discounts website, *Electricity*. Accessed at: https://www.concessions.tas.gov.au/concessions/electricity_and_heating.

efficiency improvements reduce usage.¹³¹ In other words, a percentage concession would scale with the bill and could yield long-term savings for both consumers and the government by reinforcing energy-saving efforts.

3.69 TasCOSS provided evidence on poorly targeted energy bill relief:

Ms PICONE - ...While these rebates are most welcome, what they do provide is just a one-off bill relief and they don't address the underlying issue of rising energy costs.

*Through poorly targeted energy rebates, \$27.5 million of federal and state government financial support is being provided to the wealthiest 20 per cent of Tasmanian households. This is funding that could have been better spent helping people improve the thermal performance of their housing, accessing rooftop solar and home batteries, reducing energy debt or increasing support to those most in need...*¹³²

3.70 Alison Pountey made a submission to the Legislative Council Sessional Committee Government Administration 'A' Inquiry into Energy Prices about the cost of energy for pensioners and inadequate energy offsets:

I am nearly 69 years old. I paid tax every day of my working life.

I must make a decision every winter over to be warm or feed myself properly, with baked beans and sardines on toast a diet staple.

*I find it utterly ridiculous that a state that produces electricity so cheaply does not pass this on to Tasmanian's [sic]. We have to endure the cold and inflated food prices as much as the next person, however.....a \$120 energy offset allowance doesn't buy much... neither power or food. I get \$900 approx pension every fortnight. You try living on \$450 per week.*¹³³

3.71 On the other hand, the Government claims that Tasmanian concession and rebate support is already among the most generous in Australia but were unable to provide evidence that the Government has taken any action to support vulnerable Tasmanians to reduce their energy consumption, especially those living in rental properties or experiencing energy poverty.

3.72 The Deputy Premier and then Treasurer, the Honourable Guy Barnett MP, gave evidence on concessions at the 20 March 2025 hearing:

CHAIR - ...For some who are really struggling, there's been some evidence provided to the committee that other things might have been of more help than an across-the-board rebate. Is Treasury looking at these sorts of things in order to support customers who are struggling with energy poverty?

Mr BARNETT - I think the first thing to say is, yes, this is at the forefront of our mind and that's why the government has had a proud record of supporting

¹³¹ Mr. Stephen Durney, Senior Policy Officer, TasCOSS, Transcript of Evidence, 20 March 2025, p. 11.

¹³² Ms. Andrienne Picone, Chief Executive Officer, TasCOSS, Transcript of Evidence, 20 March 2025, p. 3.

¹³³ Submission No.3 (50th Parliament Legislative Council Inquiry into Energy Prices), Alison Pountey, p. 1.

vulnerable Tasmanians. We provide amongst the highest level of concessions across Australia, state and territory, and we're pleased and proud of that record.

I've some research here which says that in the 2024-25 financial year, Tasmanian concession customers will receive up to \$1433 in electricity bill relief. That's approximately 68 per cent of the total bill for concession customers with the medium level of consumption. You've referred to the energy bill relief rebate, the \$250, the \$300 from the federal government energy support and I should mention the \$250 - Tasmanian Renewable Energy Dividend. In terms of the proven track record in 2024-25, the annual electricity concession will be approximately \$633. That is in addition to those rebates and support I've mentioned.

CHAIR - A lot of those people who are receiving concessions are living in houses that are not energy efficient. They rent them, they're not able to make modifications to the home themselves. Wouldn't it be better if we could reduce their energy consumption in addition to, perhaps, providing them some relief for their actual bills?

Mr BARNETT - It's really on two counts: electricity prices in terms of being the lowest or amongst the lowest in Australia in terms of the last 10 years, less in real terms –

CHAIR - But they're not seeing this on their bills. They're not seeing it because their homes are not energy efficient. They're higher consumers of energy or electricity than you or I probably are.

Mr BARNETT - Yes, noted. Tasmania is a cooler climate and so we use, on the whole, more electricity than perhaps someone on the mainland.

CHAIR - We both live in a cold climate. What I'm trying to get to is I've a house here that's well insulated. The house next door is not. I heat my house to a level that's comfortable. For me to pay to do that is less than it will be for the person next door. How do we assist the person next door who may not own their own home, or may own it but it's not energy efficient?

Mr BARNETT - I think for the person next door who may be on a concession or a concession card holder, they will be receiving the concessions which are amongst the highest in Australia.

CHAIR - But they're still using more energy. Is there any consideration being given to help them reduce their energy consumption, not just to have a lower price through the concession?

Mr BARNETT - The government has at the forefront of our mind, cost of living, cost of doing business, and we're proud of the track record. We realise there's always more work to do and, of course, I'll have more to say about the renewable energy dividend bill credit which will be coming Tasmanians' way in the very near future. That's based on Hydro's dividend. If Hydro does well, Tasmanians will do well. That's based on our policy, which was announced at the election.¹³⁴

¹³⁴ The Hon. Guy Barnett MP, Deputy Premier and Treasurer, Tasmanian Government, Transcript of Evidence, 20 March 2025, pp. 48-50.

- 3.73 Finally, the Committee received evidence on the state of retail competition and innovation in Tasmania.
- 3.74 Despite eight licensed retailers in the market, Aurora Energy serves the vast majority of small customers, and no alternative retailer has made significant inroads for residential or SME supply.¹³⁵ This is likely due to the relatively low margin available under the regulated price – there is limited profit in undercutting Aurora’s tariff.¹³⁶
- 3.75 Evidence was given that the current model, where a publicly owned retailer is heavily involved in customer advocacy and hardship programs, may better serve vulnerable customers than a competitive market focused on profit.¹³⁷
- 3.76 Aurora Energy described their initiatives like time-of-use tariff education, encouraging customers to switch to time-of-day pricing if it would save them money, and support for solar and battery adoption:

CHAIR - Also, one of you mentioned proactively working with your customers in terms of helping them not to get in financial difficulty or intervene early. You also mentioned to make sure they're on the right tariffs. How do you actually go about that? Also, bearing in mind the literacy levels of a lot of people in many parts of our state, how do you help them understand how to make sense of it to make sure they understand why they're on the tariff and which tariff is best for them?

Mr CLARK - There are multiple ways. We have now over 108,000 Tasmanians using aurora+, our app. That's basically 108,000 people educating themselves with energy literacy on a daily, weekly basis. First of all, it is understanding what your usage trends look like. Then what we do is analysis. Looking at where people may be better off on a time-of-use tariff versus a flat-rate tariff. Historically, more Tasmanians have come from being pretty much on a flat-rate tariff, but we know that a high percentage, north of 70 per cent, would be better off on a time-of-use tariff. It's creating those discussions with Tasmania to try to de-stigmatise what time-of-use is about and to encourage those discussions to reach out with campaigns where we proactively will show what the analysis of the last year's usage looked like if you'd been on a different tariff - time-of-use tariff versus a flat-rate tariff. There're multiple ways that we try to bring on that discussion, but –

CHAIR - Is this by direct contact with them or is this entirely through the app, the aurora+ app?

¹³⁵ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. 40.

¹³⁶ Submission No. 14 (50th Parliament Joint Select Committee on Energy Matters), Aurora Energy, pp. 2, 4; Ms. Kirstan Long, Director, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, pp. 16-17.

¹³⁷ Submission No. 14 (50th Parliament Joint Select Committee on Energy Matters), Aurora Energy, pp. 1-3; Mr. Tristan Patterson, Assistant Director Regulatory Compliance and Performance, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, pp. 22.

Mr CLARK - In some cases it will be direct contact. If we're allowed to contact them and market to them, it could be a letter or an email being sent to them. We do things like stand-up hubs in shopping centres and going to old people's homes and different things and talk to people.

We have our energy literacy program that we've started last year, the Power People Project, working with the Men's Shed. That's training up trainers to educate people. There's a variety of ways that we're trying to tackle because understanding tariffs is not necessarily straightforward for people. The whole energy industry is not necessarily straightforward for a lot of people so we try to attack that through multiple ways.¹³⁸

Findings

The Committee finds:

Generation and Wholesale Energy Costs

9. The Tasmanian Economic Regulator has greatest discretion over retail-cost allowances and the approval of Aurora Energy's standing-offer prices. However, much of the regulated price stack is driven by pass-through or formula-based inputs, including Australian Energy Regulated-approved network tariffs and wholesale energy costs calculated under the Wholesale Electricity Price methodology. These inputs are only partly within direct State control, notwithstanding State ownership of Hydro Tasmania.
10. While Tasmania has among the lowest regulated standing offer retail tariffs in Australia, this does not reflect the full electricity bill, which is significantly influenced by higher per-household consumption driven by Tasmania's cold climate, poor housing stock, prevalence of electric heating and low household gas penetration.
11. The claim made by the Minister for Energy and Renewables, the Hon. Nick Duigan MLC, that Tasmania has the lowest regulated electricity prices in the national market is technically narrow and fails to accurately reflect the lived experience of Tasmanians, particularly those in energy poverty.
12. A lower regulated electricity price, as referenced by the Minister for Energy and Renewables, the Hon. Nick Duigan MLC, does not equate with a lower electricity bill when household consumption is high due to energy-inefficient housing.

¹³⁸ Mr. Nigel Clark, Chief Executive Officer, Aurora Energy, Transcript of Evidence, 12 November 2024, pp. 79-80.

13. Hydro Tasmania's dominance in generation means its bidding strategy can significantly influence Tasmanian wholesale prices. Diversifying the generation base could increase competition and place downward pressure on prices, provided new entrants have effective offtake/hedging options and adequate transmission/interconnector access.
14. Increasing wind and solar generation in Tasmania's energy mix could allow hydro storage to be used more strategically and may place downward pressure on wholesale prices at times of renewable output, although longer-term price effects will depend on demand growth, transmission and interconnector constraints, storage behaviour and contract market conditions.
15. Climate variability and declining inflows to hydro catchments create uncertainty in long-term generation and contribute to periods of higher wholesale prices and increased gas generation.
16. Hydro Tasmania's existing water infrastructure and generation assets are ageing, with some schemes over 85 years old, and require significant capital investment to maintain reliability and efficiency, including approximately \$1.15 billion in capital investment over the next decade under its Strategic Asset Management Plan, exclusive of Battery of the Nation projects.
17. Tasmania's connection to the Victorian region of the National Electricity Market via Basslink means Tasmanian spot prices are generally closely related to Victorian spot prices, tying Tasmanian consumers to mainland market volatility.

Network Costs

18. Network charges (transmission and distribution costs) are the largest component of the electricity price stack and are governed by the Australian Energy Regulator, outside the jurisdiction of the Tasmanian Economic Regulator.
19. New generation entities that directly benefit from new energy transmission infrastructure, including generators exporting power interstate, could contribute to its cost.
20. The 2024–29 regulatory period for TasNetworks has resulted in significant increases in transmission tariffs, which have been immediately passed through to customers. Small business customers, particularly in hospitality, have less flexibility to manage and respond to increased network (transmission) costs.

21. Rural and regional customers pay the same network tariffs as urban customers, a longstanding policy that provides equity but means remote areas are effectively subsidised by urban networks.

Retail Costs and Consumer Impacts

22. Retail costs (billing, customer service, retail margins, and retail market risk management) represent approximately 12 per cent of the typical electricity bill; the Tasmanian Economic Regulator has limited discretion over this component.
23. Approximately 50,000 Tasmanian households are estimated to be experiencing energy poverty, characterised by the inability to afford adequate energy to maintain a decent standard of living and good health.
24. Current electricity concession arrangements do not adequately address the underlying causes of high energy costs for vulnerable Tasmanians, particularly renters. Poorly targeted energy rebates have also provided support to higher-income households.
25. The most effective long-term measure to reduce electricity bills for low-income households is to support the roll-out of rooftop solar, and improving the energy efficiency of the housing they occupy, including insulation, efficient heating, and minimum appliance standards in rental properties.

Recommendations

The Committee recommends the Tasmanian Government:

1. Reform electricity concession arrangements to target and better support vulnerable households from cost increases.
2. Review relevant legislation in the area of minimum energy efficiency standards for rental properties to meet contemporary standards.
3. Work with the Australian Government to deliver ongoing, dedicated programs that improve the energy efficiency of public and private rental properties, including minimum insulation and energy-efficient fixed heating appropriate to the size of the dwelling.

4 CHALLENGES IN TASMANIA'S ENERGY SUPPLY AND COSTS

- 4.1 In this Chapter the Committee examines the challenges in relation to Tasmania's energy supply and costs in the context of the current cost of living crisis but also into the future challenges to ensure that Tasmanians continue to enjoy affordable, reliable energy in an era of significant change.

State-Owned Energy Entities

- 4.2 Tasmania's energy sector is dominated by state-owned corporations, notably Hydro Tasmania (generation), TasNetworks (transmission and distribution), and Aurora Energy (retail), and this structure was highlighted as a source of both strength and concern.

Evidence received

- 4.3 The Committee received evidence noting that Hydro Tasmania is the "dominant generator in Tasmania"¹³⁹, TasNetworks the sole transmission network provider, with Aurora Energy likewise "dominant" in the retail market.¹⁴⁰
- 4.4 Professor Richard Eccleston explained that while this ownership model has benefits and creates opportunities, it also creates challenges in the market, in particular, the lack of competition was suggested to "create barriers in terms of incentivising new generation" by private developers.¹⁴¹
- 4.5 Essentially, new producers can find it difficult to enter a market where a single large generator controls the majority of output, and an incumbent retailer serves most customers.¹⁴² The Committee heard that the Tasmanian Economic Regulator monitors Hydro Tasmania's wholesale contract pricing and market behaviour for this reason:

Ms LONG - ... Hydro is the dominant generator in Tasmania, and therefore there is the potential for it to misuse its market power in relation to the financial risk contracts it offers to retailers in the Tasmanian electricity market.

The wholesale contract regulatory framework was established to mitigate this risk and reduce the barriers to retailers entering the Tasmanian electricity market. The regulator has administered the wholesale contract regulatory

¹³⁹ Ms. Kirstan Long, Director, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, pp. 15; Mr. Anton Voss, Executive Director, Project Marinus Whole of State Business Case, Department of Treasury and Finance, Transcript of Evidence, 20 March 2025, pp. 40.

¹⁴⁰ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 2.

¹⁴¹ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 2.

¹⁴² Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 2.

framework since January 2014. This involves regulating certain financial risk contracts offered by Hydro. In carrying out this role, the regulator conducts periodic pricing investigations and releases a wholesale contract regulatory instrument which sets out the regulator's approvals and the principles that are applied by Hydro when calculating the weekly prices for the regulated contract types.

The regulator also monitors Hydro's regulated wholesale contract pricing activities on a weekly basis. One of these financial contracts is used to calculate the wholesale energy price, or WEP as it's known, which is one of the major cost components of the price stack that is used by the regulator to determine Aurora Energy standing offer prices.¹⁴³

- 4.6 The Committee also heard evidence about the dual obligations of state-owned energy businesses to operate commercially while serving public policy goals. For example, Hydro Tasmania seeks to maximise returns to the state budget, but it is also expected to deliver affordable power to Tasmanians.
- 4.7 The Minister for Energy and Renewables, the Hon. Nick Duigan MLC acknowledged this balance, noting that Hydro Tasmania “will continue to manage [its water storages] to ensure the lowest power prices for Tasmanians while maximising returns” on its generation assets.¹⁴⁴
- 4.8 Hydro Tasmania gave evidence on its obligations as a state-owned energy business and how it sees its role to address challenges to Tasmania’s energy supply and costs:

Mr BOLT - ... We've always sought in Hydro Tasmania to meet economic, social and environmental expectations. For example, we're currently negotiating contract extensions with major industrials to preserve jobs here. We encourage young people into STEM jobs, including young women. We manage lake levels and river flows to support recreational fishing and even a regatta. We operate our assets to enable endangered fish to spawn and eels to migrate, and we're currently exploring additional ways to support recovery efforts for the Maugean skate.

We also seek to make a good financial return, which is not in direct conflict necessarily with those other objectives. That's also to the benefit of Tasmanians because, of course, we're government-owned and so the revenues go to government and can be used for general services or, as currently, for electricity bill relief.

We have a new charter, as you're aware, through which the government has set us some important additional expectations to enable the lowest possible prices to Tasmanian consumers to meet growing demand, create jobs and support economic growth. These two objectives we see as related. Our biggest lever over

¹⁴³ Ms. Kirstan Long, Director, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, p. 15.

¹⁴⁴ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 1.

prices to consumers is to maintain our current assets in good condition and encourage new renewable generation to be built. That will help match growing demand with sufficient supply and keep prices under check and certainly keep them lower than they otherwise would be.

We are tackling this particular challenge in bringing on new wind and solar in two ways. One of them is that we're in negotiations already and have been for some time with developers and are hopeful of concluding an early power purchase agreement. We are developing a framework in parallel with those negotiations to tell the public and the market how we will explore and negotiate partnerships with other developers into the future. Beyond this initial round, we're also in negotiations to secure existing industries whose contracts with us will expire soon, and proponents of new industries. The framework I've just mentioned will explain how we propose to ratchet up the power we buy and the power we sell, as well of course the power we generate ourselves, in a way that benefits the state while also earning good returns for the Tasmanian community. It's important to say it won't be mandatory and can't be mandatory for developers of new renewables and industries to contract through us, but the option will be attractive to some. Now, this strategy is intended to help the state grow; it will also allow Hydro Tasmania to provide more value from our assets by firming a growing state portfolio of wind and solar.

Our unique hydro system will be a crucial foundation of this energy transition and that's why we're intent on maintaining our current assets and deepening our storage services and our firming services through the Tarraleah and Cethana projects. It's important to stress that we can't acquit these new functions without good proposals from the market and close cooperation from other parts of the Tasmanian energy sector and government. That's why we've played a very active role in creating and taking part in a forum that involves all of the relevant parties so that we are working as much as possible in close collaboration with them so that networks and our projects and other aspects of what's required to get this transition to happen are done in a reasonably coordinated fashion.¹⁴⁵

- 4.9 Other witnesses agreed that Hydro Tasmania has crucial roles to play in Tasmania addressing the energy challenges it faces. One matter that was raised was Hydro Tasmania entering into offtake agreements (for example, PPAs) with new renewable energy generators, including on non-commercial (unprofitable) terms in some cases:

Mr BAYLEY - ...as an offtaker, why is it that Hydro should bear... the cost of an onerous contract - in the first place?

Ms CLARK - I think it reflects that we've got a really unusual market - legacy market - in Tasmania because of our history that Hydro is the dominant generator, and, in us talking to large investors to come and partner with us in our projects, it seemed that Hydro Tasmania is the market maker and, so, it's very hard to go and engage with other offtakers because they're all looking for Hydro to play a key role.

¹⁴⁵ Mr. Richard Bolt, Chair, Hydro Tasmania, Transcript of Evidence, 12 November 2024, pp. 46-47.

...Hydro Tasmania has the ability, just by virtue of history and its scale and its dispatch resource, to set the price in Tasmania a lot of the time, and it's also involved in almost all offtake contracts in Tasmania. It's an obvious vehicle to help bring on new renewables at an affordable cost into the state. We see it's a vehicle that government can use to support green energy projects to get developed.

Mr BAYLEY - *What about the sustainability of Hydro and its finances? I mean, to what extent should it push itself to engage in these kind of contracts?*

Ms CLARK - *Hydro has to still be commercial, however, I think this is an instance where government can - and I believe the charter change was intended to say, 'You also do have this really important role in the state'. Work with developers of new projects in a way that's complementary to them and de-risks them, and look at how you do that in a way that minimises any onerous contract. There are some confidential discussions that are going on at the moment, to be honest, but my observation is I think Hydro is doing its best to do that, to make sure it is considering its commercial position, but also considering the need for the state to get new energy...*¹⁴⁶

- 4.10 The Committee heard evidence that, despite claims that Tasmania currently has some of the nation's lowest regulated electricity prices, power bills have increased in recent years, placing pressure on households. The Deputy Premier and then Treasurer, the Hon. Guy Barnett MP stated that:

Mr BARNETT - *We've had a record since 2014 of having the lowest or being amongst the lowest electricity prices in Australia since 2014. They've actually gone down in real terms for residential customers, regulated and likewise regulated small businesses of about 40,000. We're very pleased with that record.*¹⁴⁷

- 4.11 However, the Committee also heard evidence from Professor Eccleston that “notwithstanding [Tasmania's] strengths, there have been challenges in the energy market in Tasmania up until 2023, in particular. Retail prices increased by around 30 per cent in the five years to 2023.”¹⁴⁸
- 4.12 Tasmanians' pride in over “100 years of hydro development, which has provided a platform for much of the state's industrial development and made us a leader in renewable energy”¹⁴⁹ is tempered by a recognition that these state-owned entities must adapt to new market conditions.¹⁵⁰

¹⁴⁶ Ms. Bess Clark, Chief Executive Officer, TasRex, Transcript of Evidence, 12 November 2024, pp. 6-7.

¹⁴⁷ Hon. Guy Barnett MP, Deputy Premier and Treasurer, Tasmanian Government, Transcript of Evidence, 20 March 2025, p. 47.

¹⁴⁸ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 2.

¹⁴⁹ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 1.

¹⁵⁰ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 2

Energy Requirements

Evidence received

- 4.13 The Committee received evidence from witnesses on the challenges relating to energy requirements in Tasmania.
- 4.14 On behalf of the Tasmanian Government, the Minister for Energy and Renewables, the Hon. Nick Duigan MLC acknowledged Tasmania faces a growing challenge to meet its future energy requirements stating that Tasmania “on average generate[s] enough renewable electricity to meet current demand...[but] as a growing state, we need to ensure we continue to invest in new generation, storage and transmission to meet our growing energy needs.”¹⁵¹
- 4.15 Minister Duigan observed, Tasmania’s “electricity demand will continue to rise as our population grows and businesses look to electrification and move away from fossil fuels”, and without investment in new supply, Tasmania “will not be able to maintain its 100 per cent renewable status” as demand outpaces the existing renewable generation capacity.¹⁵²
- 4.16 A number of factors are driving up energy requirements. The transition of industries and transport away from oil and gas towards electricity is a major contributor. At the 28 October 2024 public hearing, Professor Eccleston noted that:
- Prof ECCLESTON** - We've got lots of strengths. We hear it on a weekly basis in terms of electricity for historical reasons, we're almost 100 per cent renewable, but part of the challenge and the argument we've tried to promote through our work on climate and energy is that's a great starting place, but Tasmania isn't even at 50 per cent renewable in terms of overall energy.
- How can this be right? The reality is that more than half of the energy we use on-island comes from gas, diesel, petrol, and, in some cases, coal from the Fingal Valley. If we are going to truly decarbonise and futureproof our existing industries - before we even think about exports - we are going to need to think about alternatives there.*¹⁵³
- 4.17 As Tasmania pursues decarbonisation, these fossil fuel uses must switch to clean electricity or alternative fuels, dramatically increasing electricity demand. The submission made on behalf of the Tasmanian Government to the Legislative Council Sessional Committee Government Administration ‘A’ Inquiry into Energy Prices stated:

¹⁵¹ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 1.

¹⁵² Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, pp. 1-2.

¹⁵³ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 2.

However, Tasmania's 100 per cent renewable status should not be taken for granted and may come under threat without the new generation needed to keep pace with rising electricity demand. Electricity demand in Tasmania is growing, driven by factors such as electrification in the business and transport sectors, green hydrogen production and expansion of industrial load. Improvements in energy efficiency are expected to only partially offset this growth. Investment in new renewable generation is critical if we are to meet future demand without jeopardising Tasmania's 100 per cent renewable status.¹⁵⁴

- 4.18 Without new generation and storage, rising demand could strain Tasmania's ability to be self-sufficient in renewable power.
- 4.19 However, the Committee also noted evidence that Tasmanian electricity demand has been decreasing over recent years. OTTER, in its *Energy in Tasmania Report 2023-24*, states that the mainland Tasmanian consumption reduced from 11,225 GWh in 2021-22 to 11,082 GWh in 2022-23 and 10,935 GWh in 2023-24.¹⁵⁵
- 4.20 The Committee questioned OTTER in relation to recent electricity consumption data in its report:

Mr GARLAND - Last year we saw electricity usage in Tassie drop for the second year in a row. Can you explain that?

Ms LONG - We can speculate why that is. We suspect it has to do with solar installations. We receive very limited data on the amount of solar that is self-consumed by people at their own properties. We see more data on the amount that's exported to the grid, with little oversight of what people are using within their own homes, so we suspect that a lot of that drop we've seen in the last couple of years is by people consuming more solar within their own homes.

Mr PATTERSON - We've seen year-on-year growth in the number of home solar installations. That's been a trend for quite some time...

...

Mr BOUNDS - ...I think, on average, too, systems are getting bigger.

Mr BAYLEY - Battery uptake could be part of that as well, presumably, would it?

...

Mr PATTERSON - That's right, because you're able to use that energy at a more useful time.

Mr BOUNDS - Batteries or electric vehicles, storing in the electric vehicle.¹⁵⁶

¹⁵⁴ Submission No.31 (50th Parliament Legislative Council Inquiry into Energy Prices), Minister for Energy and Renewables, p. 13.

¹⁵⁵ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. 40.

¹⁵⁶ Ms. Kirstan Long, Director, Mr. Glenn Bounds, Assistant Director Pricing, and Mr. Tristan Patterson, Assistant Director Regulatory Compliance and Performance, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, p. 23.

- 4.21 Increasing home solar installations of bigger systems, together with batteries, may lead to greater energy consumption behind-the-meter resulting in a phenomenon that eases Tasmania's energy requirements challenge.

Expansion of State-Owned Renewable Energy Generation

- 4.22 Tasmania has a long history of state-owned renewable energy generation and the Committee heard evidence of considerable proposed future expansion.

Evidence received

- 4.23 The Committee received extensive evidence about plans to expand renewable generation through state-owned initiatives, in particular, Hydro Tasmania's 'Battery of the Nation' projects (upgrading hydro-electric schemes and developing pumped hydro storage).
- 4.24 A foremost challenge is the sheer scale and cost of the proposed projects. Hydro Tasmania's existing hydro-electric fleet, though an invaluable asset, is ageing and in need of major investment. Professor Eccleston remarked on "the need to upgrade what is a relatively old and ageing hydro fleet", noting that much of the system was built many decades ago.¹⁵⁷
- 4.25 Ms Christine Milne AO, representing the Bob Brown Foundation, noted Hydro Tasmania's ageing dam infrastructure:

Mr BAYLEY - ...What's your thoughts on the reinvestment in...dam infrastructure...

Ms MILNE - Thank you. Yes, the dam infrastructure in Tasmania is ageing. We haven't built a new major dam, the last one finished in 1994, I think, so we're talking 30 years. And we have to accept that the Hydro infrastructure is ageing and dams don't last forever...we are going to have to spend considerable amounts of money maintaining those assets for a relatively small amount of energy...¹⁵⁸

- 4.26 Refurbishing power stations and dams (for example, the planned redevelopment of the Tarraleah scheme and Edgar and Scotts Peak dams) and adding new pumped hydro capacity will require over a billion dollars of investment. In its submission to the Fiftieth Parliament Joint Select Committee on Energy Matters, Hydro Tasmania noted that:

[Hydro Tasmania] invests significant resources to maintain and upgrade its network of assets to ensure ongoing reliability and efficiency. However, many of these assets are ageing. For example, the Tarraleah hydropower scheme is 85

¹⁵⁷ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 2.

¹⁵⁸ Ms. Christine Milne AO, Patron, Bob Brown Foundation, Transcript of Evidence, 12 November 2024, p. 26.

years old. As they age, the assets become more expensive to maintain and less efficient in generating power.

The Strategic Asset Management Plan (SAMP) is a significant program of work. The expected CAPEX program is around \$150 million annually excluding Battery of the Nation projects. The SAMP proposes \$1,150 million in capital investment over the next decade. This is on top of the \$900 million invested since 2007.¹⁵⁹

- 4.27 At the 12 November 2024 public hearing, Hydro Tasmania were asked to provide an updated indication of the scale of cost estimates for Battery of the Nation projects, but said the work was still underway:

Mr GARLAND - Battery of the Nation is seen as being an indispensable component of Marinus Link. What's the latest cost estimates to construct the Battery of the Nation related infrastructure?

Ms van MAANEN - I guess we can talk through the two key projects individually. With respect to Tarraleah, you may be aware that we completed the preliminary business case for Tarraleah last year and that had a cost estimate at the time of \$1.05 billion. We've been working through - since the preliminary business case - a process to complete a final business case and that's something we'd want to do with a much stronger level of certainty and robustness around the cost estimate.

We're still undergoing that work and that includes both looking at what are the opportunities to ensure that we're delivering the right balance of the scope and the cost at which that can be delivered, and how it can be delivered; to really interrogate that cost estimate and understanding what we expect, what the movements have been in external markets with respect to inputs, and labour materials, et cetera; to really get as robust an estimate as we can and ensure that we're testing that that option is in the best interests of Tasmania for progressing the project.¹⁶⁰

- 4.28 Likewise, the Tasmanian Government has legislated a Tasmanian Renewable Energy Target to double renewable electricity generation (from 2020 levels) by 2040, and this will necessitate constructing new wind farms and other assets at an unprecedented pace.¹⁶¹
- 4.29 Witnesses cautioned that these capital-intensive projects face escalating costs. Professor Eccleston observed, referring to cost revisions for big initiatives like Project Marinus and Battery of the Nation, that “just about all major transmission and generation projects are coming in at almost twice the cost of what they were originally forecast to be five years ago.”¹⁶²

¹⁵⁹ Submission No.9 (50th Parliament Joint Select Committee on Energy Matters), Hydro Tasmania, p. 6.

¹⁶⁰ Ms. Erin van Maanen, Acting Chief Executive Officer, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 60.

¹⁶¹ Submission No.31 (50th Parliament Legislative Council Inquiry into Energy Prices), Minister for Energy and Renewables, p. 13.

¹⁶² Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 3.

4.30 The Tasmanian Government similarly acknowledged rising cost pressures due to global factors: supply chain constraints, higher interest rates, and competition for materials and skilled labour are pushing budgets upward.¹⁶³ Ensuring these state-owned projects remain financially viable and deliverable on schedule is a significant challenge for Tasmania's energy strategy.

4.31 Another major challenge involves community and environmental considerations in rolling out new renewable infrastructure. State-owned energy entities must secure and maintain a 'social licence' for projects. In its submission, the Tasmanian Government states:

*Community engagement and acceptance are also essential preconditions for the success of renewable energy and associated transmission and green hydrogen production projects. Concerns about the visual and environmental impact of transmission lines, land acquisition and the need to cut across farming land can significantly delay or disrupt the rollout of major projects. Similarly, environmental approvals can be challenging given the potential impacts of wind farms and related renewable energy infrastructure on flora and fauna.*¹⁶⁴

4.32 The Committee heard that local communities have raised concerns about the visual and environmental impact of large-scale developments. In particular, new high-voltage transmission lines required for renewable projects have proven contentious, issues of land acquisition and impacts on farming properties¹⁶⁵, and preservation of natural areas¹⁶⁶ are key community concerns that must be adequately addressed.

4.33 Projects led by Hydro Tasmania are not immune to these concerns. Hydro Tasmania advised that a holistic view is taken when considering pursuing new renewable projects or negotiating with proponents:

Ms van MAANEN - Certainly, the process we've been going through in recent months and working with proponents has been to understand - what are the opportunities to enter into arrangements that have positive value from our portfolio perspective, but also look to align to desired outcomes in terms of generation progressing in the state. The estimate of a positive commercial value from the transaction is certainly something that we are focused on in looking at which projects we could progress with...

...

I think it's also important to say that the commercial lens is not the only element we're looking at. When we're kind of screening and assessing projects, we're

¹⁶³ Submission No.31 (50th Parliament Legislative Council Inquiry into Energy Prices), Minister for Energy and Renewables, p. 15.

¹⁶⁴ Submission No.31 (50th Parliament Legislative Council Inquiry into Energy Prices), Minister for Energy and Renewables, p. 15.

¹⁶⁵ See Mr. Neil Grose, Advocacy and Projects Leader, TasFarmers, Transcript of Evidence, 1 October 2024, pp. 1-2.

¹⁶⁶ See Mr. Ben Marshall, Chair, Supporting Our Loongana Valley Environment (SOLVE), Transcript of Evidence, 1 October 2024, pp. 37-38.

*looking at things like how soon they could be on the market, what are their deliverability risks, including with respect to connection and transmission. Also, what are the environmental and social considerations around those projects - will they be supported - and that broader Tasmania benefit. We're looking at that mix of things. We definitely want to pursue a good commercial outcome, but looking at it more holistically as well. That's all part of the process that we undertake as we progress projects through that process, if you like.*¹⁶⁷

- 4.34 The expansion of state-owned renewable generation must navigate a complex approvals environment and community expectations for consultation and benefit-sharing to secure a social licence. The Government has recognised this by establishing a Renewable Energy Coordination Framework “designed to coordinate and support the renewable energy growth required to achieve our Tasmanian Renewable Energy Target”, including measures like community engagement, benefit sharing and local procurement.¹⁶⁸
- 4.35 The Minister for Energy and Renewables, the Hon. Nick Duigan MLC, advised the Committee, “social licence is a very difficult thing to grasp, to grab hold of. It is a challenge.”¹⁶⁹

Private Energy Generators

- 4.36 Encouraging private investment in generation is another challenging aspect of Tasmania’s energy future.

Evidence received

- 4.37 The Committee heard mixed views from developers and large energy users about the current environment for private energy projects. On one hand, Tasmania’s rich renewable resources have attracted interest from major companies – several large wind farms and emerging hydrogen production facilities are being proposed by the private sector.¹⁷⁰ On the other hand, there are obstacles that complicate progressing these projects.
- 4.38 One key challenge for private generators is gaining timely project approvals and grid connections. Dr Michael Connarty, Head of Operations and Trading, ACEN Australia, which has been developing the Robbins Island and North East Wind farms, gave evidence on ACEN Australia’s experience:

Dr CONNARTY - ACEN Australia, as you know, is developing the Robbins Island Wind Farm and North East Wind in the north-east of Tasmania as well. We see

¹⁶⁷ Ms. Erin van Maanen, Interim Chief Executive Officer, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 49.

¹⁶⁸ Submission No.21 (51st Parliament Joint Select Committee on Energy Matters), Minister for Energy and Renewables, p. 25.

¹⁶⁹ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 36.

¹⁷⁰ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 30 April 2025, pp. 28-29.

that Tasmania has a great advantage in terms of its renewable assets. Firstly, the legacy assets that were created by Hydro all those years ago, but also the wind assets. Being in the Roaring 40s, the wind resource in Tasmania is exceptional, probably second to none in Australia in many respects. The beauty of that is that when you integrate those two, you actually get a much more reliable system. It's renewable and therefore has a real advantage in this age where we're looking at decarbonising and getting to a net zero hopefully before 2050 in Tasmania, but in a lot of cases, a lot of people are aiming for the 2050 target.

We've now been developing Robbins Island for over seven years. It is a long process. There are a lot of reasons that it is so long in Tasmania. Typically, if you're building something like wind farms in Tasmania, the areas do have a lot of cutover with the EPBC Act [Environment Protection and Biodiversity Conservation Act 1999 (Cth)] requirements. Therefore, you need to do the work to make sure you're managing the risks around the impacts of the various EPBC species you might be impacting when you do these developments. That has taken time. You set the guidelines, you provide the information based on the guidelines set by the EPA [Environment Protection Authority] or the Commonwealth, and do the studies. Those studies are taking in the order of three, four, five years in some cases. We've been through Robbins Island. We've had an EPA approval. We've also gone through a TASCAT [Tasmanian Civil and Administrative Tribunal] decision process. Both are lengthy and rigorous processes to an extent that now we're just waiting for the Commonwealth to finalise their approval process.¹⁷¹

4.39 Dr Connarty shared ACEN Australia's view on obstacles it has faced and their impacts on their projects:

Dr CONNARTY - ... We feel that at the moment with the approvals processes, they are too long, too slow. There seem to be too many hurdles that we don't think will actually deliver the benefit that it was required in terms of the environmental impacts. We think there's a balance that can be met. Overall, we feel the Robbins Island and the North East Wind actually deliver a positive overall value to the state.

The other aspect, as we develop Robbins Island, we'll be developing Robbins Island and the transmission line to get back to Hampshire Hills. We will pay for all that. That's our cost. It's part of the cost of the energy we will produce, but when we get to that network, we need to be able to connect and have certainty on connection. Over the past probably six years we've struggled to get that kind of engagement from people like TasNetworks. We're on our third iteration as we speak now. That delays projects. It's as simple as that: it just delays projects.¹⁷²

4.40 Dr Connarty contrasted ACEN Australia's experience in Tasmania with experiences elsewhere:

¹⁷¹ Dr. Michael Connarty, Head of Operations and Trading, ACEN Australia, Transcript of Evidence, 28 October 2024, pp. 39-40.

¹⁷² Dr. Michael Connarty, Head of Operations and Trading, ACEN Australia, Transcript of Evidence, 28 October 2024, p. 41.

Dr CONNARTY - That process in many other states where we develop is a lot shorter. If I take, for example, solar in New South Wales, in that same time or less time we've built a 400 megawatt solar farm at New England, which is now generating. It's been generating for nearly a year. We're also commissioning another 400 megawatt solar farm in New England as we speak. In that time we built nearly 800 megawatts of solar in New South Wales while we're still waiting for approval for Robbins Island Wind Farm.¹⁷³

- 4.41 The Committee also heard evidence that delays in planning and other relevant approvals relating to the proposed Robbins Island wind farm may relate to the complexity of the site and associated impacts, including Aboriginal heritage, environmental, and visual impacts.¹⁷⁴
- 4.42 The Committee heard another challenge is obtaining certainty around revenue and market access. In a small grid like Tasmania's, new independent generators have historically needed either a contract with Hydro Tasmania or the ability to export power into the NEM via Basslink.
- 4.43 Both options present challenges. Relying on Hydro Tasmania as the "dominant generator" and effectively the single buyer can be difficult if commercial terms are unfavourable and as Professor Eccleston noted presents "barriers in terms of incentivising new generation" under the current Tasmanian energy market setup.¹⁷⁵
- 4.44 ACEN Australia provided evidence on its experiences and decision-making:

CHAIR - You are not chasing a PPA with Hydro Tasmania, for example?

Dr CONNARTY - Not now. I'll be honest, when we started, we began that conversation because to develop a large project you need revenue certainty. In Tasmania the entity that provides you that is really Hydro Tasmania. They are an AA-rated government entity. That means their credit support is and worthiness is there, so banks are going to go, 'Well, they're great, they're effectively supported by the government', and the government doesn't have to put in CapEx. They just need to ensure there's a PPA that provides that revenue certainty. In that context, that PPA doesn't need to be a subsidy, so to speak. We feel that it can be competitive to the market.

Mr BAYLEY - But it could be a subsidy. If it's a power purchase agreement that's onerous to Hydro, for example, then it is a subsidy. What is the difference in your mind between - you use two words - incentive and subsidy. How do you distinguish? Is it simply the mechanism by which they arrive to the developer?

Dr CONNARTY - From my perspective - an example, large-scale renewable energy certificates, to me, is an incentive scheme because without it you don't get the

¹⁷³ Dr. Michael Connarty, Head of Operations and Trading, ACEN Australia, Transcript of Evidence, 28 October 2024, p. 40.

¹⁷⁴ See Dr. Jennifer Sanger, Lead Researcher, The Tree Projects, Transcript of Evidence, 12 February 2025, p. 63.

¹⁷⁵ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 2.

percentage renewables injected into the National Electricity Market. It is more of an incentive than subsidising. If you didn't have a scheme like that and you wanted to make sure projects got away and they weren't at market or competitive market, then you would provide some kind of cost subsidy to get them over the line. The LGC scheme isn't that because they're incentivising us to get to a higher renewable energy proportion. Even to that extent, I'd argue that, particularly, let's - there are two examples, Granville Harbour and Cattle Hill. I noticed in Aurora's latest annual report they now deem the Cattle Hill offtake as not onerous. Hence, from an electricity market perspective only, that means that's a positive to Tasmania customers.

CHAIR - It has been onerous in the past.

Mr BAYLEY - It was in the past and it was signed up in that context.

Dr CONNARTY - That's a view in time and this is the problem, when you've got a 10-year deal. One year doesn't mean whether it's a bad or a good deal. It's got to be evaluated over that longer period and that is what's happened over the longer period.¹⁷⁶

- 4.45 The Committee heard evidence from Ms Bess Clark of TasRex in relation to similar challenges for the development of the Northern Midlands Solar Farm.¹⁷⁷
- 4.46 Large industrial customers also conveyed to the Committee that they prefer new projects to carry their own costs rather than raise local prices. As mentioned above, Grange Resources, a major industrial energy user, supported a model where new Renewable Energy Zone transmission is funded by generators or governments up front, instead of traditional consumer cost-recovery, to avoid burdening Tasmanian customers.¹⁷⁸

Generation, Storage and Transmission Capacity

- 4.47 Tasmania's ability to ensure sufficient generation, storage and network capacity is under pressure from both aging infrastructure and new demands.

Evidence received

- 4.48 The Committee received evidence on challenges regarding generation, storage and transmission capacity in Tasmania. One challenge is managing adequate dispatchable generation and storage, especially during dry hydrological sequences or other supply shocks. Hydro Tasmania's dams provide the backbone of the system, but they are reliant on rainfall.
- 4.49 Ms. Christine Milne AO, Patron of the Bob Brown Foundation, observed that "we're looking at changed rainfall patterns and intensity, and that has

¹⁷⁶ Dr. Michael Connarty, Head of Operations and Trading, ACEN Australia, Transcript of Evidence, 28 October 2024, pp. 42-43.

¹⁷⁷ Ms. Bess Clark, Chief Executive Officer, TasRex, Transcript of Evidence, 12 November 2024, p. 6.

¹⁷⁸ Submission No.28 (51st Parliament Joint Select Committee on Energy Matters), Grange Resources, p. 5.

ramifications for our dam catchments; our inflows are considerably down in some years”.¹⁷⁹

4.50 Ms. Bess Clark of TasRex gave evidence to the Committee asserting that:

Ms CLARK - *The nature of, or the projections of, the weather system is that we're going to have far more volatile weather. Hydro will have boom and bust. We will have huge rainfall and then experience of extended low inflows.*¹⁸⁰

4.51 As noted in paragraph 3.23, the Tasmanian Economic Regulator has reported a 9.3 per cent decrease in hydro-electric generation in 2023-24 when compared with 2022-23.¹⁸¹ Further, the Tasmanian Economic Regulator has recorded reduction in hydro-electric generation from 9,560 GWh in 2021-22 to 7,467 GWh in 2023-24.¹⁸²

4.52 Hydro Tasmania was asked about expectations around future inflows:

Mr BAYLEY - ...What can you tell us about the mid-to long-term prospects and expectations when it comes to inflows?

...

Mr BAYLEY - You've done that modelling I presume?

Ms van MAANEN - *Yeah, I was going to talk to uncertainty again. Absolutely. I mean we have specialist resources internally. We also work closely with UTAS, with CSIRO and like organisations, and the BOM (Bureau of Meteorology) around forecasting as well, and certainly we have seen a long-term small decline in inflows that we're getting to the system. We're also seeing –*

Mr BAYLEY - Small decline? It's only small from your perspective?

Mr CLARK - On average.

...

Ms van MAANEN - *What we have seen are also big swings between years in terms of the level of inflows as well, and we can only guess whether those two things would continue or not. I guess what I would say is continuing to invest in flexible capacity gives us the resilience to deal with those circumstances and interconnection. If we contrast the dry period we've had this year to the two previous dry periods, it's been a very dry year from a calendar year perspective...*¹⁸³

¹⁷⁹ Ms. Christine Milne AO, Patron, Bob Brown Foundation, Transcript of Evidence, 12 November 2024, p. 19.

¹⁸⁰ Ms. Bess Clark, Chief Executive Officer, TasRex, Transcript of Evidence, 12 November 2024, p. 17.

¹⁸¹ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. i.

¹⁸² *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. 15.

¹⁸³ Ms. Erin van Maanen, Interim Chief Executive Officer, and Mr. Jesse Clark, Executive General Manager, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 53.

- 4.53 At the 20 March 2025 public hearing, OTTER noted that Hydro Tasmania’s dam storage levels in 2023-24 were managed to reduce to levels “quite close to the prudent storage level” – the minimum buffer required for energy security.¹⁸⁴
- 4.54 Ms Kirstan Long, Director of OTTER, explained that to manage this, Hydro Tasmania “responded through their import over Basslink and also through using the gas power plant, Tamar Valley Power Station” to supplement supply.¹⁸⁵ This underscores a central capacity challenge that during unfavourable conditions, for example, a drought or a Basslink outage, Tasmania’s current energy assets can be stretched thin.
- 4.55 The Tamar Valley Power Station, while available as backup, is a finite and fossil-fuelled resource; heavy reliance on it conflicts with long-term emissions goals.¹⁸⁶ Therefore, expanding energy storage capacity is a priority. Ms Bess Clark from TasRex stated:

Ms CLARK - ... The Hydro resource is such a fantastic, clean, dispatchable, storable resource. The opportunity is to use that alongside variable renewables like wind and solar. That's the absolute gold Tasmania has that we can use to grow local industries, but also to be sharing our renewables in Australia across Bass Strait because the most efficient way to use renewable energy that's variable is to use it. At the time, storing it wastes energy, you use energy to store, so if we can actually be using wind and solar wherever it's being generated in Australia first, and then we can call on Hydro to firm it. That that's an extraordinary opportunity we've got.¹⁸⁷

- 4.56 On the transmission side, a significant challenge is that Tasmania’s grid has limited ability to carry additional power from new generation sources or to handle increased export/import flows. Basslink, the single existing undersea interconnector, has a capacity of 500 MW¹⁸⁸ and, being a single cable, represents a single point of failure for inter-regional trade.
- 4.57 The Committee was reminded of the vulnerability this creates: if Basslink is unavailable, as occurred during an extended outage in 2016, Tasmania must rely solely on internal generation, which can be problematic in low water periods. The Chair of Hydro Tasmania stated:

Mr BOLT - Basslink in general, I think, has been pretty positive. Yes, it comes with risks. One of the lessons from Basslink is it did fail and there was no backup. A second cable would have meant that we weren't suddenly plunged into a crisis

¹⁸⁴ Ms. Kirstan Long, Director, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, p. 24.

¹⁸⁵ Ms. Kirstan Long, Director, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, p. 24.

¹⁸⁶ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 6.

¹⁸⁷ Ms. Bess Clark, Chief Executive Officer, TasRex, Transcript of Evidence, 12 November 2024, p. 17.

¹⁸⁸ Submission No.19 (51st Parliament Joint Select Committee on Energy Matters), Australian Pipeline Limited, p. 3.

*back - in 2016... The redundancy that's available by having two, maybe three, and even more in the future, without wanting to go too far into the future, is very valuable as a supply security backup for this state...*¹⁸⁹

4.58 The Committee notes the report of the Parliamentary Standing Committee of Public Accounts which found that in the years preceding, Hydro Tasmania's water storage practices exacerbated the 2016 Basslink energy security event.¹⁹⁰

4.59 At the time of taking evidence, the operational arrangements for Basslink are in flux. It was noted that Hydro Tasmania's long-term contractual right to control Basslink's flow expired in mid-2025, and it is uncertain whether the cable's owner (Australian Pipeline Limited or APA Group Ltd) will enter a similar agreement or adopt a different operating regime, in light of the AER's draft determination against Basslink becoming a regulated asset. Ms Kirstan Long of OTTER gave evidence on this issue:

Mr EDMUNDS - *The national regulator released the draft determination rejecting the conversion of Basslink to regulated asset. Are you able to talk through potential price implications for Tasmanians if that decision is confirmed?*

...

Ms LONG - *It's a really big question and one we've been grappling with. We certainly haven't done forecasts yet, but we're looking at the body of work that would be heading our way should that decision be confirmed.*

Unfortunately, we're in this state of limbo at the moment where the Australian Energy Regulator was due to release its final decision on 28 February [2025] and we're all still waiting. So we don't know when that decision is coming and we don't know what that decision will be. Then there are lots of ifs and buts following that decision that would have implications. For example, Basslink has been operated for a very long time through an agreement between its owners and Hydro Tasmania who has had control over the flows over Basslink. That agreement expires on 30 June this year.

*If it's not regulated, the initial question is, does APA Group as the owner of Basslink enter into a new agreement with Hydro Tasmania? That's a big question mark. Does it operate the link itself or does it outsource it to another player? There's lots of questions there and then it comes down to that entity that operates Basslink going forward how do they operate it and what does that mean for flows over the link?*¹⁹¹

4.60 Prior to June 2025, the unresolved question of whether Basslink would be regulated created uncertainty around energy security and pricing. Beyond Basslink, internal transmission capacity, especially in the north-west where

¹⁸⁹ Mr. Richard Bolt, Chair, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 59.

¹⁹⁰ *Report on the financial position and performance of Government owned energy entities*, Parliament of Tasmania, Parliamentary Standing Committee of Public Accounts, published 15 August 2017, at pp. 19, 93.

¹⁹¹ Ms. Kirstan Long, Director, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, pp. 24-25.

many new renewable projects are proposed, needs enhancing and extending.¹⁹²

- 4.61 TasNetworks' planned North West Transmission Developments are intended to strengthen the network, but like Marinus Link, they represent a large and complex investment with cost allocation questions. Mr Seán McGoldrick, Chief Executive Officer of TasNetworks, addressed this matter:

Ms FINLAY - ... then to the North West Transmission Project... What are likely to be the increased costs of that stage from when it was first contemplated and broken into two to when it will be delivered as a result of increased costs and increased scope of work?

Mr McGOLDRICK - I will initially start. We broke down North West TD into two stages, Stage 1 and Stage 2 obviously. That was as a direct result of a decision to stage the Marinus Link reinforcement of the network for interconnection. It is two cables. Cable one we must design only to meet the requirement of what is going forward. At the moment, there is a commitment towards Stage 1 from a regulatory point of view, therefore we had to redesign the North West TD and it was quite readily chunked into two parts, if you will. Stage 1 or the so-called 'coastal route' will be sufficient entirely for the first phase of Marinus. In terms of cost for that stage, I think it's \$950 million in 2022-23 dollars for Stage 1. I should state that's a particular class of estimates, that's a –

Mr WESTENBERG - Class 3, a range of between minus 15 and plus 30 per cent.

Mr McGOLDRICK - That is a particular accuracy that we place on it. Obviously, as procurement advances, design advances, implementation advances, it goes to Class 2 and Class 1 and so on. It's our obligation to make sure we keep updated about that and provide that information. But, at the moment, on a Class 3 estimate basis, Stage 1 is \$950 million. On a somewhat similar basis, if we look at Stage 2, should it go ahead. Should Marinus second cable go ahead, that's about \$525 million in 2022-23 dollars.¹⁹³

- 4.62 Government and regulator assessments provided to the Committee indicate that the scale of Project Marinus, the interconnector and associated on-island transmission upgrades represents a step-change increase in Tasmania's regulated transmission asset base. Even with Commonwealth support, a portion of these costs would ultimately be recovered from electricity customers through regulated network charges.¹⁹⁴

¹⁹² Mr. Seán McGoldrick, Chief Executive Officer, TasNetworks, Transcript of Evidence, 28 October 2024, p. 15.

¹⁹³ Mr. Seán McGoldrick, Chief Executive Officer, and Mr. Michael Westenberg, Executive Finance and Regulation, TasNetworks, Transcript of Evidence, 28 October 2024, pp. 35-36.

¹⁹⁴ Mr. Anton Voss, Executive Director, Project Marinus Whole of State Business Case, Department of Treasury and Finance, Transcript of Evidence, 20 March 2025, pp. 44-45; Mr. Seán McGoldrick, Chief Executive Officer, and Mr. Michael Westenberg, Executive Finance and Regulation, TasNetworks, Transcript of Evidence, 29 April 2025, pp. 35-36.

Energy Security

- 4.63 Tasmania's energy security was a central theme in the evidence on challenges. While Tasmania has enjoyed generally high energy security due to its diverse hydro system and the Basslink interconnector, witnesses highlighted risks and recent close calls that demonstrate the need for vigilance.

Evidence received

- 4.64 The Committee heard that hydrological risk remains ever-present. OTTER gave evidence on its role in monitoring energy security:

Mr BAYLEY - ...I have two questions: one, do you do work on this in terms of long-term trends and predictions and so forth? In trying to work out where this is going to go and have some advance warning in terms of the regulatory roles that you undertake?

Ms LONG - A qualified 'yes'. We certainly look at the longer-term trends. The regulator, as I alluded to in the opening statement, is also the monitor and assessor. It has a role in terms of energy security and monitoring Hydro's storage levels, and we release another report concerning energy security under that guise. We take a short-term view about what our energy security looks like for the coming year. It's not a long-term projection.¹⁹⁵

- 4.65 OTTER undertakes and publishes annual energy security reviews. As noted above, extended dry conditions can significantly deplete Hydro Tasmania's water storage, threatening the ability to generate enough electricity. In the most recent Annual Energy Security Review 2023-24, OTTER found the following for the period from 1 November 2023 to 23 October 2024:

Rainfall across Tasmania was particularly low during autumn and winter 2024, which led to energy in storage levels approaching the PSL [Prudent Storage Level] during the June 2024 to August 2024 period. Inflows to Hydro Tasmania's storages for the 2023-24 water year were lower than in any other year for which the Monitor and Assessor has records, which go back to 1997-98.

In response to low inflows, Hydro Tasmania reduced hydro generation by 20.2 per cent compared with 2022-23 and supplemented hydro generation by increasing energy imports across Basslink and increasing gas generation at the Tamar Valley Power Station (TVPS).

For much of the water year [October to October], there were net imports across Basslink. The only month where [sic] there were net exports was September 2024, following significant rainfall. Overall, Tasmania imported 2 470 GWh whilst only exporting 556 GWh, resulting in net imports of 1 914 GWh.

Hydro Tasmania also operated the TVPS throughout winter, which led to 444 GWh of gas generation for the 2023-24 water year, up from 60 GWh in 2022-23. This was the highest amount of gas generation since the 2018-19 water year.

¹⁹⁵ Ms. Kirstan Long, Director, Office of the Tasmanian Economic Regulator, Transcript of Evidence, 20 March 2025, p. 21.

However, strong inflows in August 2024 and September 2024 contributed to energy in storage returning to more normal levels at the end of the water year. At 6 879 GWh, the volume of energy in storage at the conclusion of the 2023-24 water year was 47.7 per cent of the maximum usable energy in storage and 6.9 percentage points above the PSL for November and 15.2 percentage points above the HRL [High Reliability Level].¹⁹⁶

- 4.66 OTTER's security reporting demonstrates the fine balance of monitoring inflow levels and managing modes of generation to maintain energy security in Tasmania. It also demonstrates how a scenario such as the 2016 energy security crisis, when a combination of depleted water storages, record low rainfall and an unexpected Basslink failure forced emergency measures (such as importing diesel generators), challenges Tasmania's energy security.¹⁹⁷ Since that crisis, Tasmania has put in place stronger monitoring and a formal Energy Security Risk response framework.¹⁹⁸
- 4.67 The reliability of infrastructure is another key security concern. Basslink's outage in 2016 exposed Tasmania's dependence on that single cable for external support, and as Basslink remains the only interconnector it remains a risk point should any fault recur.¹⁹⁹
- 4.68 Although Hydro Tasmania²⁰⁰ and TasNetworks²⁰¹ maintain extensive maintenance and contingency plans, a long-term loss of Basslink (or a future delay in Marinus Link construction) would leave the state isolated from mainland electricity generation. Additionally, many of Tasmania's power stations and transmission assets are decades old; unexpected asset failures could also pose security problems if not promptly repaired. Hydro Tasmania gave evidence on the necessity for interconnectedness and energy security:

Ms van MAANEN - ... In the future, in periods where there are low inflows or there are reliability constraints, particularly with growing demand, what further interconnection allows is that balancing of resources and the ability to access that excess generation, for example, from Victoria, when it's needed. With less interconnection, then you're in a scenario where you're relying on things like gas generation, which can be at times very expensive. We still see that there's an

¹⁹⁶ *Annual Energy Security Review 2023-24*, Office of the Tasmanian Economic Regulator, published in December 2024, p. i.

¹⁹⁷ *Annual Energy Security Review 2023-24*, Office of the Tasmanian Economic Regulator, published in December 2024, p. 1.

¹⁹⁸ *Annual Energy Security Review 2023-24*, Office of the Tasmanian Economic Regulator, published in December 2024, p. 1.

¹⁹⁹ *Annual Energy Security Review 2023-24*, Office of the Tasmanian Economic Regulator, published in December 2024, p. 1.

²⁰⁰ Ms. Erin van Maanen, Interim Chief Executive Officer, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 69.

²⁰¹ Mr. Seán McGoldrick, Chief Executive Officer, TasNetworks, Transcript of Evidence, 28 October 2024, p. 15-16.

*important role of that for energy security, but we want to be drawing on it as little as possible.*²⁰²

Tasmania's security role in national energy transition

- 4.69 The transition to a more renewables-heavy supply mix presents a security management challenge. As thermal (coal) generation retires on the mainland, the national grid is becoming more variable and Tasmania's role is evolving.

Prof ECCLESTON - ...I am cautiously supportive of Marinus in principle for a few reasons. For the right price, it will give the NEM access to the sort of deep storage we need to ensure energy security and reliability across the grid as we phase out coal. There's been a range of modelling done in terms of what the emissions benefit of that is, but basically, if we are phasing out coal over the next 10 years, in the early 2030s, without Marinus, we need a lot more gas generation and gas peaking in the system, so that's a choice.

*In terms of Tasmania, clearly improve energy security and potentially provide an extra source of capacity and generation...*²⁰³

- 4.70 Marinus Link Pty Ltd noted that this significant energy transition in the NEM as imperative to a second interconnector to the mainland. The Chair of Marinus Link Pty Ltd stated:

Ms GAMBLE - ...As the committee is keenly aware, the energy industry is in a period of great transition. Across the nation and the world, the way electricity is generated is changing. Fossil fuels will play a much smaller role, with coal-fired generation expected to progressively shut down. Renewable generations such as wind, solar and hydro are the lowest cost energy alternatives and are becoming a much greater part of Australia's energy mix. This change requires additional transmission infrastructure to transfer energy from new and existing renewable generators where it is needed. Interconnectors like Marinus Link increase the efficiency of the system by exchanging energy between regions and states with different demand and supply profiles. Throughout this transition and into the future, Marinus Link will play a key role in supporting stability, reliability and energy affordability, particularly in Tasmania and Victoria, but also to the broader national electricity market.²⁰⁴

- 4.71 While more wind and solar on the Tasmanian system will reduce costs and emissions, they also introduce variability that Hydro must firm up, which would require careful coordination to maintain grid stability. Mr Jesse Clark of Hydro Tasmania stated:

Mr CLARK - ...At the moment if there was more, whether it's further interconnection or more on-island renewables during the middle of the day, that could then offset some of that storage, that ability to hold back our hydro

²⁰² Ms. Erin van Maanen, Interim Chief Executive Officer, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 60.

²⁰³ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 3.

²⁰⁴ Ms. Sandra Gamble, Chair, Marinus Link Pty Ltd, Transcript of Evidence, 28 October 2024, p. 56.

*generation - use more renewables in the middle of the day for solar or when it's windy and hold that storage back, so then that's more valuable at different times when you're firming, you know at the end of the day, overnight, et cetera.*²⁰⁵

- 4.72 Although this is a manageable operational issue, it underscores that balancing a diversified renewable mix is a new dimension of Tasmania's energy security. Hydro Tasmania will need to maintain enough flexible reserve to cover lulls in wind/solar, and system operators must ensure frequency and voltage stability as the generation portfolio changes.²⁰⁶

Findings

The Committee finds:

State-Owned Energy Entities

26. The competing obligations of state-owned energy businesses to operate commercially while serving public policy goals presents a range of challenges, including managing environmental and social considerations, encouraging new private investment and maintaining competitive pressure, while leveraging the benefits of public ownership.
27. Retail electricity prices increased by approximately 30 per cent in the five years to 2023, despite Tasmania's strengths in renewable generation.
28. Hydro Tasmania's market dominance creates a challenge for new renewable developments seeking Power Purchase Agreements. Hydro Tasmania is involved in almost all Power Purchase Agreements and is effectively the 'market maker', both buying and selling electricity, in terms that are favourable to it.
29. The dual obligation on state-owned energy businesses to operate commercially while serving public policy objectives creates a difficult tension; Hydro Tasmania simultaneously is required to maximise returns for government and to keep power prices as low as possible for consumers.

²⁰⁵ Mr. Jesse Clark, Executive General Manage Assets and Infrastructure, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 57.

²⁰⁶ Mr. Richard Bolt, Chair, and Ms Erin van Maanen, Interim Chief Executive Officer, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 47; Ms Erin van Maanen, Interim Chief Executive Officer, and Mr. Jesse Clark, Executive General Manager Assets and Infrastructure, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 57.

Energy Requirements

30. Tasmania's energy requirements are complex: there is tension between securing sufficient supply to meet changing demand in a way that keeps energy accessible and affordable for all Tasmanians.
31. Despite government projections of growing demand, measured energy consumption on mainland Tasmania has been relatively stable over the past five years, ranging between 10,683 GWh and 11,225 GWh, and fell from 11,225 GWh in 2021–22 to 10,935 GWh in 2023–24. The Office of the Tasmanian Economic Regulator attributed this to increased behind-the-meter solar self-consumption, meaning the true level of demand may be understated as this consumption is not accurately captured in available data.
32. Increased installation of rooftop solar and batteries would assist in meeting Tasmania's changing energy requirements.
33. Noting only approximately 40 per cent of Tasmania's final energy use is met by electricity, electricity demand in Tasmania is expected to grow due to factors such as electrification of business, major industries, and transport sectors.

Expansion of State-Owned Renewable Energy Generation

34. Proposed expansions of state-owned renewable generation (Hydro Tasmania's Cethana and Tarraleah proposals) carry significant challenges relating to cost, implementation timeframes, and community and environmental acceptance.
35. Hydro Tasmania's Tarraleah redevelopment was estimated at \$1.05 billion in its preliminary business case; final cost estimates were still being refined at the time evidence was taken, noting rising pressures pushing costs upwards.

Private Energy Generators

36. Private renewable energy developments must navigate a range of approvals processes, limited transmission capacity in prime renewable resource areas, and market uncertainty around Power Purchase Agreements.
37. Some challenges facing new renewable and transmission infrastructure developments relate to community and stakeholder opposition, site selection, visual, environmental, and Aboriginal heritage impacts, land acquisition, impacts on farming operations, and inadequate community and stakeholder engagement. Securing and maintaining social licence is a challenge.

38. The absence of a competitive offtake (Power Purchase Agreements) market and the limitations of Basslink's 500 MW capacity constrain the commercial case for new private generation projects without additional interconnection and/or additional load in Tasmania.

Generation, Storage and Transmission Capacity

39. Tasmania's reliance on a single 500 MW interconnector (Basslink) creates an ongoing energy security risk. An extended outage occurred in 2015–16, coincided with depleted water storages and drought conditions, and forced emergency imports of diesel generation and demand reduction measures.
40. On-island transmission capacity, particularly in the north-west, is insufficient to support the volume of new renewable generation proposed for that region without significant investment.
41. Hydro Tasmania's water storage levels in 2023–24 were managed down to levels close to the Prudent Storage Level (the minimum buffer required for energy security), requiring increased gas generation and net imports via Basslink.

Energy Security

42. Climate change is increasing volatility in rainfall patterns, making extended dry sequences more likely and requiring more robust backup generation and demand management tools.
43. The Office of the Tasmanian Economic Regulator's Annual Energy Security Review 2023–24, which reports on the water year/security review period rather than the financial year, found that low inflows led Hydro Tasmania to reduce hydro generation by 20.2 per cent, import 2,470 GWh via Basslink (with net imports of 1,914 GWh), and generate 444 GWh from gas - the highest gas generation since 2018–19.
44. Until a second interconnector is operational and/or increased on-island renewable generation is online, Tasmania's energy security will remain dependent on the reliability of Basslink and the availability of sufficient water storage.
45. The operational arrangements for Basslink were in a state of uncertainty at the time evidence was taken. Hydro Tasmania's long-term contractual right to control Basslink's flow was due to expire on 30 June 2025.

46. Stronger inflows in August and September 2024 restored water storage levels to 47.7 per cent of maximum usable energy, 15.2 percentage points above the High Reliability Level.

5 OPPORTUNITIES IN TASMANIA'S ENERGY SUPPLY AND COSTS

- 5.1 Despite the challenges outlined above, witnesses also emphasised that Tasmania's state-owned energy businesses are a source of significant opportunity.

State-Owned Energy Entities

Evidence received

- 5.2 The State-owned energy companies have been instrumental in building the state's renewable energy legacy, which positions Tasmania to thrive in the clean energy transition. Minister for Energy and Renewables, the Hon. Nick Duigan MLC, noted that Tasmanians are "justifiably proud of their 100 years of hydro development", which "provided a platform for much of the state's industrial development and made us a leader in renewable energy."²⁰⁷
- 5.3 This heritage means that Tasmania enters the renewable era with a distinct advantage: an established, publicly owned generation fleet that is almost entirely renewable and a skilled workforce to operate it. As the world shifts to low-carbon energy, Hydro Tasmania's experience and assets (its hydro dams, in particular) give the state a comparative edge few regions can match.²⁰⁸
- 5.4 State-owned entities can also pursue strategic investments and policy objectives that private companies might shy away from. Several opportunities stem from using Hydro Tasmania, Aurora Energy, and TasNetworks as instruments of public policy. One example is maintaining affordable prices. The Government submitted that it "remains committed to delivering the lowest possible energy prices for Tasmanians",²⁰⁹ and in practice this has meant using the state-owned retailers and generators to cushion consumers from extreme market volatility:

CHAIR - ...With regard to the comment you made that the regulator found Tasmanian energy prices are lower than the nation, that's not to say that they haven't gone up. I think we need to be really clear in the rhetoric around this. Isn't it a fact that they have increased significantly over the last number of years?...

Mr DUIGAN - ...One thing I would say, and I think it's really important in the context of this conversation, is that in Tasmania over the last 10 years, energy bills have risen 16 per cent. For regulated customers they've gone up 16 per cent.

²⁰⁷ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 1.

²⁰⁸ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 1.

²⁰⁹ Submission No.39 (51st Parliament Joint Select Committee on Energy Matters), Tasmanian Government, p. 2.

*If you consider what inflation has been over the course of the last 10 years, it's a substantially higher number than 16, so in real terms, energy bills in Tasmania have been going down. I would point to the fact that the government and the energy businesses in Tasmania have done a really rather excellent job of keeping a lid on energy prices in Tasmania for Tasmanian customers. Let's be really clear about this. Over the last 10 years our prices have gone up 16 per cent.*²¹⁰

- 5.5 This outcome, the Minister asserted, is an opportunity flowing from public ownership: policy measures such as pricing orders or directing Hydro Tasmania to accept lower profit margins can be employed to benefit consumers during difficult periods.²¹¹
- 5.6 Likewise, Mr Nigel Clark stated Aurora Energy has programs to support customers in hardship, and as a state entity it can be encouraged to innovate in that space – see, for example, paragraphs 3.57 to 3.59.²¹² Mr Seán McGoldrick stated TasNetworks, the transmission and distribution utility, also plays a developmental role – for example, planning the network upgrades for renewables expansion (North West Transmission Developments and others) in a coordinated way that serves the broader economic interest of the state, not just immediate commercial returns.²¹³
- 5.7 In its Annual Planning Report 2025, TasNetworks states that its planning strategies support the objectives of the Government's Tasmanian Renewable Energy Action Plan (TREAP):

1.4 Strategic planning environment

As the jurisdictional planner in Tasmania, our planning activities are undertaken within the Rules' framework. Our network planning strategies consider and support the objectives of the Tasmanian Government's TREAP to utilise renewable energy as a key economic driver in Tasmania. The following key objectives continue to provide us with guidance for our planning activities:

- enabling Tasmania to deliver the legislated TRET;*
- progressing development of a renewable hydrogen industry as outlined in the TRHAP;*
- supporting the ISP;¹⁵*
- supporting generation and PHES initiatives;*
- advancing Marinus Link; and*

²¹⁰ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 2.

²¹¹ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, pp. 2, 17, 32.

²¹² Mr. Nigel Clark, Chief Executive Officer, Aurora Energy, Transcript of Evidence, 12 November 2024, pp. 73-74.

²¹³ Mr. Seán McGoldrick, Chief Executive Officer, TasNetworks, Transcript of Evidence, 28 October 2024, pp. 29-30.

- delivering the NWTD.²¹⁴

- 5.8 Perhaps the most significant opportunity tied to state-owned entities is their ability to drive large-scale renewable projects and new industries. As a public corporation with a mandate beyond short-term profits, Hydro Tasmania is investing in projects to boost long-term capacity – such as the proposed pumped hydro at Lake Cethana and the renewal of the Tarraleah scheme – that will enhance Tasmania’s energy self-reliance and export capability.
- 5.9 Hydro Tasmania made a submission to the Fiftieth Parliament’s Joint Select Committee on Energy Matters summarising these two flagship projects:

Hydro Tasmania’s core business has always been the development and operation of Tasmania’s hydropower system. Battery of the Nation is the bold vision to maximise Tasmania’s hydropower capacity for future generations.

The proposed Tarraleah redevelopment and the Cethana pumped hydro project are the two flagship projects. Business cases for both projects are underway as we work towards Final Investment Decisions. Through these projects, we can deliver flexible generation - being able to start and stop stations quickly to respond to rapid market changes or system operations.

The benefits to Tasmania are bringing jobs, investment, attracting new industry, and enhancing energy security. It will also increase revenue back to Tasmania through the provision of valuable firming services when there are gaps in supply.

Demand growth will require investment in other VRE. Numerous private investors are developing major wind and solar projects in the state, using their speciality skills, connections and experience.

Hydro Tasmania’s focus is on further developing our hydropower system, leveraging on our expertise. The future national market will need the storage we have (and can build) to help keep supply reliable. Supplying on-demand energy (firming) for other renewable developments will bring significant economic benefit to Tasmania.

Tarraleah Redevelopment

The Tarraleah hydropower scheme in the Central Highlands was commissioned in the 1930s and produces about 630 gigawatt hours of energy each year – about 6.5 per cent of Hydro Tasmania’s total annual production.

At present, Tarraleah runs primarily as a baseload generator. It runs continuously and the long and extensive water conveyance (the network of pipes and canals) means that it takes a significant amount of time to change its operation (if water needs to be turned on or off). The scheme also requires substantial investment to prudently manage risks. This includes environmental risks as well as reliability

²¹⁴ *TasNetworks Annual Planning Report 2025*, TasNetworks, p. 15, including internal reference Footnote 15, <https://www.aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp>. Accessed at: <https://www.tasnetworks.com.au/config/getattachment/cc67a45e-647e-4012-a5d7-efa631a8968c/tasnetworks-apr-2025.pdf>.

as major components are reaching end of life, such as the generators and turbines in the power station and the main water conveyance (No. 1 Canal).

By converting the station to a flexible operation (able to be started and stopped within minutes), the Tarraleah scheme will be transformed into a state-of-the-art hydropower asset, better suited for the changing energy system, and better able to support variable renewable energy sources.

Hydro Tasmania conducted a rigorous analysis of five potential options, carefully considering the social, environmental, commercial, and economic risks and benefits of each alternative. A full redevelopment with a pressurised water conveyance was identified as the preferred development opportunity. This option delivers the greatest capacity, storage, flexibility and reliability, while addressing the environmental risk posed by the ageing infrastructure. This option will see the construction of a new power station, and water conveyances and pipelines to deliver water from Lake King William.

A future redevelopment of Tarraleah is projected to bring an estimated 250 construction jobs in peak construction times over five years, up to 190MW of flexible hydropower capacity (an additional 100MW above the existing station capacity) and generate about 30 per cent more energy than the existing scheme from the same water.

...

Cethana Pumped Hydro Energy Storage (PHES) project

As wind and solar power continues to grow, water can play an important role in bringing renewable resources onto the power grid. One way is by storing energy through a proven technology known as pumped hydro energy storage.

Pumped hydro is a flexible technology that can respond to various electricity demands. It consists of a storage at higher elevation (upper storage) and a storage at lower elevation (lower storage). When the demand for electricity is high, or when variable renewable sources are scarce, the water in the upper storage flows through the underground station to generate electricity. When the demand for electricity is low, or when variable renewable sources are abundant, excess energy from the grid can be used to pump water back up into the upper storage. This process is utilised when the price of electricity is low or negative. Water is then stored, ready for future use to generate electricity when demand (and prices) are high.

Pumped hydro helps to ensure electricity network reliability by quickly filling in supply gaps. This firming capacity enables the addition of more renewable electricity to the grid, resulting in a lower cost of electricity generation.

...

Hydro Tasmania has conducted an extensive analysis of pumped hydro opportunity in Tasmania, identifying the top locations for further investigation. Three sites emerged as the most promising and were assessed on a range of technical, environmental, social and economic factors as part of a feasibility study.

Deep storage capacity, greater cost certainty, environmental and social sustainability and flexibility in sizing and capacity made Lake Cethana the preferred site.

Pumped hydro at Lake Cethana represents a 750MW, 20-hour, cost-competitive, long duration storage opportunity. There are many factors that make Lake Cethana ideal for pumped hydro, including the high elevation of the upper storage, a short connection distance between upper and lower storages, and proximity to transmission and existing hydro infrastructure (for the lower storage). It is also highly cost competitive compared to similar projects in Australia.

Developing Cethana is estimated to see up to 300 people employed over the six-year construction life of the project.

Pumped hydro, like the Cethana project, offers an opportunity to firm variable renewable energy sources, like wind and solar, both within Tasmania and across interconnection to the mainland.²¹⁵

5.10 Minister Duigan gave evidence about the need for the Tarraleah redevelopment project:

Mr DUIGAN - ...I think it is really heartening to see Hydro Tasmania as a builder of large scale assets. Obviously, Tarraleah power station is... pretty much at end of life. There's essentially no 'do nothing' scenario there. It's either refurbish the existing power station at a still very substantial cost or there is the opportunity for the re-imagining of the Tarraleah Power Station, which takes away that open flume and replaces it with a tunnel, essentially, which makes a pressurised flume, which then gives the dispatchability.

Currently with that power station, there's a four-hour lag... between when you want to ramp it up and when that energy can be delivered. In the current market where one of the great benefits of hydro power is the fact that it is instantly dispatchable or very quickly dispatchable, Tarraleah doesn't fit into that.

The redevelopment of the power station gives it greater capacity, so it lifts the capacity of the same amount of water from, I believe, 90 megawatts up to around 190 megawatts, so we get a 100 megawatt uptick in the capacity. It also makes that power dispatchable and, as I say, that is a very, very valuable commodity. You can turn it up, turn it down as required as price goes up or demand goes up. As we understand, it will be a substantial investment from Hydro Tasmania in partnership with the CEFC [Clean Energy Finance Corporation] and support from the federal and state governments, and fits into our Marinus, NWTD, Tarraleah suite of investments to modernise Tasmania's system.²¹⁶

5.11 Similarly, Renewables, Climate and Future Industries Tasmania (ReCFIT) is actively facilitating new renewable developments, in partnership with the

²¹⁵ Submission No.9 (50th Parliament Joint Select Committee on Energy Matters), Hydro Tasmania, pp. 11-13.

²¹⁶ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, pp. 13-14.

private sector, and was asked to comment on the timelines and strategic approach for delivery:

Mr BOWLES - Yes, we do track them. We have an internal mechanism for relying on their information that they give us about where they are in the pipeline, [their] expected delivery dates, and so forth. At the moment, that is very dependent on the information that they elect to give us. One of the things that we are working up through the new case management function is where we offer a proponent deeper case management or more dedicated case management services, then there'll be some obligations on their side to share more information with us. But, at the moment, there's no obligation on proponents to share information with us necessarily. We do rely on what they tell us, at this stage, and we hope to get more capacity to have more insight in the future.

Mr TERRY - Through what we call our major Renewable Energy Projects Coordination Group, we track Marinus, North West Transmission Developments and the Hydro suite of projects very carefully. We have very granular data about all their milestones for their regulatory processes, approval processes, and a whole range of other milestones they need to reach.

We're looking at investing in a new system to track those proponents. The VRE proponent, solar and windfarm that allows us to give much more granular data about, not just when they're commissioning, but also those key milestones they need to reach to get to a commissioning point. We hope to be able to publish that as well.²¹⁷

Energy Requirements

- 5.12 While predicted rising energy demand poses challenges, it also represents a major opportunity for economic development in Tasmania.

Evidence received

- 5.13 The Minister for Energy and Renewables claimed that if Tasmania can supply reliable, renewable energy to meet new demand, it can attract new industries and investments that will benefit the state for decades.²¹⁸
- 5.14 The Minister claimed growing energy requirements are a sign of positive growth – electrification of transport, expansion of industry, and new technologies like hydrogen production – all of which can stimulate the economy if the energy system expands to support them.²¹⁹

²¹⁷ Hon. Nick Duigan MLC, Minister for Energy and Renewables, and Mr. Mark Bowles, Acting Chief Executive Officer, and Mr. Sean Terry, Executive Director, Renewables, Climate and Future Industries Tasmania, Department of State Growth, Transcript of Evidence, 13 November 2024, pp. 14-15.

²¹⁸ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, pp. 1-2.

²¹⁹ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 2.

- 5.15 One major example heard by the Committee is the emerging green hydrogen and e-fuels industry. Tasmania's abundant renewables and water resources make it an ideal location for producing green hydrogen, which can be used to create ammonia, methanol and other exportable fuels.²²⁰
- 5.16 Mr Simon Talbot, then Chief Executive Officer of ABEL Energy, gave evidence on his company's plan to build a large green methanol plant at Bell Bay in Tasmania and its energy requirements:

Mr TALBOT - ... As a background, what are we doing and why are we doing it? The background is we're producing green methanol, which is a drop-in fuel replacement for diesel.

As I say to many Tasmanian stakeholders, Tasmania's energy position is one of the envious of the world. However, when we buy a good or a service, 90 plus per cent of the time it comes via shipping or aviation, which run on fossil fuels. If Tasmania wants to have a leadership position in the broader energy space, yes, what we're doing on-island is great, however, we do need to be cognisant of the fact we're at the very tail end of a very complex petrochemical supply chain that is going to face significant uncertainties over the next 30 years.

However, wouldn't it be wonderful if we were able to produce advanced manufacturing back in Tasmania at scale and be able to produce a drop-in replacement for fossil fuels... Across the globe, the largest shipping companies, the CMAs, the Maersks, the Evergreens, are doing mass ship conversions to green methanol in a hard-to-abate sector that uses a lot of fossil fuels.

... There is an architecture to success in terms of green methanol manufacturing globally. That architecture is that you need water. You need abundant water resources. You need abundant biomass resources, sustainable biomass, certified biomass. You need access to a port and you need a renewable energy grid. It's as simple as that.

You put those four elements together and you've got a globally competitive advanced manufacturing base. So, as I said, we looked at 14 or 15 sites across Asia Pacific, Australia, New Zealand, and Bell Bay came out fundamentally on top. The other beauty about the Bell Bay site being the old power station was that it was already connected to a 300 megawatts grid and that's exactly how much energy we need. Ironically, it was the backup, fossil fuel power station for Tasmania that produced 300 megawatts of energy and now becomes an advanced manufacturing export, a defossilised fuel site that uses 300 megawatts electricity.

... from a Tassie perspective, it's a substantial investment, close to [\$]2 billion of real engineering capital works. The broader project is 500 ongoing jobs now and 1500 construction jobs.

I want to touch on the broader project because we are reliant on around [\$]2.1 billion of new energy development. As you would all be well aware, new energy

²²⁰ Mr. Simon Talbot, Chief Executive Officer, Abel Energy, Transcript of Evidence, 11 February 2025, pp. 1-2.

developments in Tasmania haven't had an illustrious last four or five years in terms of those achieving financial close. So we have to work very carefully with our energy partners, particularly in the north-east, to make sure we're all moving together in one work stream. This is where, frankly, a whole-team Tassie approach is required - Premier's Office through to GBEs through to all forms of politics where we say, 'look this is of state significant intergenerationally, significant manufacturing in northern Tasmania'. We need to make sure that our wind, solar, battery and green methanol manufacturing are all working together, but are all moving forward from an energy perspective in alignment. As an example, if a wind farm drops out, our whole project goes on hold because Hydro doesn't necessarily have the available electrons to enable us to start up et cetera. So, one project capitalises over \$4 billion of investment and 500 ongoing jobs for over 30 years and it only takes one of those sequences to fall out and everything's under jeopardy.

... When we've been able to sit there with our wind and solar partners and say we're producing an e-fuel to replace diesel and bring advanced manufacturing back to northern Tasmania with chemical engineering jobs and operator tradespeople jobs in the tens and hundreds, it changes the narrative and a sense of pride comes back. I think it's probably well worth noting that most of our other big industries in Tasmania really are circa 50 years old. I will not talk about individual companies, but it would be nice if we had a few of the next horizon of those next projects that our next generation of children need.

... We will be using 2.1 terawatts circuit of energy per year, 20 per cent of Tasmania's current use, however, that's all perhaps incremental from new project developments. We'll advance conversations with three lead proponents to supply the energy we need and we're all working on integrated platform, which means that it's a win-win. It's complementary to the Tasmanian grid, complementary to Hydro's operations. In fact our operational [will] act as a giant battery potentially... pushing energy prices in Tasmania down.²²¹

5.17 Dr. Michael Connarty of ACEN Australia highlighted that:

Dr CONNARTY - It's also a good opportunity in terms of promoting growth in the economy so we can bring new industries to the state. That's evolved over the last five years. We have really good opportunities with things like eMethanol or eFuels, which are in that burgeoning hydrogen fuel front. We can see that the business case there that, as the world transitions to decarbonisation, eMethanol and eFuels will be a key part of that. Tasmania can play a major role in it because we can say it's a pure renewable product.²²²

5.18 Evidence received from Tasmanian Climate Collective and industrial energy users stated that even for existing industries, growing energy needs present an opportunity to modernise and expand using clean power. For instance, electrification of manufacturing processes or the development of new

²²¹ Mr. Simon Talbot, Chief Executive Officer, ABEL Energy, Transcript of Evidence, 11 February 2025, pp. 1-2.

²²² Dr. Michael Connarty, Head of Operations and Trading, ACEN Australia, Transcript of Evidence, 28 October 2024, p. 40.

electrified public transport can improve efficiency and reduce emissions, potentially giving Tasmanian businesses a competitive edge, through a lower carbon footprint, in global markets.²²³

- 5.19 The Tasmanian Government has explicitly set a goal to “grow our economy and our industries” by ensuring access to affordable renewable electricity, as part of its 200 per cent Tasmanian Renewable Energy Target by 2040.²²⁴ The logic is that if Tasmania can generate double its current electricity needs from renewables, the surplus can feed energy-intensive growth, whether that is more data centres, advanced manufacturing, or commodity processing, that would otherwise take place in fossil-fuel regions.²²⁵
- 5.20 Meeting rising energy requirements through renewables presents an opportunity for Tasmanian households and small businesses to benefit from new technologies. As demand grows, economies of scale can bring down the unit cost of emerging solutions like battery storage, electric vehicles, smart appliances, and energy management systems.
- 5.21 Professor Bruce Mountain of Victoria University advocated for Tasmania’s future energy requirements to be met by an increase in “clean, firm, secure, inexpensive electricity” from rooftop solar firmed by hydro assets.²²⁶ Programs to support “increasing rooftop solar” and energy efficiency, highlighted in the Government’s strategy, not only help manage the demand growth but can create local jobs in installation and services.²²⁷

Expansion of State-Owned Renewable Energy Generation

- 5.22 Matters and evidence relevant to the opportunities from State-Owned Renewable Generation were raised and considered above under ‘State-Owned Energy Entities’ (see from paragraph 4.22 above).

Evidence received

- 5.23 The Committee received evidence that, if managed well, major generation projects like Battery of the Nation (pumped hydro and hydro upgrades) and

²²³ Submission No. 30 (51st Parliament Joint Select Committee on Energy Matters), Tasmanian Climate Collective, p. 10; Submission No. 10 (51st Parliament Joint Select Committee on Energy Matters), TMEC, p. 8; Mr. Ben Saward, Commercial Manager, Grange Resources, Transcript of Evidence, 11 February 2025, p. 35.

²²⁴ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 2.

²²⁵ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 2.

²²⁶ Professor Bruce Mountain, Victorian Energy Policy Centre, Victoria University, appearing with the Bob Brown Foundation, Transcript of Evidence, 12 November 2024, p. 24.

²²⁷ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 2.

- large-scale wind farms can strengthen energy security, reduce long-term power costs, and stimulate regional economies.
- 5.24 One opportunity presented to the Committee was improved energy security and reliability from new renewable projects. The Committee heard that augmenting Hydro Tasmania’s assets with pumped hydro storage and additional wind generation will increase the overall resilience of the system.²²⁸
 - 5.25 The Tasmanian Government’s submission stated that investing in new renewable energy projects “has the potential to benefit all Tasmanians by improving the security and reliability of our energy system.”²²⁹
 - 5.26 Ms van Maanen of Hydro Tasmania noted hydro generation, including the proposed Cethana pumped hydro facility, would act as giant batteries, soaking up excess energy (for instance, on windy or sunny days) and releasing it when needed. This would make Tasmania’s 100 per cent renewable status more robust year-round and insulate customers from supply shocks. Likewise, more wind farms geographically spread around the state can diversify generation and reduce reliance on any single source.²³⁰
 - 5.27 The Battery of the Nation initiative envisions Tasmania not only securing its own supply but also contributing to stability across the NEM. Professor Eccleston noted that the generation of hydropower’s ability to “store [energy], dispatch it, and use it when wind and solar are in short supply” has become “incredibly valuable” in today’s renewables-rich grid.²³¹
 - 5.28 By expanding that capability, through projects like upgrading the Tarraleah scheme and building pumped storage, the Committee heard that Tasmania stands to gain both internally (fewer risks of shortages) and externally (by selling firming and frequency control services to the mainland) from its water storages:

Mr DUIGAN - Tasmania is very fortunate that over 100 years we have built a very effective energy storage system - 50 lakes in Tasmania offer deep long-term storage. That is the missing component in just about every other jurisdiction that you care to mention in Australia. That is our opportunity to deliver the highest and best use for our hydro storages. They need to serve Tasmania's interests first and foremost. They will continue to do that.

²²⁸ Ms. Erin van Maanen, Interim Chief Executive Officer, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 53; Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 28.

²²⁹ Submission No.21a (50th Parliament Joint Select Committee on Energy Matters), Tasmanian Government, p. 13.

²³⁰ Ms. Erin van Maanen, Executive General Manager Strategy, Hydro Tasmania, Transcript of Evidence, 29 April 2025, pp. 7, 11-12.

²³¹ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 2.

*We have an energy contracting framework that is underway to make sure that our energy is prioritised to deliver for Tasmania first and foremost. But there is still an opportunity for us to turn a significant dollar on the back of what we have here in Tasmania.*²³²

- 5.29 In the Minister's view, these storages can continue to serve Tasmania's interests first and foremost while also being leveraged for profit by supporting the national grid. This dual use of domestic security and export revenue would be a direct benefit of expanding the state's renewable generation fleet.
- 5.30 Another opportunity from state-led generation projects is economic stimulus and job creation, particularly in regional areas. Constructing wind farms, transmission lines, and pumped hydro plants will require significant labour and services.
- 5.31 During hearings, the Committee heard that the Robbins Island wind farm plus a linked hydrogen plant represent about a \$4 billion investment in the north-west of Tasmania if they proceed.²³³ TasNetworks provided evidence that even projects wholly or partially owned by the State involve private contractors and supply chains that inject money into local communities.²³⁴
- 5.32 Mr Mark Bowles, then Acting Chief Executive Officer, ReCFIT, noted that Project Marinus and the associated renewable developments signal "downstream benefits...to the Tasmanian economy", boosting investor confidence broadly.²³⁵
- 5.33 The Tasmanian Government's Renewable Energy Action Plan includes commitments to community benefit-sharing, meaning host communities of new projects should see direct investments, for example, improved local infrastructure or community funds, as wind farms and other facilities are built.²³⁶ This can strengthen regional development and public support.²³⁷ Furthermore, the Tasmanian Government submission stated achieving the interim target of 150 per cent renewable electricity by 2030 will likely make Tasmania one of the world's few net exporters of renewable power:

Tasmania's 100 per cent renewable status confers a significant brand advantage for Tasmanian businesses and also helps to insulate Tasmania from some of the

²³² Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 28.

²³³ Dr. Michael Connarty, Head of Operations and Trading, ACEN Australia, Transcript of Evidence, 28 October 2024, p. 42.

²³⁴ Mr. Seán McGoldrick, Chief Executive Officer, and Ms. Chantal Hopwood, Acting Executive Governance, TasNetworks, Transcript of Evidence, 29 April 2025, p. 41.

²³⁵ Mr. Mark Bowles, Acting Chief Executive Officer, Renewables, Climate and Future Industries Tasmania, Department of State Growth, Transcript of Evidence, 13 November 2024, p. 28.

²³⁶ Submission No.21a (50th Parliament Joint Select Committee on Energy Matters), Minister for Energy and Renewables, p. 12.

²³⁷ Submission No.21a (50th Parliament Joint Select Committee on Energy Matters), Minister for Energy and Renewables, p. 12.

issues facing mainland states affected by retirements of ageing coal-fired power stations.

As businesses around the world look to decarbonise their operations, Tasmania represents an attractive investment destination with a pathway to competitively priced, reliable and clean energy.

...

*The Government has legislated a Tasmanian Renewable Energy Target to double renewable electricity generation (from 2020 levels) by 2040, with an interim target of 150 per cent by 2030. This will help to deliver new reliable and clean energy at the lowest possible cost for Tasmanians, while at the same time, ensuring Tasmania has surplus renewable electricity to share with mainland Australia.*²³⁸

- 5.34 Mr Simon Talbot informed the Committee it also positions the state to attract industries that are seeking reliable green power. The Committee heard that expanding generation is not just about electrons, it is also about branding Tasmania as a green energy hub, which has multiplier effects in tourism, agriculture, and manufacturing.²³⁹
- 5.35 Mr Talbot gave evidence that state-driven renewable expansion can yield long-term cost advantages for Tasmanian consumers. He presented evidence that building surplus renewable capacity will put downward pressure on energy prices over time, when more wind and solar come online since these forms of generation have lower operating costs.²⁴⁰
- 5.36 Professor Eccleston also pointed out that increasing wind and solar in the supply mix “will not only increase capacity but should put a downward pressure on costs” for consumers.²⁴¹
- 5.37 Marinus Link Pty Ltd cited independent modelling indicating that power prices are forecast to be lower with the Marinus Link and associated new generation than they would be without those projects.²⁴² However the Committee heard from Professor Bruce Mountain of the Victorian Energy Centre, Victoria University, questioning the cost benefits of Marinus Link for Tasmanians,

²³⁸ Submission No.31 (50th Parliament Legislative Council Inquiry into Energy Prices, Minister for Energy and Renewables, p. 13.

²³⁹ Mr. Simon Talbot, Chief Executive Officer, ABEL Energy, Transcript of Evidence, 11 Feb 2025, p. 10.

²⁴⁰ Mr. Simon Talbot, Chief Executive Officer, ABEL Energy, Transcript of Evidence, 11 Feb 2025, p. 3.

²⁴¹ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, pp. 2-3.

²⁴² FTI Consulting, Project Marinus: analysis of NEM consumer benefits, November 2024, tabled by Marinus Link Pty Ltd, at the 30 April 2025 public hearing. See also Tabled Paper, Marinus Link Pty Ltd - How do customers benefits from Project Marinus? Summary Report, December 2024, tabled on 30 April 2025.

pointing to the historical electricity cost rises after the Basslink interconnector came online.²⁴³

Private Energy Generators

- 5.38 Witnesses provided evidence that private sector energy developments may also create opportunities that complement the state-owned initiatives.

Evidence received

- 5.39 The Committee received evidence from the Tasmanian Government, and proponents, presenting a vision of Tasmania where government and private investments together transform the state into a net exporter of green energy and a centre of innovation.
- 5.40 Witnesses submitted that private generators and developers may bring additional capital, expertise, and entrepreneurship to Tasmania's energy transition, accelerating progress and diversifying the energy landscape.
- 5.41 A major opportunity from private investment is the inflow of capital and technology into Tasmania. As an example, ACEN Australia is proposing wind farms on a scale that would significantly boost generation capacity.²⁴⁴
- 5.42 Dr. Michael Connarty of ACEN Australia highlighted that their proposals in Tasmania (Robbins Island and North East Wind) represents a multi-gigawatt opportunity, backed by resources of a Philippines parent company, Ayala Group.²⁴⁵
- 5.43 Dr Connarty stated that ACEN Australia has already employed staff in Tasmania and spent years on environmental studies – a transfer of knowledge and money that benefits the state, and, if approved, Robbins Island alone could see hundreds of millions invested in turbines, roads, and transmission – much of which will involve local contractors, as ACEN has indicated a commitment to local jobs.²⁴⁶
- 5.44 The Committee heard about ACEN partnering with a green hydrogen proponent so that most of the wind farm's output could feed an on-island hydrogen plant:

²⁴³ Prof. Bruce Mountain, Victorian Energy Policy Centre, Victoria University, appearing with the Bob Brown Foundation, Transcript of Evidence, 12 November 2024, p. 20.

²⁴⁴ Dr. Michael Connarty, Head of Operations and Trading, ACEN Australia, Transcript of Evidence, 28 October 2024, pp. 39-41.

²⁴⁵ Dr. Michael Connarty, Head of Operations and Trading, ACEN Australia, Transcript of Evidence, 28 October 2024, p. 39.

²⁴⁶ Dr. Michael Connarty, Head of Operations and Trading, ACEN Australia, Transcript of Evidence, 28 October 2024, p. 42.

CHAIR ... Can you tell us what your expectation is for Robbins Island, as your proposal, with regard to the power purchase agreements and why it wouldn't need to be subsidised?

Dr CONNARTY - No problem. At the moment Robbins Island is engaging a third-party green-hydrogen proponent who is looking at taking the majority of the output from Robbins Island.

CHAIR - On-island?

Dr CONNARTY - On-island, located in Tasmania, creating more jobs in Tasmania. The project combined with Robbins Island would be about a four billion-ish investment, maybe a bit more. We're at advanced stages of that offtake. We feel it provides value for us and also value for the customer. That term, when we talk about subsidy, a wind farm or a renewable project can't develop the market if it's going to be highly subsidised. It needs to be able to meet the market and we think Robbins Island with its capacity factors - its wind resource definitely meets the market and it will actually deliver lower cost energy into the market.

Hence, I have engagement with one of those green-hydrogen proponents who want to engage because, as recent press has shown, a lot of people in green hydrogen are stepping back because of the cost aspects. We've had a discussion with those proponents and they feel comfortable around the offtakes that we're looking at a delivering. There is still a lot of water to go under the bridge. We still need our approvals to be done; that creates more confidence. We need to finalise our transmission solution, that's underway. We are pretty comfortable we're on that path.²⁴⁷

- 5.45 This type of integrated project (renewable generation plus advanced manufacturing of hydrogen-derived products) presents as a multifaceted opportunity displaying how private initiatives can create new value chains in Tasmania.
- 5.46 Private projects may also be pivotal in helping Tasmania reach its ambitious renewable energy targets and export strategy. Without the private sector, it would be very challenging for state-owned entities alone to finance and build the amount of capacity needed for the 200 per cent renewable target.²⁴⁸
- 5.47 The Government recognises that many new projects will be private sector led, with the state enabling them. Mr Bowles, representing ReCFIT, noted that the presence of Project Marinus is a “signal of investor confidence” that is already encouraging private renewable developers to plan projects, and it “provides them an alternative pathway to market” beyond Tasmanian customers only. It also provides an opportunity to tap external markets that Hydro Tasmania

²⁴⁷ Dr. Michael Connarty, Head of Operations and Trading, ACEN Australia, Transcript of Evidence, 28 October 2024, p. 42.

²⁴⁸ Mr. Simon Talbot, Chief Executive Officer, ABEL Energy, Transcript of Evidence, 11 Feb 2025, p. 2.

alone might not have fully exploited, and that private-sector driven exports would bring revenue into Tasmania's economy.²⁴⁹

- 5.48 ACEN Australia's Dr Connarty described how participating in the Australian Government's new Capacity Investment Scheme (CIS) could provide a long-term contract, allowing their wind project to proceed without needing Hydro Tasmania to be the off-taker:

CHAIR - What's the direct impact [of] the CIS for ACEN and also for Tasmania?

Dr CONNARTY - A CIS can provide that revenue support. If you win a CIS through the Australian Government - it's an independent process run by the Australian Energy Market Operator services company - that can provide you, I think it's up to a 15-year revenue support mechanism for wind farm, solar farms, et cetera. You need to bid into it and you need to then be awarded based on how competitive your bid is. As bidding into it, you need to have certain things signed off. The more credible your bid is, the more likely you'll win it.

Second, things like having approvals, having a connection agreement done, and then you bid in and be competitive against other players in the market.

CHAIR - The thing is Hydro Tasmania is our major generator at the moment. How does the CIS help Tasmania?

Dr CONNARTY - The CIS can be there to provide that revenue certainly and bring projects forward. So Hydro doesn't need to step in to offer an offtake, for instance. They don't need to say, 'Well, I think that price isn't what I'd like to pay for it' and we can get a CIS and the federal government will say, 'We want to support that because we're supporting decarbonisation across the national electricity market'.²⁵⁰

- 5.49 If successful, this model means federal incentives attract private capital to build generation in Tasmania, effectively leveraging national funds for local benefit. The opportunity is that private projects, supported by appropriate policy, will build additional capacity at lower effective cost or risk to Tasmania than if the state had to do it alone.

Generation, Storage and Transmission Capacity

- 5.50 Upgrading Tasmania's energy infrastructure, particularly by adding a second interconnector (Marinus Link) and new storage capacity was widely offered by proponents as an essential opportunity for Tasmania.
- 5.51 Witnesses argued that these enhancements will enable opportunities for Tasmania's full potential in the renewable energy sector, allowing it to export

²⁴⁹ Mr. Mark Bowles, Acting Chief Executive Officer, Renewables, Climate and Future Industries Tasmania, Department of State Growth, Transcript of Evidence, 13 November 2024, p. 28.

²⁵⁰ Dr. Michael Connarty, Head of Operations and Trading, ACEN Australia, Transcript of Evidence, 28 October 2024, p. 45.

surplus power, import cheap electricity when beneficial, and ensure reliability, all while creating jobs.

Evidence received

5.52 The Tasmanian Government gave evidence on Project Marinus and its importance to future energy generation, storage and transmission, with Minister Duigan stating that “Marinus Link [is] a critical element to support new generation, strengthen our energy security.”²⁵¹

5.53 In its submission, Marinus Link Pty Ltd contended that adding a second interconnector will allow more flexible two-way trade with the NEM:

Marinus Link will enable access to least-cost energy for consumers through a cost effective combination of Tasmanian variable and dispatchable renewable generation, and energy exchanged with mainland Australia.

For example, when Tasmanian weather conditions are not conducive to wind or solar generation, Marinus Link can import excess clean energy from mainland Australia, whilst not needing to draw down on its hydro storage capacity. Conversely, Marinus Link can export this stored hydro power when renewable resources are scarce, in order to support a stable energy supply to the NEM.

*Marinus Link can therefore support a stable energy supply in Tasmania and mainland Australia when the wind drops, the sun goes down and batteries have become depleted.*²⁵²

5.54 In its submission, Marinus Link Pty Ltd stated during times of scarcity (for example, a dry summer or peak winter evening), Tasmania could import electricity (for example, Victorian wind or solar surplus) to top up supply with. This may not only bolster Tasmanian energy security through diversification but also holds price benefits:

Across the nation and indeed the world, the way that electricity is generated is changing. Fossil fuels will play a much smaller role, with coal-fired generation to progressively shut down in the coming decades. Renewable generation, such as wind, solar and hydro, is the lowest cost new energy and becoming a much larger part of our energy mix. This transition requires transmission infrastructure to transfer energy from renewables to where it is needed and increase the exchange of energy between regions/states. Storage capacity in the network will also be crucial, to enable excess generation to be held until needed. This is confirmed by AEMO’s 2024 ISP modelling.

Through providing readily dispatchable, long duration energy and unlocking Tasmania’s high-quality wind and hydro resources, Marinus Link and the NEM will help Australia’s transition to a low emissions future. Tasmania’s deep storage

²⁵¹ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 2.

²⁵² Submission No.23 (51st Parliament Joint Select Committee on Energy Matters), Marinus Link Pty Ltd, p. 7.

capacity provides approximately 30,000 times that offered by Victoria's Big Battery, which at a storage capacity of 450 MWh is currently one of the largest in the world.

Marinus Link and supporting transmission developments are a critical component to delivering Tasmania's legislated commitment to achieve 200 per cent renewable generation by 2040. Without Marinus Link in place, this commitment is difficult to achieve.

Marinus Link will enable reliable clean energy generated in Tasmania to be delivered to consumers in the NEM, and will also enable excess energy generated on the mainland to be stored in Tasmania's hydro storages. This storage will benefit all consumers across the NEM at times when demand outstrips supply.²⁵³

5.55 Ms Bess Clark, Chief Executive Officer of TasRex gave evidence that Marinus Link is important to investment in a clean energy future and key to encouraging a wave of private investment in renewable energy generation.

5.56 At the 12 November 2024 public hearing, Ms Clark, stated the company's position on the generation opportunities Marinus Link provides:

Mr SHELTON - ...What are your views on Marinus and the benefits or disadvantages, and given that you're dealing with investors at the moment...?

Ms CLARK - ...Our view is that Marinus Link is a key part of our clean energy future. It allows us to develop renewables, variable renewables, and share them with mainland Australia efficiently.

It gives confidence that there's routes to market for variable renewables like wind and solar and offshore wind in the long term. It supports the state's energy security, and it opens up the market...²⁵⁴

5.57 The Hon. Nick Duigan MLC, Minister for Energy and Renewables, highlighted that Marinus Link underpins a less tangible but important benefit to Tasmania with the opportunity to capitalise on its role as a renewable energy leader.²⁵⁵ Minister Duigan stated that as “20 gigawatts of coal-fired generation” will be retired “over the next 10 years” on the mainland, Tasmania has a “substantial market opportunity” to supply some of that gap with dispatchable renewable energy.²⁵⁶

5.58 Expanding energy storage capacity is the other infrastructure opportunity repeatedly emphasised by witnesses. Minister Duigan stated that Tasmania's existing hydro storage is a huge asset, and adding to it or using it more

²⁵³ Submission No.23 (51st Parliament Joint Select Committee on Energy Matters), Marinus Link Pty Ltd, p. 10.

²⁵⁴ Ms. Bess Clark, Chief Executive Officer, TasRex, Transcript of Evidence, 12 November 2024, p. 16.

²⁵⁵ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, pp. 1-2.

²⁵⁶ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 27.

dynamically can yield great benefits.²⁵⁷ Witnesses described Hydro Tasmania's water storages as a unique competitive advantage, since other regions with high renewables lack such extensive storage.²⁵⁸

- 5.59 Hydro Tasmania provided evidence that by developing pumped hydro energy storage, Tasmania may amplify this advantage whereby pumped hydro would allow excess renewable power (at times of low demand or oversupply) to pump water into uphill water storage, effectively storing that energy, and during high demand or low renewable periods, the water can generate hydroelectric power.²⁵⁹ This process can significantly increase the effective utilisation of wind and solar, making the whole system more efficient and profitable, and "creates... an 'arbitrage' benefit".²⁶⁰
- 5.60 The Committee also received evidence doubting the extent of any future arbitrage benefit for Tasmania. Professor Bruce Mountain, Victoria University, gave evidence at the 12 November 2024 public hearing on this issue:

Prof MOUNTAIN - ... What Basslink has tended to do over its years is import in the summer and export in the winter, as an average. However, over this winter, it's also imported. Within that average, there's been monthly changes and there's been daily shifts of electricity. Basslink overall has imported more into Tasmania than it's exported, but Basslink can perform a useful storage service. That's what it's tended to do in the context in which Hydro Tasmania has had a surplus of production at certain times of the day and year, and a shortfall of energy production in others. So there has been an arbitrage or a trading service.

However - and I've run these numbers and I'll put them before you - the value of that service is way inferior to the cost of the transmission line. Hydro Tasmania has lost a great deal of money since it has entered into a contract, under the Tasmanian government's will, in order to operate Basslink. The value of that arbitrage transfer service is nowhere near the cost. There is a net economic loss to Tasmania as a consequence of it, but it does perform a useful service - nowhere near the cost of the service.

It's also useful to understand that's Basslink and Hydro Tasmania now - it's used up the available storage and power capacity of the Hydro Tasmania... system. To expand by 750 megawatts [ie Marinus Link Stage 1], which is Basslink times another half, you need to massively expand the Tasmanian system in order to get any meaningful use out of it. We're not talking about more arbitrage or better

²⁵⁷ Hon. Nick Duigan, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 1.

²⁵⁸ Dr. Michael Connarty, Head of Operations and Trading, ACEN Australia, Transcript of Evidence, 28 October 2024, p. 39; Ms. Bess Clark, Chief Executive Officer, TasRex, Transcript of Evidence, 12 November 2024, p. 2; Ms. Erin van Maanen, Acting Chief Executive Officer, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 66.

²⁵⁹ Submission No.9 (50th Parliament Joint Select Committee on Energy Matters), Hydro Tasmania, p. 12.

²⁶⁰ Submission No.9 (50th Parliament Joint Select Committee on Energy Matters), Hydro Tasmania, p. 15.

*trading - we're talking about a massive expansion of production and storage in Tasmania in order to make use of the interconnector.*²⁶¹

- 5.61 The Tasmanian Government's plans for deep storage projects under Battery of the Nation were highlighted as a means to both protect Tasmania from drought-driven shortages and to sell valuable firming services to the mainland.
- 5.62 In his evidence, Professor Eccleston stated his in-principle, albeit cautious, support for the implementation of Marinus Link was on the grounds that "it will give the NEM access to the sort of deep storage we need to ensure energy security and reliability across the grid as we phase out coal."²⁶²
- 5.63 Additionally, new technologies like battery storage systems and virtual power plants present emerging opportunities to enhance capacity. While large pumped hydro is the headline opportunity, smaller-scale storage and smart grid projects can also play a role in Tasmania's energy future.
- 5.64 The Committee heard from Mr. Cam Nelson, Founder and Chief Executive Officer of DAME, a Tasmanian technology company, about its dynamic energy use:

Mr NELSON - ...We started the business back in 2019, actually talking to Hydro Tasmania. Both Luc and Nick are ex-Hydro Tasmania employees, but have been involved in the energy industry for many years.

DAME, as a business, acts like a virtual power plant. We do use computers and we use load. But we're trying to then change or shift the use of power to match when there is excess or, you know, capacity inside of the grid, and then decrease the amount of power we consume when there is demand.

So, if it's a hot day and the air conditioners need to be on, that we can reduce our power and that power can then go to homes for air conditioning. Or if there is a need to produce heating, you know, in the reverse way, that the same sort of token - that we can respond within seconds to what the grid conditions are.

There are a number of developments taking place around the world around virtual power plants, so I can understand why Hydro Tasmania might look at us as a competitor. But one of the things that comes from virtual power plants is an increased efficiency in the delivery of power - from those generators like Hydro, but also wind and solar - that means that there's a lower cost of energy to all consumers by having somebody who provides grid stabilisation services, and provides that uptake of energy that would otherwise be wasted at certain times.

Hydro Tasmania is one of the companies that would benefit from being able to run their operating systems at efficient levels. Sometimes there isn't enough demand inside the state, and they actually have to decrease the amount of power that they're generating so it's not wasted - which we all understand, you know,

²⁶¹ Professor Bruce Mountain, Victorian Energy Policy Centre, Victoria University, appearing with the Bob Brown Foundation, Transcript of Evidence, 12 November 2024, p. 22.

²⁶² Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 3.

you don't want to waste water for no reason. However, the efficiency that you gain from that water going through, means that you're generating less electrons per unit of water going through. There is an efficiency gain from having a company like DAME playing a role inside of the grid in Tasmania to consume power when it's free or available and then, you know, releasing that power back into the marketplace when it's required.²⁶³

- 5.65 Further, as more homes install batteries, paired with rooftop solar, aggregating these could provide several megawatts of responsive capacity, reducing strain at peak times and improving reliability.
- 5.66 Many witnesses gave evidence on the opportunities presented by the continuing roll out of rooftop solar in Tasmania. In his evidence to the Committee, Professor Mountain submitted that the expansion of rooftop solar offer a quick and cheap way to increase energy supply in an environmentally and socially sound way:

Tasmania has by far the lowest share of rooftop solar as a share of its regional electrical demand (3.29%) compared to South Australia (26.04%), Queensland (14.23%), NSW (11.85%) and Victoria (11.82%) for 2024, year to 21 November. Yet, solar PV offers by far the lowest levelised cost of new electricity in the NEM. For example in the 2024 Gencost report, CSIRO estimated the levelised average cost of solar PV at \$50-\$75/MWh compared to on-shore wind (the next cheapest) at \$75-\$110/MWh. Tasmania has the particular advantage, unavailable elsewhere in the NEM, of a hydro system with the capacity to store surpluses for later use. This means that, unlike the rest of the NEM, there is little need to expand storage in Tasmania to gain the full advantage from rooftop solar. And solar in Tasmania has the particular advantage of being most abundant in the dry season, when it is most needed.

...

The expansion of rooftop solar in Tasmania is, surely, therefore the quickest and cheapest way to expand electricity supply in Tasmania with the lowest social and environmental impact of all currently available technologies. And with an average cost of production well below the average wholesale price it will be able to deliver profitable supply, reduce wholesale prices in Tasmania and increase the quantity of surpluses that Tasmania can profitably export to Victoria in the evening. It is perplexing that with such advantages Tasmania's energy policy has failed to capitalise on the enormous advantages in rooftop solar that are so readily to hand.²⁶⁴

- 5.67 In OTTER's Energy in Tasmania Report 2023-24, it states:

²⁶³ Mr. Cam Nelson, Founder and Chief Executive Officer, DAME, Transcript of Evidence, 11 February 2025, p. 18.

²⁶⁴ Submission No. 48, Prof. Bruce Mountain, pp. 42-43.

*Compared to 2022-23, the Tasmanian energy market experienced... a 31.0 per cent increase in the amount of solar energy that was exported to the Tasmanian electricity grid...*²⁶⁵

- 5.68 Professor Mountain gave evidence on the prevalence of batteries in Australia but also stated that Tasmania may not require as much battery storage as the rest of the country:

Prof MOUNTAIN - Batteries are now mainstream in Australia, as they are in many parts of the world, and they are completely dominating the market for the provision of regular storage.

...

*Tasmania can go a long way to providing clean, firm, secure, inexpensive electricity by growing that rooftop resource. It's always stuck out like a sore thumb that this was the golden opportunity that Tasmania was not taking advantage of. It is still there. I see more and more houses with rooftop solar every time I come in to Hobart but there is so much to do. It is so inexpensive to do. It brings social goods to the individuals and the businesses on whose roofs it sits. It brings added benefit to the community by sharing. Most of its production is exported to the grid in a hydro system that can utilise that without any incremental need to expand battery storage that the rest of Australia needs.*²⁶⁶

- 5.69 Professor Mountain also included in his submission his analysis on the considerable potential for the uptake of large-scale and battery-backed rooftop solar on commercial and industrial properties across Australia as a major new source of firmed zero-emission electricity to the grid.²⁶⁷
- 5.70 Professor Mountain gave evidence that large-scale solar generation would provide significantly better policy yield:

Ms FINLAY - ...I was interested in whether you've done any work or work has been done regarding around whether if Hydro in Tasmania were to invest in a low socioeconomic community for the benefit of Tasmania, how much that might take? What might an investment as a dollar figure look like for a community in Tasmania?

Prof MOUNTAIN - Let me talk a bit about a report that we put out about two months ago looking at rooftop solar on factory roofs. Our estimate then is the policy yield that you would get from suitable policy would be twice as good as the existing clean energy schemes. In terms of clean energy production for public subsidy, what Hydro Tasmania would be able to deliver and what the Tasmanian government could deliver per value of public subsidy would be orders of

²⁶⁵ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. i.

²⁶⁶ Prof. Bruce Mountain, Victoria University, Transcript of Evidence, 12 November 2024, pp. 21 and 24.

²⁶⁷ Submission No. 48, Prof. Bruce Mountain, see further at Mountain, B. R. (2024). Analysis of policy to massively expand behind-the-meter battery-backed photovoltaics (PV) on business properties in Australia. Discussion Paper. Victoria Energy Policy Centre, Victoria University, Melbourne, Australia. DOI: 10.26196/4fjp-6d40.

magnitude more clean energy production than it would through either Marinus Link or the Battery of the Nation or the sum of the two.

It would be hard for me to put a dollar number on 'x dollars buys you x kilowatts' because it doesn't quite work like that in terms of the allocation of the funding. It would be public support to achieve an expansion of capacity, most of which will be funded by the customer and they can bear because it would be a cheaper source of production than what they're paying for now. But I can say without a shadow of a doubt that in terms of the public benefit of public subsidy for expansion of clean energy rooftop solar in Tasmania, as in the rest of the mainland of Australia, would be by far the best but Tasmania has the advantage that you don't need to add lots of battery storage to firm it up.²⁶⁸

- 5.71 The Minister for Energy and Renewables, the Hon. Nick Duigan MLC, was questioned in relation to the uptake of solar generation in Tasmania, particularly rooftop solar:

Mr GARLAND - Minister, the cheapest form of renewable energy is solar. According to the AEMO Step Change ISP for 2024, AEMO has modelled the least-cost method to meet the growth in electricity use projected to 2040 is by increasing our rooftop solar generation from 240 megawatts to 1.7 gigawatts, which is almost a fivefold increase in where we are now. Minister, we know you have grand plans for major wind farm developments, but what policy targets and initiatives do you have to meet this fivefold increase in rooftop solar generation over the next 15 years?

Mr DUIGAN - What I would say is that we have a very firm policy of doubling our renewable energy generation by 2040. That's the thing that keeps us on track and keeps us looking at all of the options that are available to us. As I said, we're seeing really good growth in the number of rooftop solar installations that are going in in Tasmania. We are the second highest level of growth for that particular thing; I think we are the state that probably has the lowest capacity factor in our solar offerings, that doesn't mean that they're not viable, because they are. We're seeing that, I think, also not just in rooftop PV [photovoltaic], but we're also seeing that because of substantial interest and indeed commencement of grid-scale solar projects in the state as well. As you would be aware, currently there are multiple numbers of grid-scale solar projects that we are looking to get off the ground and supporting through our energy businesses like Hydro Tasmania.

Again, I point to the Energy Saver Loan Scheme being a great enabler of building solar; it's been the principal beneficiary of that scheme with more than \$50,000 worth of loans facilitated through that.

I'll read in, as of 31 March 2025, there have been, this is around the Energy Saver Loan Scheme, 6278 applications settled at over \$52 million in value, that's 78 GW hours of energy generated through solar PV. Due to the success of the scheme, it's now projected that up to \$65 million in loans will be settled by October 2025. It has been an excellent driver of rooftop PV and I would say that currently as we

²⁶⁸ Prof. Bruce Mountain, Victoria University, Transcript of Evidence, 12 November 2024, p. 29.

stand, rooftop PV in Tasmania goes on to meet around 3.3 per cent of our annual energy generation.

So more to do, and as I say... we are interested in electricity generation of all shapes and sizes and that, I think, is a good story.²⁶⁹

Energy Security

- 5.72 The Committee received evidence from witnesses arguing that Tasmania can turn its energy security challenges into opportunities by leveraging its natural advantages and planned investments. In particular, the transition to renewables was seen as a chance for Tasmania to achieve an even more secure supply than it has today, and to offer security services to others.

Evidence received

- 5.73 A recurring theme from witnesses was that diversification, and redundancy, will greatly strengthen energy security in Tasmania. The addition of new generation types like wind and solar, alongside hydro, means the state is less vulnerable to any one source.

- 5.74 Dr Michael Connarty of ACEN Australia praised the opportunity for the integration of wind with Hydro Tasmania's system, noting that:

Dr CONNARTY - ...Being in the Roaring 40s, the wind resource in Tasmania is exceptional, probably second to none in Australia in many respects. The beauty of that is that when you integrate those two, you actually get a much more reliable system.

...

To me, that's the beauty of the wind. [Hydro] can just stop when wind is blowing. They sit there and store water, which is what you do, and when it goes away, when wind dies, whether it's here or in Victoria, then Hydro can look at the price and see what prices makes sense for them to generate to".²⁷⁰

- 5.75 Ms Bess Clark of TasRex provided evidence on the complementary relationship between wind, solar and hydro generation in Tasmania that can ensure a steadier supply and as an extraordinary opportunity to build upon for the benefit of Tasmania and beyond:

Mr EDMUNDS - Does Tasmania's historical track record around renewable energy have us in front of the rest of the country or do you feel like other states potentially have overtaken or it's just a different conversation?

Ms CLARK - It's a really good question. Traditionally we've absolutely had a head start but it's pretty public in the last year we've been a net importer over Basslink

²⁶⁹ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 30 April 2025, pp. 40-41.

²⁷⁰ Dr. Michael Connarty, Head of Operations and Trading, ACEN Australia, Transcript of Evidence, 28 October 2024, pp. 39, 45.

*and ran Tamar Valley Power Station for a number of months to support energy security. The stats were 79 per cent renewable whereas South Australia was 100 per cent. Just to be clear, South Australia's energy was more expensive than Tasmania as well. Being completely clean, as I said, if you're building new things, it can have a cost. The Hydro resource is such a fantastic, clean, dispatchable, storable resource. The opportunity is to use that alongside variable renewables like wind and solar...*²⁷¹

- 5.76 The Committee notes that Ms Clark's evidence contradicts the Tasmanian Government's claim that Tasmania has a 100 per cent renewable status (see paragraph 4.17).
- 5.77 The continued uptake of rooftop solar in Tasmania will also benefit energy security. Professor Bruce Mountain submitted the expansion of rooftop solar in Tasmania will "improve energy security" and "enhance the quantity and value of storage capacity provided by Hydro Tasmania".²⁷²
- 5.78 Hydro Tasmania's Richard Bolt gave evidence that Marinus Link would also significantly boost security through redundancy; with two interconnectors, Tasmania would have a backup in case one fails, which is a straightforward reliability improvement.²⁷³ Additionally, Bess Clark from TasRex stated that Marinus will allow Tasmania to draw on the vast pool of mainland resources during emergencies, and vice versa.²⁷⁴
- 5.79 Minister Duigan highlighted that once Marinus Link is live, Tasmania effectively has access to further energy security of mainland generation together with the potential for cheaper energy prices:

Mr DUIGAN - *I think it's important to recognise that once Marinus gets switched on, we will have in Tasmania access to another 750 megawatts of daytime generation from the mainland states, which is typically very low or negative in price most days...*²⁷⁵

- 5.80 The Committee received evidence that innovative solutions also present new energy security opportunities. Mr Simon Talbot, then Chief Executive Officer of ABEL Energy, gave evidence that ABEL's Bell Bay green methanol plant could serve as a significant and strategic energy reserve for Tasmania:

Mr TALBOT - *I think there's absolutely a great opportunity to get people far brighter than me in the electrical engineering space to sit there and go, 'This is what the Bell Bay Power Fuels Abel Energy Project does, and this is what the Tamar Valley Power Station does'. Where do they complement each other? Where do they potentially compete? Some of those turbines there are, you know,*

²⁷¹ Ms. Bess Clark, Chief Executive Officer, TasRex, Transcript of Evidence, 12 November 2024, p. 9.

²⁷² Submission No. 48 (51st Parliament of Tasmania), Professor Bruce Mountain, p. 43.

²⁷³ Mr. Richard Bolt, Chair, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 59.

²⁷⁴ Ms. Bess Clark, Chief Executive Officer, TasRex, Transcript of Evidence, 12 November 2024, p. 16.

²⁷⁵ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 4.

quite old, I've been told. So, they potentially need replacement or refurbishment. Before anything's done, let's have an open conversation around - well, what happens if you had a turbine there that ran on hydrogen... One... that ran on green methanol?

*I think there absolutely is a conversation, if you wanted to take Tasmania off natural gas - bang. I mean, if we're operational and Basslink went down, there's no Marinus, you know, you can see a scenario where we could easily be the backup supply for Tasmania. On site, there are three very substantive 50,000 tonne tanks storing green methanol. That storage on site next to your power station is unheard of in Tasmania. I said it's weeks and weeks of energy capability there. There is a piece for me around sovereign fuel risk. Absolutely, we could be the backup there.*²⁷⁶

- 5.81 Even under normal conditions, Mr Talbot submitted that ABEL Energy's green methanol could also assist with energy pricing:

Mr TALBOT - There's another piece around ultra-high energy pricing where we sell into the Tamar Valley Power Station and [are] able to meet that need and drop that energy pricing and stabilise the grid.²⁷⁷

Findings

The Committee finds:

State-Owned Energy Entities

47. Over the past decade, regulated electricity prices in Tasmania have increased by approximately 16 per cent in nominal terms, which represents a price reduction in real-terms relative to inflation.
48. Tasmania's publicly owned generation fleet, operated by Hydro Tasmania, provides a renewable energy advantage that most jurisdictions cannot match; this positions the state well in the clean energy transition.
49. State-owned entities can pursue strategic investments and policy objectives, including offering Power Purchase Agreements to new generators on terms (including non-commercial) that facilitate market entry.
50. Hydro Tasmania can be directed by the Shareholder Minister, and have been on occasion, to enter into Power Purchase Agreements that are not on commercial terms (onerous contracts).

²⁷⁶ Mr. Simon Talbot, Chief Executive Officer, Abel Energy, Transcript of Evidence, 11 February 2025, p. 13.

²⁷⁷ Mr. Simon Talbot, Chief Executive Officer, Abel Energy, Transcript of Evidence, 11 February 2025, p. 13.

Energy Requirements

51. Growing energy demand from electrification of transport and industry, and emerging industries such as green hydrogen and e-fuels, represents a significant economic development opportunity for Tasmania if the energy system expands to support it.
52. Expanding rooftop solar, supported by batteries and Hydro Tasmania's storage capacity, is among the quickest, cheapest, and least socially and environmentally disruptive ways to increase distributed renewable generation and reduce customers' net grid demand in Tasmania, subject to network hosting capacity, export limits, seasonal output and complementary storage or flexible demand.
53. Emerging industries including green methanol production, green hydrogen, and advanced manufacturing are attracted to Tasmania specifically because of its renewable energy credentials.

State-Owned Renewable Energy Generation

54. If managed well, major public renewable energy generation projects, including upgrades of existing infrastructure, can strengthen energy security, reduce long-term power costs, and stimulate regional economies.
55. Hydro Tasmania's Tarraleah redevelopment is projected to deliver up to 190 MW of flexible, dispatchable hydropower capacity, 100 MW more than the existing station, and to generate approximately 30 per cent more energy from the same volume of water.
56. The proposed Hydro Tasmania Lake Cethana pumped hydro project represents a 750 MW, 20-hour, long-duration storage opportunity that Hydro considers cost-competitive compared to similar projects in other states and territories. Early Hydro Tasmania modelling indicates the Lake Cethana project may not require Marinus Stage 2 to be commercially viable.
57. Hydro Tasmania's projections related to construction of the proposed Hydro Tasmania Battery of the Nation projects indicate the creation of up to 300 jobs over a six-year construction period for Cethana and approximately 250 peak construction jobs over five years for the Tarraleah redevelopment.

Private Energy Generators

- 58. Private energy generators have an important role in achieving the volume of new capacity required to meet the 200 per cent Tasmanian Renewable Energy Target.
- 59. Private projects, including large-scale wind and solar farms and integrated green fuel manufacturing, can bring capital, expertise, and new value chains to Tasmania, creating jobs and diversifying the economy.
- 60. The Capacity Investment Scheme is an Australian Government revenue-underwriting scheme that supports eligible renewable generation and clean dispatchable capacity projects by reducing revenue risk.

Generation, Storage and Transmission

- 61. Expanding generation, interconnection, and storage capacity are potentially transformative opportunities for Tasmania's energy future.
- 62. Tasmania has by far the lowest share of rooftop solar relative to electricity demand of any National Electricity Market region at approximately 3.3 per cent, compared to South Australia at 26 per cent and Victoria at 11.8 per cent. The CSIRO estimates the levelised cost²⁷⁸ of rooftop solar generation at \$50–\$75/MWh, making it the lowest-cost source of new electricity generation.
- 63. Tasmania has an advantage over the rest of the National Electricity Market in that dispatchable hydro storage can reduce output when rooftop solar is producing, preserving water for later. This can reduce the need for batteries, demand flexibility and distribution-network upgrades to manage local solar exports and evening peaks.
- 64. Some analysis has indicated that supporting rooftop solar expansion in Tasmania would deliver orders of magnitude more clean energy production per dollar of public subsidy than equivalent investment in Battery of the Nation or Marinus Link.

²⁷⁸ Levelised cost of energy (LCOE) measures the cost of building, operating, and maintaining a system divided by total energy output over its lifetime.

65. Virtual power plants and flexible industrial loads could provide grid stabilisation services, consume surplus renewable energy, and deliver efficiency gains for Hydro Tasmania.

Energy Security

66. Diversification of generation sources (wind and solar alongside hydro) and expanded interconnection would significantly improve Tasmania's energy security by reducing dependence on any single source or piece of infrastructure.
67. Innovative solutions such as virtual power plants and load collocated with generation represent emerging opportunities to enhance system stability and energy security.
68. Integration of wind generation with Hydro Tasmania's storage creates a more reliable and resilient system; wind generation can displace hydro when the wind is blowing, preserving water storage for when it is most valuable.
69. Expanding rooftop solar can improve energy security by reducing daytime net demand and allowing hydro water to be conserved, but its contribution is seasonal and daytime-weighted; winter and evening reliability still require hydro, wind, storage, flexible demand or interconnection.

Recommendations

The Committee recommends the Tasmanian Government:

4. Work with the Australian Government to develop a targeted strategy to substantially increase rooftop solar and battery penetration in Tasmania, including public housing stock.

6 TASMANIA'S PARTICIPATION IN THE NATIONAL ELECTRICITY MARKET (NEM)

Energy Demand

- 6.1 According to the Office of the Tasmanian Economic Regulator, energy demand in Tasmania “has been relatively stable over the past five years”.²⁷⁹ Energy consumption on mainland Tasmania was 10,683 GWh in 2019-20, rose to 11,225 GWh in 2021-22, and was 10,935 GWh in 2023-24.²⁸⁰
- 6.2 The Tasmanian Economic Regulator reports that electricity consumption in Tasmania over this time “may have remained flat due to an increase in behind the meter solar generation, which cannot be accurately measured”.²⁸¹
- 6.3 However, to meet energy demand in 2023-24, and to compensate for lower on-island generation, Tasmania increased energy imports across Basslink, resulting in net imports of 1,249 GWh.²⁸²

Evidence received

- 6.4 The Committee heard that Tasmania’s electricity demand is poised to grow significantly in coming years due to population growth and the electrification of transport and industry. The Minister for Energy and Renewables, Hon. Nick Duigan MLC, noted that Tasmania “can on average generate enough renewable electricity to meet our current demand”, a legacy of over a century of hydroelectric development.²⁸³
- 6.5 However, the Minister cautioned that as a “growing state” with more businesses looking to electrify, “electricity demand will continue to rise” requiring new generation, storage and transmission investments if Tasmania is to “maintain its 100 per cent renewable status” in the future.²⁸⁴
- 6.6 Evidence received underscored the scale of latent demand as Tasmania and the nation pursue decarbonisation. At the 12 February 2025 public hearing, Mr Jack Redpath, Principal, Carbon Zero Initiative, explained that although Tasmania is

²⁷⁹ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. 7.

²⁸⁰ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. 7.

²⁸¹ *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. 7.

²⁸² *Energy in Tasmania Report 2023-24*, Office of the Tasmanian Economic Regulator, published March 2025, p. 3.

²⁸³ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 1.

²⁸⁴ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, pp. 1-2.

often considered a net-zero emissions jurisdiction, fossil fuels are relied upon to meet energy demand, mainly petroleum fuels for transport and coal/gas in heavy industries:

Mr REDPATH – ... [At] Carbon Zero Initiative, specifically, we try to fill a bit of a gap in the narrative, which is, although Tasmania has a legitimate claim to be a net zero jurisdiction, that is we draw down as much carbon as we put into the atmosphere, we still use quite a lot of fossil fuels. I'll refer to my submission here and start speaking directly to that.

Around 60 per cent of the... total primary energy that's used in Tasmania still comes from fossil fuels. The majority of that, about 40 per cent of the total primary energy use comes from petrol and diesel products that most of us would use in our cars, trucks and buses every day. The other 20 per cent of the whole is coal and gas which we also use in in our homes, but really more or less all of that is used in very heavy industry in five or six very large heavy industrial sites around Tasmania. The remaining 40 per cent is electricity and some 80 to 90, or even 100 per cent of that being from renewable sources, depending on the year and depending on how much energy flows over the interconnector.²⁸⁵

6.7 Mr Redpath added as those sectors transition away from fossil fuels, a substantial increase in electricity and renewable energy will be required.²⁸⁶

6.8 The Committee heard that major industrial consumers in Tasmania are already planning for electrification. For example, one large industrial, Grange Resources, outlined to the Committee its roadmap to shift from onsite fossil fuel use to renewable electricity but it is a change that would require a substantial increase in variable renewable generation dedicated to that load:

Mr SAWARD - ... As far as Grange goes, obviously we're a big player in the state, we've been around for nearly 60 years. We have an iron ore mine at Savage River that [takes] magnetite out of the ground. Your normal mining operation there, we convey it to Port Latta in a slurry where we turn that magnetite into iron ore pellets in our furnaces, and then we have our own port facility that ships that around Australia, and to China and other Asian markets. Port Latta, obviously, that's the driving engine of shipping at the ground around the globe.

As far as our contribution to the state, as you can see we've spent a lot, nearly \$100 million in wages. We give the government over \$20 million in royalties every year and over \$5 million in payroll tax. We support local suppliers in the tune of around \$150 million plus in spend on local suppliers, it goes back into the economy.

When it comes to energy, obviously, diesel, the largest user of diesel, we spend about nearly \$50 million on diesel every year. We spend nearly \$20 million on electricity, and over \$30 million on gas. So, a big contributor in that space.

As the world's moving to sustainability, decarbonisation, we've got our road map to do that. Namely, you know, removing anthracite from our furnaces, also

²⁸⁵ Mr. Jack Redpath, Carbon Zero Initiative, Transcript of Evidence, 12 February 2025, pp. 1-2.

²⁸⁶ Mr. Jack Redpath, Carbon Zero Initiative, Transcript of Evidence, 12 February 2025, pp. 1-2.

transitioning our mining operations from open pit to underground, also recovering some of our heat in our furnaces, and also replacing the gas in our furnaces. You can see we've got a road map to reduce our emissions by 50 per cent by 2030, and net zero by 2035. Obviously, that changes the energy mix that we have to get to that point. So on that, we're using electricity around 34 megawatts capacity every year. That's broken up, around 2/3 of that is at Savage River for our mills that operate and the conveyors, and around 1/3 of that is to run the conveyors and furnaces on top of the gas at Port Latta.

As part of that transition, obviously we'll remove most of that diesel and all of the gas. To do that, we need electricity. So, we're looking to grow our electricity demand from that 34 megawatts, with another additional 21 megawatts to go to underground. And then if we go, when we replace the gas, if we electrify the furnaces, that's probably another 50 megawatts, if we were to build an electrolyzer and use green hydrogen, that would be another 100 megawatts.

We're currently in the phase of really needing to underpin our investments to decarb and transition to underground mining. And to do that, we need some price certainty and volume certainty on electricity to underpin those board decisions and financier conditions to spend that money. There's about nearly a billion dollars in development to go to underground. And then obviously significant investment to transition the gas as well.²⁸⁷

- 6.9 TasNetworks, the state-owned network operator, presented evidence on forecast load growth and how it might be met. Mr Seán McGoldrick, Chief Executive Officer of TasNetworks, noted that decarbonisation of transport (via electric vehicles) and industry will drive new electricity consumption under most scenarios:

CHAIR - Seán, has TasNetworks, and again it may not be your job to do it, done modelling on understanding how much additional renewable Tasmania should do - not to meet a 200 per cent renewable energy target, but to meet the current and predicted demand that will occur as a result of the transition of the decarbonisation of our transport sector and other sectors.

Mr McGOLDRICK - We've not done that type of study as you've described. What we must do necessarily in our annual planning report is look at what load growth we predict different scenarios and what generation makes, but on island and imported we would require to balance that. In that assessment we are required to be technology neutral. It does not matter what source it comes from because we need to make sure we can balance the island. The simple reality is that local generation here, while it could technically be any technology, the technology of choice, the one that it is most suitable here is in my view, wind generation.

CHAIR - Or hydro.

²⁸⁷ Mr. Ben Saward, Commercial Manager, Grange Resources, Transcript of Evidence, 11 February 2025, pp. 34-35.

Mr McGOLDRICK - At a lot of the hydro sites you have some expansion capability, but I doubt that we're going to develop any large new hydro scheme on this island at this stage.²⁸⁸

- 6.10 Ms Christine Milne AO, representing the Bob Brown Foundation, gave evidence on energy demand in Tasmania:

Ms MILNE: ... 54 per cent of the energy that's currently used by the four bulk power consumers. Nobody is talking about what happens if one of them fall over or more than one of them fall over. There's a whole lot of energy there that could be repurposed. The one that I'm thinking of at the moment is TEMCO. The Gupta family group are in trouble, they bought TEMCO at the same time as they bought the Whyalla steel mill. Whyalla steel is now in serious trouble. There's talk of it going into administration. What does that mean for TEMCO, which before Gupta bought it, was teetering on the brink of closing down at that point?

That is a big load of energy sitting there. You've got talk of Norske Skog wanting another 50 megawatts. TEMCO has 60 megawatts, just as a point of comparison of what's going on there. So, we need to be looking at the long-term mix of what do we need in Tasmania and what do we need it for and how can we best deliver it for the benefit of the community, not just because a developer comes along and says 'I can build this here and there and I want to and you need to subsidise it'.

Mr BAYLEY - ... Energy demand has been relatively stable. You've talked about some of the major industrials. We've had a submission from TasNetworks that predicts a doubling of energy demand by 2032. How do you reconcile those two perspectives?

Ms MILNE - I'm really glad you raised that because that is typical of what happens with all those consultants' reports. Yes, TasNetworks says there'll be a doubling by 2032, that's eight years away. When you go to the footnote and find the consultant's report that they based that on, their projected increase to 2032 is from increased connection and the rollout of electric vehicles. Seriously, are we going to double in Tasmania in eight years on the back of electric vehicles and new connection? I don't think so. When you look at the last 10 years, and that's where the figure of no discernible increase or decrease comes from, is from the Energy Security Commissioner's report, where he sets out the figures and shows there's been no discernible difference in 10 years. Are we going to say in the next eight we're going to double it. To me, this is more of the hype that you just get a consultant, you tell them what you want, they give you a figure and you run around saying this is going to happen. Let's have some ground truthing and some realistic assessment of that particular thing for a start.²⁸⁹

- 6.11 Tasmania's participation in the NEM through interconnection was raised as a crucial factor for managing both current and future demand as it allows

²⁸⁸ Mr. Seán McGoldrick, Chief Executive Officer, TasNetworks, Transcript of Evidence, 28 October 2024, p. 26.

²⁸⁹ Ms. Christine Milne AO, Patron, Bob Brown Foundation, Transcript of Evidence, 12 November 2024, pp. 25-26.

Tasmania to import electricity at times of shortfall or lower mainland prices, and export surplus when prices are higher, which helps balance local demand with supply.

- 6.12 Minister *Duigan* claimed that Hydro Tasmania actively uses Basslink to ensure “the lowest power prices for Tasmanians while maximising returns from water storage”, taking advantage of periods when mainland renewable generation is abundant.²⁹⁰
- 6.13 Mr Jesse Clark of Hydro Tasmania stated Basslink’s 500 MW capacity places a limit on energy transfers.²⁹¹ According to Mr Bolt from Hydro Tasmania, looking ahead to future demand, increased interconnection in the NEM via the proposed Marinus Link (two 750 MW cables in two stages) is seen by some witnesses, including Hydro Tasmania, as enabling greater flexibility to manage peaks in demand and to export any excess generation, and “get the maximum value from our assets utilising the advantages of Marinus” which is “also to the benefit of the Tasmanian public”.²⁹²
- 6.14 According to Mr Seán McGoldrick of TasNetworks, Tasmania remaining in the NEM is preferable moving forward, but he did not fully explain how it would reduce electricity prices. Mr McGoldrick was asked if Tasmania would be better off outside of the NEM or should there be further integration:

Mr McGOLDRICK - I'm very much in favour of a greater interconnection and integration into the NEM because I think it improves power system security. It will, overall, reduce prices for us in Tasmania. I'm firmly of the view that greater levels of interconnection will facilitate better power system security and reliability, and lower prices overall.

CHAIR - How do you see it reducing prices?

Mr McGOLDRICK - One of the things that you really need when you're relying on renewable energy, and this is in any power system, is geographic diversity. You need to make sure that you have connected enough larger regions together that if the wind is blowing in one region and not in another, you can share power. If the sun is shining in one area but not in another, you can share power. It's important that geographic diversity makes sure that you can get the best out of what is a resource that's not constant, it can vary of course.

CHAIR - Geographic diversity means beyond the State of Tasmania, just to be clear?

Mr McGOLDRICK - Yes it does. For example, there will be occasions, with further interconnection, that there will be a lot of cheap solar power in the mainland, coming from those renewable energy schemes that are developing lots of solar,

²⁹⁰ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 1.

²⁹¹ Mr. Jesse Clark, Executive General Manager, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 53.

²⁹² Mr. Richard Bolt, Chair, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 47.

and we will be able to benefit through interconnection by importing that cheap power and holding on to our resource on the island here. On other occasions –

CHAIR - How would that reduce prices?

Mr McGOLDRICK - It'll mean that we're importing cheap power.

CHAIR - But my power bill doesn't change on a daily basis. I pay what the price is and businesses do. Those that buy directly from the market, yes, but for mums and dads and businesses, how will it reduce their prices?

Mr McGOLDRICK - Ultimately, it'll lower - I'll take a step back. In total, the power bill that we all face is comprised of generation costs, transmission and distribution costs, and retail costs. Typically, the largest cost element in that is generation, as transmission and distribution we can vary between 35-40 per cent of the cost. If you look at generation, it's a very significant portion of that cost, so anything we can do to minimise that cost overall ultimately does flow into everybody's power bills.

CHAIR - The transmission costs won't go down?

Mr McGOLDRICK - Transmission costs won't go down, but the overall cost to the consumer will go down, if you're making best use of cheap power being imported.²⁹³

- 6.15 However, the Committee also heard that joining, and remaining in, the NEM has not been beneficial for Tasmania.

Prof MOUNTAIN - ... Tasmania joined the NEM in 2006 - 2005 formally but 2006 the export started, or the trade started to happen in a meaningful way. Since then, residential electricity prices in Tasmania, despite no growth in electricity consumption over that period, have grown more than in any other region of Australia. I think joining the NEM and building Basslink is now quite evidently a major strategic mistake in Tasmania. Basslink lost a great deal of money for the owner, but I think, according to the sums I've done, has lost even more for Hydro Tasmania and hence for the Tasmanian people.

I think Tasmania is at a crossroads now with potential to compound on that error by building a second interconnector to the mainland, which I think will cost at least \$4 billion for the interconnector as well as for the onshore development.²⁹⁴

Costs, Risks and Benefits

- 6.16 A recurring theme in the evidence received by the Committee was the balance of costs, risks and benefits for Tasmania as it deepens its participation in the NEM and pursues new energy projects.

²⁹³ Mr. Seán McGoldrick, Chief Executive Officer, TasNetworks, Transcript of Evidence, 28 October 2024, pp. 26-27.

²⁹⁴ Prof. Bruce Mountain, Victoria University, appearing with the Bob Brown Foundation, Transcript of Evidence, 12 November 2024, p. 20.

Evidence received

- 6.17 Minister Duigan claimed that even with Tasmania's favourable position, energy bills have risen for Tasmanians albeit, in real terms, they have been going down when compared with inflation:

CHAIR - What was the inflation percentage?

Mr DUIGAN - I don't have that number on top of my head. That's saying, in real terms, regulated prices have fallen 14.9 per cent. We're saying that inflation is somewhere just north of 3 per cent per annum, if you take it on average over those 10 years, so if we've gone up 1.6 per cent per year and inflation or CPI is going up 3 per cent, in real terms, energy prices in Tasmania for retail customers have gone down.²⁹⁵

- 6.18 Nevertheless, witnesses representing consumers and industry highlighted concerns about the affordability of energy. Mr Steve Old, Chief Executive Officer of the Tasmanian Hospitality Association, gave evidence that many small businesses are struggling with "a cost-of-business crisis", and recent changes to network tariff structures have exacerbated pressures on the hospitality sector:²⁹⁶

Mr OLD - ... The THA considers these transmission tariff increases to be excessive when you consider Tasmanian hospitality businesses are in the midst of a cost-of-business crisis, facing high inflation, high interest rates, soaring insurance costs, surging rental rates, rapidly increasing transport costs, increasing utility costs, increased council rates, high government fees and charges and much more.

It's also important to recognise that hospitality is a high-energy-use industry in the main run by mum and dad business operators and owners.

For these reasons, increases in charges - such as has occurred with TasNetworks' transmission tariffs - place a very heavy burden on those businesses already faced with a mountain of financial imposts.

In the THA submission, we identified the scale of the approved new transmission charges. This was derived from advice that one of the electricity retailers in Tasmania provided their small business customers. However, a direct comparison to TasNetworks' small business fact sheets for 2023-24 and 2024-25 suggested the increases may in fact be higher still.

While TasNetworks said in its fact sheet that it reviewed the network utilisation of small businesses to better reflect network demand, it might have been better to consult with our industry about the impacts its new time-of-use tariffs would have on our businesses. While the new weekday shoulder tariff has been introduced, this will largely be negated by the substantial increase in per kWh rate charges over the next couple of years.

²⁹⁵ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, pp. 2-3.

²⁹⁶ Mr. Steve Old, Chief Executive Officer, Tasmanian Hospitality Association, Transcript of Evidence, 12 February 2025, pp. 12-13.

Also, the entire weekend shoulder tariff has now been removed, which means that many hospitality businesses will now face peak tariff charges throughout the day and the evening, during the weekend and at their busiest times.

In its fact sheet providing advice to small businesses, TasNetworks suggests that businesses can conduct energy audits or shift their time of use or install solar panels as effective ways of reducing their power bills.

However, in most cases, hospitality business owners do not own their venue in which installing solar panels may not be an option and they cannot shift their usage time as this is determined by the nature of their businesses. So while this advice may assist some small businesses, it doesn't necessarily assist the hospitality industry, which is the third largest employing industry in the state.

The THA, however, does support and advocate undertaking energy audits and itself conducted an energy audit pilot trial at the beginning of 2024, with some 10 venues to demonstrate the benefits. Indeed, the audit process we developed and the outcomes that resulted from the pilot trial were of some value to the Tasmanian government when it formulated its current energy audit grant program. We recognise the Tasmanian government energy audit grant program has now been announced and will complement its business energy efficiency and energy saver loan schemes to assist businesses in upgrading their facilities to reduce their energy demand. However, as noted before, many hospitality businesses do not own their venues and may not be in a position to take advantage of these schemes. Instead of grants and loans, it will be preferable to minimise the rising cost of energy to meet the needs of our industry in the first place.

The Tasmanian Hospitality Industry suggests the Tasmania government needs to undertake a review of the new transmission time-of-use periods, new tariffs and increasing energy costs more generally to properly understand the effect this is having on our hospitality businesses with a view to ensuring that Tasmania's hospitality industry is not unduly bearing these increased costs and with a longer-term view to reducing the cost burden on our industry.²⁹⁷

- 6.19 Energy affordability for residential consumers was also addressed. Mr Benedict Bartl, Principal Solicitor of the Tenants' Union of Tasmania, pointed out that many low-income renters face disproportionately high energy bills because rental housing stock is poorly insulated and inefficient.²⁹⁸ Mr Bartl noted the limitation of energy efficiency measures in Tasmanian legislation:

Mr BARTL - *To begin with Tasmania's Residential Tenancy Act [1997], there is very little in the act that addresses energy efficiency. While all rental properties are required to have a heater in the main living room, it can be any heater and it does not need to meet any energy efficiency standard. Similarly, there's no requirement that any other appliance or fixture in a rental property, including*

²⁹⁷ Mr. Steve Old, Chief Executive Officer, Tasmanian Hospitality Association, Transcript of Evidence, 12 February 2025, p. 13.

²⁹⁸ Mr. Benedict Bartl, Principal Solicitor, Tenants' Union of Tasmania, Transcript of Evidence, 11 February 2025, pp. 63-64.

*the hot water cylinder, meets energy efficiency standards. Finally, whilst all private rentals are required to have curtains or blinds in the lounge room and any bedroom, this does not apply to the majority of social housing. In social housing, only renters who moved into their homes after May 2024 are required to have windows or blinds. The reason that energy efficiency in rental properties is important is because the quality of housing is usually of a lesser standard than that of a known occupier. To put it bluntly, there is less incentive to invest in energy efficiency measures in a property in which you do not live.*²⁹⁹

- 6.20 Mr Bartl noted that as a result of energy inefficient rental properties, tenants often have higher energy usage in homes that they cannot or have difficulty upgrading or improving efficiency to reduce energy usage and/or costs, such as installing solar panels.³⁰⁰
- 6.21 Mr Bartl argued that improving minimum efficiency standards in rental properties and expanding incentive programs to assist landlords and renters with upgrades would deliver social benefits by reducing energy waste and bills.³⁰¹
- 6.22 A significant area of evidence on cost and risk concerned new large-scale projects, particularly the proposed Marinus Link interconnector and associated renewable energy generation developments.
- 6.23 Mr Jack Gilding, an energy analyst and advocate, focused on the “\$4 billion-plus investment” represented by Marinus Link and questioned whether it will deliver net benefits to Tasmanian consumers.³⁰² He noted that project proponents and governments assert Marinus will be economically beneficial, but those claims depend on “a bunch of assumptions in the modelling”, and recent regulatory scrutiny has cast doubt on some of the optimistic scenarios.³⁰³
- 6.24 At the time, in evidence, Mr Gilding pointed to the Australian Energy Regulator (AER)’s draft decision in late-2024 regarding Basslink. Basslink’s owner, APA Group, had sought to convert it into a regulated asset, valuing it at \$831 million, but the AER’s modelling could not prove that it was definitely in consumers’ interest, leading to a provisional decision not to grant regulated status.³⁰⁴
- 6.25 Mr Gilding observed that if an existing 500 MW link at that valuation could not demonstrate clear net benefit, “where does that leave Marinus, at [\$3.8] billion

²⁹⁹ Mr. Benedict Bartl, Principal Solicitor, Tenants’ Union of Tasmania, Transcript of Evidence, 11 February 2025, p. 63.

³⁰⁰ Mr. Benedict Bartl, Principal Solicitor, Tenants’ Union of Tasmania, Transcript of Evidence, 11 February 2025, pp. 63-64.

³⁰¹ Mr. Benedict Bartl, Principal Solicitor, Tenants’ Union of Tasmania, Transcript of Evidence, 11 February 2025, p. 64.

³⁰² Mr. Jack Gilding, Transcript of Evidence, 12 February 2025, p. 30.

³⁰³ Mr. Jack Gilding, Transcript of Evidence, 12 February 2025, p. 32.

³⁰⁴ Mr. Jack Gilding, Transcript of Evidence, 12 February 2025, p. 31.

for a link only 50 per cent bigger?”³⁰⁵ This uncertainty represents a risk that Tasmanian consumers could bear significant costs for an interconnector whose benefits (lower prices, improved reliability, export revenue) might not fully materialise or might largely accrue to others.

- 6.26 Who pays for major new infrastructure was identified as a critical unresolved issue. Mr Gilding gave evidence that initially the Marinus Link proponent had proposed to build the interconnector and decide cost allocation between Tasmania and Victoria “after the link was built,” a proposition Mr Gilding intimated as unsatisfactory and high-risk.³⁰⁶
- 6.27 Mr Gilding informed the Committee that the AER, as at December 2024, ultimately declined to predetermine cost split, effectively “decid[ing] it can’t make that decision”, which forces the project proponents and the governments to negotiate an outcome before a final investment decision.³⁰⁷
- 6.28 Minister *Duigan* confirmed that discussions are ongoing to ensure an equitable distribution of Marinus Link costs.³⁰⁸ Mr Jack Redpath, Principal at Carbon Zero Initiative, informed the Committee of a then recent ruling by the Australian Energy Market Commission allowing ministers from two or more jurisdictions to reach an agreement on interconnector cost-sharing.³⁰⁹ Mr Redpath viewed this as a positive development, and that it “does go some way... to resolve that justifiable concern” that Tasmania might pay more than its fair share.³¹⁰
- 6.29 The Committee received evidence of divergent interests regarding major projects and NEM participation. Mr Gilding highlighted that within Tasmania, different stakeholders stand to gain or lose in different ways.³¹¹ For example, if Marinus Link is built and its costs are added to regulated electricity charges, generators in Tasmania benefit by gaining access to a larger market (and higher mainland prices) while Tasmanian consumers bear the infrastructure costs.³¹²
- 6.30 By contrast, Mr Gilding also gave evidence that if new large industrial loads, such as hydrogen or manufacturing plants, are built in Tasmania instead of exporting power, those industries would typically pay for the necessary network upgrades themselves (through connection charges), reducing the burden on the general customer base.³¹³

³⁰⁵ Mr. Jack Gilding, Transcript of Evidence, 12 February 2025, p. 31.

³⁰⁶ Mr. Jack Gilding, Transcript of Evidence, 12 February 2025, p. 30.

³⁰⁷ Mr. Jack Gilding, Transcript of Evidence, 12 February 2025, p. 30.

³⁰⁸ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 17.

³⁰⁹ Mr. Jack Redpath, Principal, Carbon Zero Initiative, Transcript of Evidence, 12 February 2025, pp. 4-5.

³¹⁰ Mr. Jack Redpath, Principal, Carbon Zero Initiative, Transcript of Evidence, 12 February 2025, p. 5.

³¹¹ Mr. Jack Gilding, Transcript of Evidence, 12 February 2025, pp. 31-32.

³¹² Mr. Jack Gilding, Transcript of Evidence, 12 February 2025, pp. 31-32.

³¹³ Mr. Jack Gilding, Transcript of Evidence, 12 February 2025, pp. 31-32.

- 6.31 Several witnesses raised market structure and governance issues as contributing to costs and risks. Mr Chris Clark, Tasmania State Secretary of the Communications, Electrical and Plumbing Union (CEPU), questioned whether Tasmania’s continued integration in the NEM is serving the best interests of local consumers:³¹⁴

CHAIR - Can you tell us what evidence you have to support the claim that decoupling from the NEM and the grid, and thus AER regulatory framework, how that would result in lower prices for Tasmanian consumers?

Mr CLARK - ... the market mechanism within the NEM, sets the price of the power. So, because Tasmania wants to be a participant, we are bound by the price set by the NEM. Whereas, if we were decoupled from the NEM we could have a democratic discussion around, what do we want to do with our energy essential public services.

The cost to generate is around, and this is to generate and maintain the network, is around the six to eight cents per kilowatt/hour. However, we get sluggish with a way higher price because, as a market participant, the NEM sets the price at which power must be sold. There's no control over what the price will be that we offer to Tasmanian consumers. And, if we were to decouple from the NEM and bring it back into the hands of the government, the government could then be the determining factor of how much we sell the electricity that we generate for.³¹⁵

- 6.32 Ms Bess Clark of TasRex stated decoupling from the NEM presents its own risks. Tasmania benefits from the NEM as a safety net with the ability to import electricity during hydro droughts or unforeseen outages, providing energy security and reliability.³¹⁶ Any move to leave the NEM would also require the creation of whole new energy regulatory framework which “would be very expensive”.³¹⁷
- 6.33 However, Mr Gilding opined that if “Basslink hadn't been built, we would've put more effort into generation and storage in Tasmania. I think that probably would be a better solution”.³¹⁸
- 6.34 Beyond price considerations, the Committee received evidence about the distribution of benefits and burdens from the renewable energy transition within Tasmania.

³¹⁴ Mr Chris Clark, State Secretary of the Communications, Electrical and Plumbing Union (CEPU), Transcript of Evidence, 11 February 2025, pp. 51-52.

³¹⁵ Mr. Chris Clark, State Secretary of the Communications, Electrical and Plumbing Union (CEPU), Transcript of Evidence, 11 February 2025, p. 52.

³¹⁶ Ms. Bess Clark, Chief Executive Officer, TasRex, Transcript of Evidence, 12 November 2024, p. 9, and Mr. Seán McGoldrick, Chief Executive Officer, TasNetworks, Transcript of Evidence, 28 October 2024, pp. 26-27.

³¹⁷ Mr. Jack Gilding, Transcript of Evidence, 12 February 2025, p. 39.

³¹⁸ Mr. Jack Gilding, Transcript of Evidence, 12 February 2025, p. 39.

- 6.35 TasFarmers expressed concern about the impact of new transmission infrastructure on rural landholders. Mr Neil Grose, Advocacy and Projects Leader of TasFarmers, outlined how proposed high-voltage lines to connect new wind farms in the north-west are slated to cross productive farmland, in some cases cutting through family properties without the owners' full agreement:

Mr GROSE - TasFarmers as an organisation, and farmers in general, completely understand the importance of energy in this state and of the state's renewable energy status, particularly our green credentials around energy generation. We do have, however, a number of concerns around how the expansion of the energy development especially regarding wind farms on the north-west coast and, critically, transmission lines across farmland. We are deeply concerned about the way those transmission lines are being developed and designed, but, more importantly, about how farmers and TasNetworks in particular have engaged each other in arriving at a fair, decent, and just means of compensation and the arrangements around those.

We have a number of indirect concerns around other energy matters like offsetting and so on, which is probably more of a minor matter. Our key concern and what we think our key input to this committee is, is how those transmission lines are designed and how they will cross farmland and particularly the engagement with farmers on behalf of and with TasNetworks.

We've had some instances in recent months where farmers have felt like they've been threatened with compulsory acquisition of their farmland. We have to remember that, while farmers in general are entirely supportive of expanding what we do with energy and what it means to Tasmania as a whole, farmers don't choose for powerlines to come across their farmlands. Their farmlands are often their family homes. They are their businesses, they're their life, so they're very passionate about their farmland. They're also very passionate about how they farm, the manner in which they choose to farm, and how they might farm into the future.³¹⁹

- 6.36 TasFarmers called for much better engagement from TasNetworks and project proponents, including transparent route selection and minimising impacts (for example, allowing adjustments like taller tower spans so irrigation machinery can operate underneath):

Mr EDMUNDS - It sounds like there's a fair bit of inconsistency in the way that the engagement's going between certain farmers and TasNetworks. Is that fair? Some sound like the negotiation's going okay and others - it's not very good at all.

Mr GROSE - Yes, that's fair. It's probably not general. There are patches like those farmers I was talking about earlier at Deloraine. They've got a great result; they're

³¹⁹ Mr. Neil Grose, Advocacy and Projects Leader, TasFarmers, Transcript of Evidence, 1 October 2024, pp. 1-2.

happy. There are others at other ends, down towards Sheffield and so on, who are quite disgruntled about the whole process.

Mr EDMUNDS - In terms of thinking about how it can be done better, is it the specific types of farming or personalities involved that's meant the better results have occurred? Is there... a model out of those negotiations that could be taken further? I'm just interested if you think that it's something that might need to be led, potentially, by a third party. I don't know if it's the coordinator-general or some other kind of position that can - because we've had this in other areas where government businesses, too, weren't talking to each other and we got a terrible result. Just wondering how, if these problems are emerging now, when we have to report to the community, whether there are ideas about how it could be done better?

Mr GROSE - The best way it could be done is, to be completely blunt, for TasNetworks to come to the table and negotiate in good faith. Farmers have a history of being price-takers. The price you get for your potatoes is what the processors give you. In this instance, they're not prepared to be price-takers because they understand the importance of what's going on. What we need is an open and transparent negotiation where TasNetworks and TasFarmers on behalf of the farms come together, reach that agreed point where we can both go as TasNetworks and TasFarmers to farmers and say 'this is the best possible deal we can get. This is what it means for your farm. This is what it means in terms of money'. This is the best possible outcome for something which may or may not happen.³²⁰

6.37 Likewise, evidence from representatives from the Aboriginal community in Tasmania's north-west highlighted the importance of engagement on, and sharing benefits from, renewable energy developments.

6.38 Ms Rochelle Godwin, Communications and Engagement Manager at the Circular Head Aboriginal Corporation (CHAC), acknowledged the rise of renewable energy transition but emphasised projects must respect cultural heritage and deliver tangible benefits locally.³²¹

6.39 Ms Godwin noted that in remote regions like Circular Head, job opportunities are few and far between, and many Indigenous youths leave the area for lack of work or education, something the community desperately wants to change:

Ms GODWIN - Ultimately for CHAC, as you know, we're rural, regional-based, and opportunities are far and few between, particularly for higher education and things like that. We often find particularly our youth are leaving the area for further opportunity and specifically for higher education, and that means leaving their country. That's not what we want. We want them here to stay on country, to raise their families on country. That means creating vaster opportunities for them here while still obviously paying respect to our heritage and country as well,

³²⁰ Mr. Neil Grose, Advocacy and Projects Leader, TasFarmers, Transcript of Evidence, 1 October 2024, p. 8.

³²¹ Ms. Rochelle Godwin, Communications and Engagement Manager, Circular Head Aboriginal Corporation, Transcript of Evidence, 12 February 2025, pp. 50-51.

and caring for it. Inevitably, that is looking like it is renewable energy and we're certainly not against renewable energy. As I mentioned earlier, we do approve of other wind farms and things. It's just very subjective-based on those wind farms or whatever other renewable energy thing is being discussed.

Essentially, perhaps it could be part of the guidelines that there is an incentive for the proponent to include in their proposals for further education fostering for an Aboriginal community member or members, to gain the skillsets in certain areas, or what have you, so that they can continue to work on these projects throughout their lifespan to create local jobs. You often see when big project scale developments that come through that you get people that fly-in or fly-out or those kinds of things. We want to make sure if we're going to be having all those developments in our space that our local people are going to benefit from it socially and economically in some regard.

CHAIR - Do you think there should be some other type of employment opportunity and training opportunities that can fit into that? If a new resource with a wind or solar whatever was built on country that was particularly significant - but all lands are significant, I guess - do you think there should be some sort of financial benefit to the community from that, or is it more the social benefit that we're talking about?

Ms GODWIN - I think both, Ruth. I would like to see a proponent come to an option within this region that works with us, not just a consultation, but we work alongside as partners. In that way we can work not only to gain economic benefits, but we can continue to ensure that country is cared for, that we're giving back to country.

You know, a lot of this, we're taking from our country and we want to make sure that that's cared for. If we're part of that process in partnership with renewable energy proponents... that is an opportunity. I know even ACEN has partnerships with other Aboriginal communities nationally. I'm not saying that that should be the case here, but it could be the case for further developments in the future. We want to benefit too, for our community, basically.³²²

- 6.40 Large wind farm proposals on traditional Aboriginal land present both a risk and an opportunity, if done poorly, they could alienate the community. In Ms Godwin's view, communities should not be treated as just consultees but as partners working alongside proponents to ensure country is cared for and social licence is obtained:

Mr BAYLEY - You talked about consultation and the proponent having some consultation. It's a requirement of the government's guidelines when you compile an Aboriginal Heritage Assessment that there's consultation. Are you saying that there wasn't consultation when the Aboriginal Heritage Assessment for the Robbins Island wind farm was done, with you either?

³²² Ms. Rochelle Godwin, Communications and Engagement Manager, Circular Head Aboriginal Corporation, Transcript of Evidence, 12 February 2025, pp. 50-51.

Ms GODWIN - No, that's not what I'm saying. There were those initial conversations, but I think the definition of consultation probably needs to be looked at because simply having a conversation doesn't really get passed - 'We ticked the box, we consulted because we took CHAC on country' or something like that. That's not going into how the conversation may have gone, how that might affect the project or anything along those lines. It lacks depth or meaning. It has no repercussions of follow-up or anything like that. We consulted, but you know that consultation didn't go the way, that kind of thing. I'm not really sure how that could look. It's not my area of expertise. Yes, we did have a conversation, but I wouldn't go as far as to define that as consultation.

Mr BAYLEY - Right. Because you didn't feel like you had agency to make a difference, for your voice to be heard and for changes to be made accordingly.

Ms GODWIN - Yes. Well put.

Mr SHELTON - As you know, or as you may not know, we visited the site and had conversations. In one conversation I had - I don't know whether everybody else had it - but that person indicated that they had tried to make contact with the Aboriginal community on several occasions and hadn't had much of a response. So, there seems to be a conflict there between what they said and what you indicated.

Ms GODWIN - I'd like to know what that contact is because I've worked as the engagement officer for two to three years and that hasn't come through me.

Mr SHELTON - So you would welcome the contact?

Ms GODWIN - Contact, yes. We are always open to discussions and how that discussion goes is another thing entirely. We can't progress if we don't have the chance to have those conversations. We just want to have an opportunity to make our voice heard. We feel like it's too far gone now in those instances, but to have the opportunity to be listened to effectively.

CHAIR - In your view then, while we're on this particular site, do you think there's a way that the project could be altered and still built that would meet the expectations of the Aboriginal community in Circular Head or not?

Ms GODWIN - Honestly, Ruth, that's a tricky one and I can't really speak to that. As a whole that's a very complex matter, I think, and would probably need more consultation with our community and organisation more broadly.

CHAIR - In order for anything like that to be possible, to have the tick off of the local Aboriginal community - I'm not saying it's possible, I'm just saying how it might be achieved - it's not just obviously calling you as the engagement officer, it's actually engaging with the community at large...

Ms GODWIN - Yes, certainly you can engage via us as well. We are parts of the community, we have those contacts. So, hey, let's work together. Let's create a community meeting where people can come and bring their questions and have those answered, come up with strategies together, if those strategies are even possible. If it's not, then there needs to be an opportunity for them to accept that and consider alternatives where possible.

...

Mr GARLAND - When we interviewed the ACEN representative, social licence came up. If I remember rightly, he asked how do you measure social licence? As far as CHAC is concerned, does ACEN have social licence for that project to go ahead on Robbins Island?

Ms GODWIN - No, Craig, they don't, as far as we're concerned.³²³

6.41 Finally, the Committee heard differing views on the role of private investment versus public ownership in maximising benefits for Tasmanians. The state's renewable energy push has attracted significant interest from private companies (wind farm consortia, hydrogen and e-fuel startups, etc.), and much of the capital required is expected to come from the private sector.

6.42 Mr Jack Redpath from Carbon Zero Initiative gave evidence on the scale and source of this investment:

Mr REDPATH - ...I also want to talk briefly to the opportunities. We modelled the employment that would be generated by doing all this by potentially building all this new infrastructure, we didn't model the employment that would come from the decarbonisation of those heavy industrial plants or the new jobs that might be created in new industries. We just looked at infrastructure.

Obviously, it's a very large investment about \$17 billion in total. Importantly, about 66 per cent of that would be from private enterprise, which is really important to remember, that the money that governments are putting in is unlocking a lot of investment from the private sector and that would generate quite a conservative estimate here about 9700 full-time jobs. We've basically said 9700 full-time equivalent job years.³²⁴

6.43 Union representatives welcomed the jobs that these projects will create but warned of potential downsides if projects proceed without sufficient local input or oversight. Mr Chris Clark of CEPU argued that having the Government retain a stake, or at least strong regulatory control, in major projects to help ensure "good jobs, good apprenticeships, good safety, good wages and conditions" for Tasmanian workers.³²⁵

6.44 In Mr Clark's experience, purely private developments, especially in the wind industry on the mainland, often seek to minimise costs by employing smaller workforces and sometimes sourcing prefabricated components from offshore, which can mean fewer opportunities for local contractors and trainees:

CHAIR - You don't think there's a place for private investment then in variable renewables?

³²³ Ms. Rochelle Godwin, Communications and Engagement Manager, Circular Head Aboriginal Corporation, Transcript of Evidence, 12 February 2025, pp. 48-50.

³²⁴ Mr. Jack Redpath, Principal, Carbon Zero Initiative, Transcript of Evidence, 12 February 2025, p. 5.

³²⁵ Mr. Chris Clark, State Secretary of the Communications, Electrical and Plumbing Union (CEPU) Tasmania, Transcript of Evidence, 11 February 2025, pp. 53-54.

Mr CLARK - I'm not saying there's not a place for private investment, however, I would suggest that having a controlling stake where the government is the decision maker will then encourage the best outcome for communities. Because, as we've seen time and time again, if we put the best interests of shareholders, like profits and return on investment, into the market, they will be the prevailing perverse incentives that drive projects like renewable energy. Whereas if the government owns it and we have good outcomes as far as jobs are concerned, it gives you public licence and social licence to say, 'Look at these outcomes, they're great outcomes.'³²⁶

Resource opportunities

- 6.45 Tasmania's participation in the NEM and the national renewable transition may offer considerable opportunities for the state, provided its natural advantages are harnessed effectively.

Evidence received

- 6.46 Tasmania's energy resources and infrastructure were frequently described in positive terms. The Minister for Energy and Renewables, the Hon. Nick Duigan MLC, observed that 100 years of hydro development in Tasmania has "made us a leader in renewable energy".³²⁷ The legacy of flexible hydropower fleet and significant existing transmission, combined with "world-class wind and water resources," gives Tasmania a unique platform to "benefit well into the future" as the world moves to low-carbon energy.³²⁸
- 6.47 These sentiments were echoed by other witnesses such as Professor Richard Eccleston of the Tasmanian Policy Exchange at the University of Tasmania who submitted that the state's electricity system is almost entirely renewable already, which positions Tasmania at the forefront of the clean energy shift.³²⁹ Professor Eccleston said the challenge is ensuring Tasmania can "prepare, plan and capitalise" on its advantages during what will be a disruptive but inevitable transition.³³⁰
- 6.48 One resource opportunity area arising from the evidence is to expand renewable generation beyond Tasmania's own needs for export and economic development. The Tasmanian Government has set a target to double

³²⁶ Mr. Chris Clark, State Secretary of the Communications, Electrical and Plumbing Union (CEPU) Tasmania, Transcript of Evidence, 11 February 2025, p. 53.

³²⁷ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 1.

³²⁸ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 1.

³²⁹ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, pp. 1-2.

³³⁰ Professor Richard Eccleston, Director, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 October 2024, p. 2.

- renewable generation to 200 per cent of current Tasmanian consumption by 2040, with the excess available for export or new industries.³³¹
- 6.49 Then Acting Chief Executive Officer of ReCFIT, Mr Mark Bowles, explained the 200 per cent Tasmanian Renewable Energy Target is not only about exports via interconnectors, but also to grow the customer base on the island using the additional renewable power.³³² The Minister said that the renewable target will present benefits from “new or growing industries” that can bring jobs and decarbonise other sectors, and the Government’s task is to ensure policies “position Tasmania to adapt to the transition challenge and to prosper from it.”³³³
- 6.50 The Government’s Hydrogen Action Plan and Bioenergy Vision were cited as initiatives to leverage this opportunity, by facilitating projects that use Tasmania’s renewable electricity to produce clean fuels and value-added products.³³⁴ Minister Duigan told the Committee that by pursuing these strategies, Tasmania “will create jobs and build new future industries”, while also contributing to global emissions reduction.³³⁵
- 6.51 The Committee heard evidence from several companies at the forefront of developing new energy projects in Tasmania.
- 6.52 At the 11 February 2025 public hearing, Mr Simon Talbot, then Chief Executive Officer of ABEL Energy, gave evidence about a large-scale green methanol plant proposed at Bell Bay.³³⁶
- 6.53 Mr Talbot described Tasmania’s renewable energy base as “one of the envies of the world”, and a key reason why ABEL Energy chose to invest in the state.³³⁷ The proposed Bell Bay project will use renewable electricity and sustainable biomass to produce 360,000 litres per year of green methanol, a carbon-neutral fuel that can replace diesel.³³⁸ He highlighted the opportunity for Tasmania to become a global leader in the emerging green shipping fuel industry, noting

³³¹ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 2.

³³² Mr. Mark Bowles, Acting Chief Executive Officer, Renewables, Climate and Future Industries Tasmania, Department of State Growth, Transcript of Evidence, 13 November 2024, p. 4.

³³³ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 2.

³³⁴ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 2.

³³⁵ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 2.

³³⁶ Mr. Simon Talbot, Chief Executive Officer, ABEL Energy, Transcript of Evidence, 11 February 2025, pp. 1-16.

³³⁷ Mr. Simon Talbot, Chief Executive Officer, ABEL Energy, Transcript of Evidence, 11 February 2025, p. 1.

³³⁸ Mr. Simon Talbot, Chief Executive Officer, ABEL Energy, Transcript of Evidence, 11 February 2025, p. 1.

that Tasmania is a maritime state with a strategic deep-water port and an opportunity to be leader in green fuels.³³⁹

- 6.54 Mr Talbot explained that Tasmania is in a good position to use its renewable resources for industrial development to attract investment and help decarbonise hard-to-abate sectors, and that the Bell Bay methanol project alone is expected to create a substantial number of construction jobs and ongoing operational roles in the region should it proceed:³⁴⁰

Ms FINLAY - One of the other elements you talked about was the benefit to Tasmania around the real trades and engineering jobs as a result of the project. I'm wondering about the development pathway and your confidence in having the right number of people locally trained or locally progressing in their careers to be able to participate and get the benefit from that. Are you involved in that process at all?

Mr TALBOT - Yes. I'm on the board of Bell Bay Advanced Manufacturing Zone, as a disclosure, and one of the primacies of BBAMZ is to look at future workforce for the precinct, not just the green-methanol production.

Second of all, we've been quite transparent around our workforce mapping. We don't want to compete with our allies - we don't want to compete with the smelters, we don't want to steal jobs, et cetera, ... there's no benefit in that.

And third, we're trying to build capability. So, in discussion with the TAFEs, we're supporting the renewable energy Certificate II or III - I forget the exact name of it - and then we'll build a green-methanol workstream within that. And then, we're hoping to build what's basically an electrical-plumbing trade, which is perfect for a chemical manufacturing facility - bit of electrics, bit of gasfitting, plumbing know-how.

These are highly skilled jobs. Chemical engineering stopped in Uni of Tas a few years ago, and we hear rumours that it's coming back and we're trying to support that.

Chemical engineering is the pinnacle of advanced manufacturing. When you get chemical engineering capability, you get the flow-on effects of real manufacturing, the civils and mechanicals and the structurals. No disrespect to our engineering fraternity, but at the peak of it is the chemical engineers. If Tasmania doesn't have that, then it's very difficult for us to enter into first-world advanced manufacturing. That's what we need to keep reiterating.

So, we will build a capability. And again, if you look at a team Tassie perspective around that right to win, and I keep coming back to right to win and the right place, the right time. You've got the Australian Maritime College just up the road and we're producing a maritime fuel hull design, working with the world's biggest shipping companies. There's an amazing intersect there. Then down the road in the Launceston UTAS campus you've got the National Institute of Forest

³³⁹ Mr. Simon Talbot, Chief Executive Officer, ABEL Energy, Transcript of Evidence, 11 February 2025, p. 1.

³⁴⁰ Mr. Simon Talbot, Chief Executive Officer, ABEL Energy, Transcript of Evidence, 11 February 2025, p. 2.

Products. There is an amazing amount of biomass underutilised. It's valuable; it should be utilised more.

As we say, the export market for woodchips is pretty brutal at the moment on the four big forestry companies in northern Tassie, and they need another area where they both get income from, but where we can value add, and align to brand Tasmania.

Jobs will come first and foremost in the chemical engineering space and then advanced operator trades. The third wave of jobs will come from our electrolyzers coming from Germany. So, thyssenkrupp will send. We need to have local maintenance and repair capabilities. So, that will be embedded. The gasifier comes from Sun Gas in the U.S., so they'll bring a team over and they'll actually tender out a maintenance team and let's say with methanol synthesis. So, you see a whole new potential industry forming in Tasmania.

Near Burnie, Surrey Hills, HIF [Highly Innovative Fuels] has a very similar operation for the very similar reasons, and it's the third operation in Tasmania, second one for us in Tasmania down south. So, what you can see here is if the first one goes ahead, you can then activate project 2 and 3. And, frankly, if you've got three green methanol projects in Tasmania, that's \$12 billion-plus of investments, both engineering and renewable energy, and that's intergenerational economic stability for 30 years, et cetera. That's our next industry.

We've got to get the workforce right and we have to make sure that they can come on early, and that's one of the biggest risks of the project, making sure of that workforce modelling.³⁴¹

- 6.55 As referred to by Mr Talbot, another company, HIF (Highly Innovative Fuels), has plans for a similar e-fuels plant in north-west Tasmania, aiming to produce synthetic fuels from green hydrogen and captured CO₂.³⁴² While HIF did not give evidence to the Committee, their proposal was frequently mentioned in context with ABEL Energy's proposal.
- 6.56 Dr Jennifer Sanger, Lead Researcher at The Tree Projects, as well as representing the Tasmanian Climate Collective, gave evidence at the 12 February 2025 public hearing urging caution regarding the resource inputs for these projects:

Dr SANGER - ... So, we have the two proposals, the HIF and the ABEL Energy one. ABEL had produced publicly available documentation that showed the statistics of how much biomass they would need and all of this other information. So, the information that I got was directly from them on their biomass needs. I extrapolated that out to see how much biomass would be needed to cover the expected output of both of these facilities. I calculated that there was about 675,000 tonnes that were needed to fuel both plants at the amount that they were suggesting that they needed.

³⁴¹ Mr. Simon Talbot, Chief Executive Officer, ABEL Energy, Transcript of Evidence, 11 February 2025, pp. 5-6.

³⁴² Mr. Simon Talbot, Chief Executive Officer, ABEL Energy, Transcript of Evidence, 11 February 2025, p. 6.

The problem is, though, when you look at the biomass that's available - so, when we're talking about plantation biomass, what they're actually talking about is all the leftover stuff that they leave after harvesting: that's the smaller branches, the stumps, some of the outer bark, and things like that... there's only about 40 per cent of biomass that's actually available in the north from plantations. It can only meet 40 per cent of the needs of these two facilities. So, if both of them are up and operational, there's a huge gap, there's a 60 per cent gap in biomass that needs to be fulfilled to be able to keep these plants operational. The big question is, where is this biomass is going to come from?

In my mind, what I'm concerned about, is the pressure that this is going to actually put on native forests because they need this biomass that has a source of carbon to create the e-fuels. But the thing is, that's unlikely to come from the woodchips that are provided for by plantations because that's a really high-quality woodchip and it gets a good export price. So, what they probably will use to fill that gap is the low-quality woodchips that are coming from the logging of native forests; these are usually the bigger, older trees and when they're chipped, they're just not as good a quality as the stuff that's coming from plantations. That's what we're really concerned about, as the organisation of The Tree Projects, that these two facilities will put more pressure on native-forest logging in our forests around the state because it would be a cheap source of biomass for them.³⁴³

- 6.57 The Committee heard that ABEL Energy has committed to using plantation forestry residues and not native forest wood, and the Committee was told that HIF has partnered with a plantation company (Forico) for feedstock.³⁴⁴ Dr Sanger stated that removing too much residue from plantation sites could have ecological impacts:

Mr BAYLEY - ...if it was purely plantation-based and it was harvesting the branches and the leaves and the fronds and the bark and that sort of stuff, from a forest ecology and a carbon perspective, what's your view around that and utilising that as an input into this process?

Dr SANGER - If it all comes from plantation, it's not really that much of a problem. There is a bit of concern that taking too much of this biomass from the site will mean you'll have to use a lot more fertilisers and stuff like that. There's a whole bunch of nutrients that are in that wood that when it decomposes, it goes back into the ground. There would be an instance where you'd have to use more fertilisers, which is not necessarily great. But if it was plantation-based, it would be - I want to choose my words carefully here - it would be a better solution, a far better solution than using native forests for sure.³⁴⁵

³⁴³ Dr. Jennifer Sanger, Lead Researcher, The Tree Projects, Transcript of Evidence, 12 February 2025, pp. 54-55.

³⁴⁴ Dr. Jennifer Sanger, Lead Researcher, The Tree Projects, Transcript of Evidence, 12 February 2025, pp. 55-56.

³⁴⁵ Dr. Jennifer Sanger, Lead Researcher, The Tree Projects, Transcript of Evidence, 12 February 2025, p. 55.

- 6.58 Dr Sanger stated that “the solution for Australia lies in electrification” but “[t]here’s no perfect solution here... I think we just need to be cautious.”³⁴⁶

*Dr SANGER - ...I think the solution of what we need to look at both in Tasmania and more broadly as well, is electrifying where we can. I don't have an easy answer about whether we should be 'strictly no hydrogen at all' or 'strictly no e-fuels at all', because there will be some high intensity industries that can't directly use electricity for their needs.*³⁴⁷

- 6.59 Tasmania’s pumped hydro potential and role as the “Battery of the Nation” was also raised as a resource opportunity. Tasmania has significant existing hydro storage capacity, and the Committee received evidence that plans are advanced (through Project Marinus and Battery of the Nation initiatives) to expand pumped hydro storage at Lake Cethana.³⁴⁸

- 6.60 At the 13 November 2024 public hearing, Minister *Duigan* stated that Tasmania will “capitalise on our existing hydro system to provide firming both in Tasmania and across the NEM”, which can generate new revenue for the state by selling energy storage and backup services to the mainland.³⁴⁹

- 6.61 For example, during periods of surplus wind and solar in Australia, the Lake Cethana pumped hydro project could absorb excess power by pumping water uphill (using new or upgraded pumped hydro facilities) and then generate electricity later during peak demand periods.³⁵⁰ This firming capability is a key selling point of Marinus Link – it would effectively enable Tasmania to act as a giant battery for the NEM, improving reliability as coal plants retire.³⁵¹

- 6.62 In April 2025, the Committee enquired of Hydro Tasmania as to the status of the Lake Cethana project and whether it relied on the implementation of Marinus Stage 2 to be viable:

Ms FINLAY - ... We're talking about battery and storage and the whole mix. In the last week I noticed that the Cethana project was removed from the planning process and then there was some commentary online about it being removed to be resubmitted. Can you just talk to the Committee about the status of the Cethana project?

Ms van MAANEN - We've focused a little bit on Tarraleah. Tarraleah is at the point where we've recently completed that business case to then support moving into that market tendering process over time. In terms of where we're at with

³⁴⁶ Dr. Jennifer Sanger, Lead Researcher, The Tree Projects, Transcript of Evidence, 12 February 2025, pp. 58-59.

³⁴⁷ Dr. Jennifer Sanger, Lead Researcher, The Tree Projects, Transcript of Evidence, 12 February 2025, pp. 58-59.

³⁴⁸ Submission No.9 (50th Parliament Joint Select Committee on Energy Matters), Hydro Tasmania, pp. 11-13.

³⁴⁹ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 13 November 2024, p. 2.

³⁵⁰ Submission No.9 (50th Parliament Joint Select Committee on Energy Matters), Hydro Tasmania, p. 13.

³⁵¹ Submission No.9 (50th Parliament Joint Select Committee on Energy Matters), Hydro Tasmania, p. 13.

Cethana, it is at an earlier stage. We had previously completed the kind of feasibility and preliminary estimates around the project that confirmed that we see it's a good project with good fundamentals. What we're working through now is getting to the point of that same business case point as we're at with Tarraleah. We're aiming to get to that by the end of the calendar year. What we're focusing on with Cethana is maturity of the design, the cost estimates, the schedules, all that kind of physical stuff about the project, thinking about things such as where the work accommodation will be - we've been progressing a process to secure an option around land for that - as well as the fundamentals of the business case, looking at the funding and the revenue attributes. It is behind where Tarraleah's at in terms of maturity, but we are working towards being in a position to complete that business case by the end of this calendar year.

In terms of the process that you mentioned, with respect to the EPBC referral process, I'll just make sure I get the timing right, we previously referred the project to the Commonwealth Department of Climate Change, Energy, the Environment and Water in July 2023. The project was determined to be a controlled action, requiring to go through that approval process. The reason for the change there has been that with that further work that we've done to understand the design and the attributes of the project, there's been some changes in basically the physical attributes of the project and its footprint. We consulted with the Department and made the decision to withdraw that application to resubmit a fresh one that has more representative details about the project. From our perspective, that's not restarting the process from scratch; it's really updating that referral to reflect the intentions for the project. We still anticipate that we can receive that approval prior to our planned - to meet the current timing that we're planning for the project. We don't see that as a significant impact to schedule.

CHAIR - Is it still reliant on Marinus Link 2, a second cable?

Ms van MAANEN - Not necessarily. Certainly, we had looked at planning the timing for Cethana to align to Marinus Link Stage 2. At the moment, the shareholders of Marinus are focused on getting Stage 1 to a final investment decision. We look forward to certainty around that. What we're doing with the modelling for Cethana is looking at what its commercial viability is, both in a scenario where there's only Stage 1 of Marinus and also where Stage 2 proceeds. Early analysis around that has been quite promising.³⁵²

- 6.63 Beyond large infrastructure, the Committee received evidence of innovative new business opportunities leveraging Tasmania's renewable resources. One example is DAME (Dispatchable Aggregated Modular Energy), a company operating a novel "virtual power plant" research and development facility in George Town.³⁵³

³⁵² Ms. Erin van Maanen, Executive General Manager Strategy, Hydro Tasmania, Transcript of Evidence, 29 April 2025, p. 11.

³⁵³ Mr. Cam Nelson, Founder and Chief Executive Officer, DAME, Transcript of Evidence, 11 February 2025, p. 29.

6.64 Mr Cam Nelson, Chief Executive Officer of DAME stated DAME's facility uses high-performance computing equipment as a flexible load on the grid – in essence, it consumes surplus renewable power when it is abundant (or cheap) and can modulate or shut off when power is scarce, providing a balancing or stabilisation service.³⁵⁴ The computations performed (for international clients) effectively export the energy in another form (digital services) using internet connectivity rather than transmission lines.

6.65 Mr Nelson said Tasmania was chosen as the ideal location for this enterprise:

CHAIR - *Why did you choose George Town? It's interesting, what was the benefit of that place?*

Mr NELSON - *When we started with DAME, we liked the concept of Tasmania and selected Tasmania as the ideal place to come because it had Hydro Tasmania, so it had hydro as a base load, but it was trying to become 'Battery of a Nation' with renewables and variable renewals, which was a particular thing that I was trying to challenge.*

*We figured that in George Town there was a couple of projects that hadn't got off the ground but were really promising. Solar projects up there that looked like they might be able to get up and one of them has since, and that is within a few hundred metres of our site. We picked it as a nice spot to be able to prove that what we were doing works inside the grid really well, inside of Tasmania really well. And it has the right blend of resources and skill around engineering for us to be able to deploy there.*³⁵⁵

6.66 Mr Nelson highlighted the local economic benefits of this model:

Mr NELSON - *... If we're developing a site, we'll be looking at somewhere like 60 per cent of the cost going into the building costs, and they are literally building jobs that are going into the site.*

Once we get it operational within, we still actually have operating expenses and operating costs, so we have maintenance staff. But then you will have all of the servicing that goes with electrical transmission, electrical distribution equipment on site, plus security - although it's sort of basic things, keeping the site weed free, it is wherever we set up a site, we end up having an ecosystem impact around there, an economy impact. It extends quite far. From George Town, we have a lot of people working from Launceston as well, coming up to George Town to work.

...

... we've had people who have finished - they've been let go from Liberty and Rio Bell Bay, and then they come and worked for us the very next day. So, our skill set

³⁵⁴ Mr. Cam Nelson, Founder and Chief Executive Officer, DAME, Transcript of Evidence, 11 February 2025, p. 18 and 29.

³⁵⁵ Mr. Cam Nelson, Founder and Chief Executive Officer, DAME, Transcript of Evidence, 11 February 2025, p. 22.

of what we require for our businesses are old-school skills that we can bring straight into our site and get benefit and uplift in there.

*The jobs, most of the spend of building these facilities is local works. We have an engineering group based out of George Town that has done all our manufacturing of our stainless steel pipework and moving the fluid around. We have local electrical engineers and electricians.*³⁵⁶

- 6.67 Mr Nelson noted that if Tasmania chose not to pursue further interconnection, companies like DAME could scale up significantly on-island to utilise more of the renewable energy for computing services, an industry with virtually unlimited global demand.³⁵⁷ On the other hand, even with Marinus Link proceeding (enabling more export of electricity), DAME's model can still operate and potentially replicate near new generation hubs.³⁵⁸
- 6.68 Finally, witnesses emphasised that realising these resource opportunities will require continued policy support and community engagement.
- 6.69 The Tasmanian Hospitality Association (THA), for instance, saw opportunities in helping small businesses and commercial property owners adopt energy efficiency and on-site renewables to cut costs for the hospitality sector and participate in the transition.³⁵⁹ The THA supports programs for energy audits³⁶⁰ and solar incentives, suggesting that with the right support, even sectors under pressure can benefit from new technology.³⁶¹
- 6.70 Likewise, Mr Neil Grose from TasFarmers, while critical of some past processes, acknowledged that farmers are interested in facilitating renewable energy projects, so long as they are approached with genuine partnership and the projects are done in a way that enhances rather than undermines rural livelihoods:

Mr EDMUNDS - ...Is it that the strategic benefit payment is preferred to selling land or the forcible acquisition, or - I'm assuming they're exclusive of each other?

Mr GROSE - No, they work together. There is that compensation for loss of using the land.

Mr EDMUNDS - Plus the payment.

³⁵⁶ Mr. Cam Nelson, Founder and Chief Executive Officer, DAME, Transcript of Evidence, 11 February 2025, p. 22.

³⁵⁷ Mr. Cam Nelson, Founder and Chief Executive Officer, DAME, Transcript of Evidence, 11 February 2025, p. 19.

³⁵⁸ Mr. Cam Nelson, Founder and Chief Executive Officer, DAME, Transcript of Evidence, 11 February 2025, p. 19.

³⁵⁹ Mr. Steve Old, Chief Executive Officer, and Mr. Peter Sheldon-Collins, Project Manager Industry Development, Tasmanian Hospitality Association, Transcript of Evidence, 12 February 2025, pp. 20-21.

³⁶⁰ Response to Questions on Notice, Tasmanian Hospitality Association, received 3 April 2025, see attachment *Energy Audit Pilot Trial Report for THA* by GHD Pty Ltd, dated 9 May 2024, pp. 4-20, at Appendix C.

³⁶¹ Mr. Steve Old, Chief Executive Officer, and Mr. Peter Sheldon-Collins, Project Manager Industry Development, Tasmanian Hospitality Association, Transcript of Evidence, 12 February 2025, pp. 20-21.

Mr GROSE - Plus the payment for the businesses going across the land.

...

Ms FINLAY - ... The Chair asked about how long you've been in negotiations with TasNetworks. In regards to the strategic benefits payment, that has been months. In terms of the compensation part of the conversation, I know one of my first meetings was around that compensation piece. That conversation's been going on for years.

Mr GROSE - Correct, and not just limited to energy matters. There are some other issues around irrigation and so on, but that's not for today. The catalyst for the discontent within farmers is the manner in which TasNetworks has approached this on the ground. Someone would have turned up to the door and said, 'We want to do this', Farmer A has talked about, 'What does this mean?' and they say, 'Well, whatever you do, the fall-back position is we have the right to compulsorily acquire'.

We would all know farmers in our daily lives, and that's the last thing anyone wants to hear. In many cases these farms are multi-generational farms which have been handed down through the family. There's a really deep and strong family and emotional connection to these properties. It's quite debilitating from an emotional and family point of view when someone comes on and says, 'Doesn't really matter what you think, we might be able to take your land away from you.'

CHAIR - Is it the case that they tend to use that line on the first meeting?

Mr GROSE - It has been in the past. That's essentially why we've got to this situation where, for whatever reason - and I'm not suggesting it's a corporate strategy, but it has been that fall-back, that this is where we could end up if we don't agree.

CHAIR - Which is a shame to start at that point.

Mr GROSE - It's not the best way to start, no. It puts people offside. Like I said right in the beginning, Tasmanian farmers truly understand and would be proud of Tasmania's reputation in developing renewable energy, the hydro scheme. It's part of our recent Tasmanian culture. Tasmanian farmers would be proud to see the energy system expanding, and the network expanding, and the economic and social benefit that brings, but not at the cost of their farm and them feeling like they can just be tipped out and have their farm or parts of their farm taken away from them.³⁶²

Findings

The Committee finds:

³⁶² Mr. Neil Grose, Advocacy and Projects Leader, TasFarmers, Transcript of Evidence, 1 October 2024, pp. 4-5.

Energy Demand

- 70. Meeting future electricity demand in the context of the national renewables transition will require significant new generation, supported by storage and interconnection.
- 71. The decarbonisation of transport, industry, and other sectors in Tasmania will require substantial increases in renewable electricity generation, with major industrial users already planning significant electrification programs.
- 72. To meet demand in 2023–24 during a period of lower on-island generation, Tasmania relied on net imports via Basslink of 1,249 GWh, demonstrating the system's dependence on interconnection during periods of hydrological stress.
- 73. Some major industrial users are planning to increase electricity demand significantly as they electrify operations. Grange Resources, for example, is contemplating increasing its electricity demand from 34 MW to over 200 MW as it removes diesel and gas from its operations and transitions to underground mining.

Costs, Risks and Benefits

- 74. There are divergent strategic views on how Tasmania should manage its role in the National Electricity Market, including whether to deepen integration for mutual benefit or prioritise self-sufficiency to protect consumers from external market volatility.
- 75. Tasmania's participation in the National Electricity Market (NEM) since 2006 has coincided with electricity price growth that has exceeded other NEM regions, notwithstanding the absence of consumption growth; the net benefit of NEM participation is contested.
- 76. Project Marinus presents a risk that capital and operating costs will be disproportionately borne by Tasmanian consumers, while benefits flow primarily to mainland consumers and private generators, unless explicit safeguards are in place.
- 77. Assuming Marinus Link is operated as a regulated interconnector, generators in Tasmania benefit by gaining access to a larger export market while Tasmanian consumers bear a portion of the regulated infrastructure costs (including North West Transmission Development); this represents a potential

transfer of benefit from consumers to generators that requires explicit policy attention.

78. Without deliberate strategies to engage landowners, traditional owners, and local communities and share project benefits, large renewable and transmission projects risk failing to secure the social licence necessary for successful delivery.

Resource Opportunities

79. Tasmania's abundant renewable resources, established hydro assets, and integration with the National Electricity Market provide opportunities for economic development, including export of clean energy and associated products.
80. Emerging industries including green methanol, e-fuels, and green hydrogen production potentially represent significant long-term economic opportunities if Tasmania can provide reliable, affordable renewable energy at scale.
81. Rooftop solar in Tasmania has the potential for further significant growth.
82. Innovative uses of renewable energy, such as virtual power plants and high-performance computing as a dispatchable load, demonstrate the potential to diversify Tasmania's economy.

Recommendations

The Committee recommends the Tasmanian Government:

5. Strengthen requirements for all proponents of large-scale renewable energy and transmission projects regarding early and meaningful community and landholder engagement.

7 MARINUS LINK AND ASSOCIATED ENERGY DEVELOPMENTS

- 7.1 A central, and highly contentious issue for the Committee to consider in its inquiry was the future of Tasmania's energy generation, distribution, and security, and costs, particularly in light of the proposed Project Marinus.

Evidence received

- 7.2 In its submission to the inquiry, Marinus Link Proprietary Limited (MLPL) described Project Marinus as comprising of two projects:

Marinus Link is a proposed two stage 1500 MW electricity interconnector project of national significance, which is critical to Tasmania's energy security and will ensure that downward pressure can be exerted on energy prices. The High Voltage Direct Current (HVDC) interconnector will run 255 kilometres undersea from Heybridge (east of Burnie) to Waratah Bay in Victoria, and a further 90 kilometres inland to Hazelwood, in the Latrobe Valley.

MLPL plans to build the increased transmission capacity in two 750 MW stages, with each stage consisting of a separate HVDC cable and converter station. Marinus Link will be supported by High Voltage Alternating Current (HVAC) transmission network developments in North-West Tasmania, known as the North-West Transmission Developments (NWTN).³⁶³

- 7.3 MLPL provided evidence to the Committee regarding the commercial relationship between Marinus Link and the North West Transmission Developments:

Ms FINLAY - When you use the word 'aligned' with North West Transmission and Marinus, there have been lots of conversations about them being connected projects. What is the specific technical commercial term for the relationship between Marinus and North West Transmission? Is it just that you are two separate entities aligned or is there a commercial connection, a relationship?

Dr BURKE - Well, it's actually both. We are two separate entities that are quite well aligned, particularly on our program and progress. There's obviously a fairly big interconnectedness on the projects, because you need both projects to work. There are also about four different agreements that are in place between Marinus Link and TasNetworks, including a project coordination agreement, a master service agreement, and then two connection agreements. That's connecting Marinus back into TasNetworks and back into Victoria. So there are actually commercial agreements for the connections as well as agreements to cooperate and coordinate throughout the delivery of the project.³⁶⁴

³⁶³ Submission No. 23 (51st Parliament Joint Select Committee on Energy Matters), Marinus Link Pty Ltd, pp. 2-3.

³⁶⁴ Dr. Collette Burke, Interim Chief Executive Officer, Marinus Link Pty Ltd, Transcript of Evidence, 30 April 2025, p. 20.

- 7.4 The shareholders of MLPL are the Commonwealth Government, and the Victorian and Tasmanian State Governments.³⁶⁵
- 7.5 At the time of the Committee's Inquiry in the Fifty-First Parliament, the question as to whether the Tasmanian Government was going to proceed with Project Marinus was live, with the Tasmanian Department of Treasury and Finance developing a Project Marinus Whole of State Business Case³⁶⁶ for the Government's consideration prior to a Final Investment Decision (FID) on 1 August 2025.³⁶⁷
- 7.6 At the 30 April 2025 public hearing, the Minister for Energy and Renewables, the Hon. Nick Duigan MLC, provided the Committee with the steps leading up to the Government's Project Marinus FID:

Mr DUIGAN – ...As the Committee will understand, Project Marinus is now nearing final investment decision, a critical milestone for the project and for the Tasmanian government. With the Committee's indulgence, I would like to outline some key elements of the government's approach to its final investment decision. Given the size and scale of this decision, with Marinus currently estimated at a value of \$3.8 billion alone, the final investment decision for Tasmania must be carefully considered and all impacts weighed against the potential benefits. This consideration will be informed by the Project Marinus whole-of-state business case and FID recommendations from the boards of Marinus Link Proprietary Limited and TasNetworks, which are due at the end of May.

Of course, other policy elements and impacts within the government's control will also need to be considered to make an informed decision in Tasmania's best interests. In anticipation of making the decision, I have established a dedicated taskforce made up of a team of experienced senior executives from Renewables, Climate and Future Industries Tasmania (ReCFIT) and Treasury along with other government agencies to advise the government. Separately, an expert advisory panel will also advise me and the energy Committee of Cabinet, which consists of the Premier, the Treasurer and the Minister for the Environment, and this will be comprised of experienced, knowledgeable energy experts from around the country to ensure that we thoroughly consider the advice received.

In terms of the next step, the whole-of-state business case will be considered by the government in coming weeks. Both the boards of Marinus Link and TasNetworks FID recommendations will be provided to shareholders by 31 May 2025. For Marinus, this will go to the Australian, the Victorian and Tasmanian governments. The recommendation for the North West Transmission

³⁶⁵ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 30 April 2025, p. 29.

³⁶⁶ Hon. Guy Barnett MP, Deputy Premier and Treasurer, Tasmanian Government, Transcript of Evidence, 20 March 2025, p. 2.

³⁶⁷ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 30 April 2025, p. 29.

Developments will come to the Tasmanian government, as owners of TasNetworks.

Along with the other shareholder governments of Marinus Link, we are collectively due to make a final investment decision by August 2025. The Tasmanian government will publicly release the whole-of-state business case 30 days ahead of its final investment decision, as previously committed.³⁶⁸

- 7.7 In the Fifty-First Parliament, the Committee did not receive the final Whole of State Business Case into evidence with committee activity ceasing with the prorogation of Parliament and dissolution of the House of Assembly, effective 11 June 2025.
- 7.8 However, at the Committee's 20 March 2025 public hearing, Mr Anton Voss, Executive Director of the Project Marinus Whole of State Business Case at the Department of Treasury and Finance, provided an update on the progress of the business case:

Mr VOSS - ... I'll just give a status update as to where things are at. We're working through and the government's been told to report to a steering committee chaired by Gary [Swain], as Secretary of Treasury. It has a range of senior government people on there: the Secretary of State Growth, the Secretary of DPAC, obviously some internal people, Treasury as well. We also have an independent peer reviewer on that committee, Glenn Appleyard, who's Tasmania's former economic regulator. I report through to them.

We've been busily beaver away for a bit longer than we anticipated after Marinus Link pushed out their final investment decision (FID) into mid this year. We've been going now since about January, so well over a year. It's a complex piece of work. It's still in draft, so the steering committee hasn't signed off on the work yet. We're getting close to completing it. It also hasn't gone to the government as yet either. As context for the committee, the thing is still in draft, hasn't yet gone to the government. Obviously, we've had some discussions with the government on progress, but we haven't put it through yet. We're just working hard. We have a very small but excellent project team in Treasury. They've been pulling all this together.

The timing around the Marinus Link decision, final investment decision, is end of May. We will have the whole-of-state business case prepared well before that - it's pretty close to conclusion - for the government's consideration.³⁶⁹

- 7.9 The Chair of the Committee asked for clarity on the assumptions that are being used to inform the Whole of State Business Case:

Mr VOSS - ... You asked about the methodology and how we're going to approach it... There's a lot of assumptions that feed into it. It's a complex piece of work. The document's going to be hundreds of pages long; it's comprehensive. The way

³⁶⁸ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 30 April 2025, p. 29.

³⁶⁹ Mr. Anton Voss, Executive Director of the Project Marinus Whole of State Business, Department of Treasury and Finance, Tasmanian Government, Transcript of Evidence, 20 March 2025, pp. 28-29.

we've approached it in line with our terms of reference is to deal with three key scenarios.

The first one's 'No Marinus' - so, what does the world look like in Tasmania without Marinus. Then Marinus Link Stage 1, then we also look at Marinus Link Stage 2, and all the related projects that feed off that. In the case of Marinus Link Stage 1, that would include North West Transmission Developments (NWTN) Stage 1. Also as part of that, we look at the Tarraleah project.

With regard to Marinus Link Stage 2, obviously it's around the second cable. You'd have the second NWTN Stage 2, and Cethana's in that mix as well.

We do a 25-year timeframe, so sort of from next year through to 2050 - a long projection period. Obviously, the further out you go, the more uncertain things become, but it's just trying to get a good understanding of these things. The assets are very long-lived assets, as you'd appreciate.

We go back to do this, we look at the AEMO, the Australian Energy Market Operator's Integrated System Plan (ISP). As some members of the committee would be aware, there's a range of scenarios that AEMO does with their National Electricity Market Integrated System Plan. We've chosen the two most likely scenarios in that plan, by their own estimation. One is the so-called Step Change scenario, so that's a larger uplift in load and demand requirements across the National Electricity Market, and how that flows through to Tasmania. I'll come back to what that means for investment in a second.

We also look at progressive change, which is one of their other scenarios. That has lower levels of demand nationally and that flows through also to the business case. We have three overlaying cases, I suppose: No Marinus, Marinus 1, Marinus 2 and their related projects. We then apply some scenarios over the top of that from AEMO - the step change and progressive change scenarios. That gives us a range of information around load, customer numbers, et cetera. We then take the inputs from the government businesses, so we've got financial models from the three government businesses, from Marinus Link Proprietary Limited, TasNetworks and Hydro, around those projects and how they fit together.

We pull those projects together with the construction cost impacts, the revenue outcomes, we look at the three businesses individually, how those components fit together, what the financial outcomes might look like, again their projections based on models.

We also do some wholesale electricity modelling, so we've had Deloitte come and do some electricity modelling for us about how, for example, capacity and how much wind is built in the state, and that's obviously important from the government's perspective with regard to the 200 per cent renewable energy target and what those things look like. We also do a separate assessment on the economic impacts as per the terms of reference...a full so-called CGE (computable general equilibrium) model.

...

... That's a model which is a bit different to, say, a straight economic impact top assessment. CGE model, a computable general equilibrium model tries to take

into account - if you build something over here or have subsequent flow and impacts to the rest of the economy. It's like a whole of economy modelling as opposed to just saying we build that project, it's that many jobs and it's that much investment.

If you particularly say, at the moment in Tasmania, we've got very low unemployment rate, as the committee would be well aware, how do those things impact if you go and bring in some extra jobs in the state to build those things? It's a whole of economy type of model. We look at all those pieces. We also look at customer impacts, obviously as best we can around projections on those. I think that's all the pieces. There're a lot of pieces we've got to try and then explain how that all fits together, not straightforward.

We also have to look at things like energy security. We have to look at things like system stability. We've also got to look at the terms of reference - helpfully, that Treasury constructed before I got this gig - which was very broad. Hence, it's quite a long report.³⁷⁰

7.10 The Tasmanian Government made a commitment to publicly release the Whole of State Business Case prior to the Project Marinus Final Investment Decision:

Ms FINLAY - Given that you've indicated that the report will be available before that 30-day moment, what's the current target date for the report being available to government?

Mr VOSS - Again, it has to go through the steering committee. I don't know, we're getting towards the end, but assuming that goes relatively smoothly I think the government will have something before them to consider, probably next month. Again, it's early days. There's a lot of process to go through there as well. They'll have that and they'll take some time to consider it. As I said, the final investment decision's still a long way off. They have some time to try to design it in such a way that they've got all the time to read and absorb that report and then wait for the next round of material to come. Then the government can think about pulling all that together.

CHAIR - When will it be made public, beyond that?

Mr VOSS - That's a decision for the government, ultimately.

CHAIR - I'm asking the Deputy Premier that.

Mr BARNETT - Yes. I think that'll be a decision for government down the track. I think the point that Anton's making, and Gary, very well is that there's a lot of factors that come into a very important decision. What we want, as a government, is to get the best information on the table to be able to make considered decisions on behalf of the community.

CHAIR - The question is: will it be made public in time for members of the public and members of parliament to have enough time to digest it?

³⁷⁰ Mr. Anton Voss, Executive Director of the Project Marinus Whole of State Business, Department of Treasury and Finance, Tasmanian Government, Transcript of Evidence, 20 March 2025, pp. 35-36.

Mr BARNETT - There's a commitment to, as far as I'm aware, of the 30 days prior to financial investment decision, which is in and around midyear. I think Anton's outlined the decision for MLPL, Marinus Link, in and around May is my understanding. Then TasNetworks for the North West Transmission in and around a similar time, maybe a little bit later. Those decisions are very important. What do they recommend? They have to come up with their financial investment decision, as does the TasNetworks, Marinus Link. Then, of course, you have the three governments...³⁷¹

- 7.11 In relation to the status of Stages 1 and 2 of Project Marinus, MLPL representatives, Dr Collette Burke, Interim Chief Executive Officer, and Mr Prajit Parameswar, Chief Commercial Officer, gave evidence updating the Committee at the 30 April 2025 public hearing:

Ms FINLAY - On that, in terms of Marinus and your consideration, obviously there is a strong focus at the moment on the first cable and the first stage of North West Transmission. How progressed are you on the second cable and discussions with TasNetworks on the second stage of North West Transmission?

Dr BURKE - At the moment, our shareholders want us to focus on the development of Stage 1. We haven't had extensive discussions on Stage 2, but Prajit [Parameswar] is leading the work in relation to the forward thinking and planning for Stage 2, so I'll hand to Praj.

Mr PARAMESWAR - At this stage, as Collette pointed out, the shareholders and the financiers have asked us to prioritise Stage 1. At this stage, we have not been able to progress Stage 2, but we do want to start working on it as soon as we recommend an FID, which is something that we are going to recommend as Marinus Link, by the end of May.

The key point for us is, we understand that Stage 2 is on the optimal development path in all three scenarios modelled by the Australian Energy Market Operator. There is significant option value, there is significant value in Stage 2 being developed. Of course, there are some other aspects that need to flow through, which is AEMO's modelling needs to continue to ensure and say that it is optimal for us to develop Stage 2. It is optimal from a timing perspective to develop Stage 2, so we are ensuring that there are external triggers in place for us, but also the dispatchable capacity, which is where the value is in Tasmania; that is something that we would need in Tasmania as well to fully maximise the opportunity and benefits of Stage 2. We are working through those elements, but at this stage that's not been our priority. That will be a priority in the first half of the next financial year.

Ms FINLAY - First half of the next financial year, so 12 months out?

³⁷¹ Hon. Guy Barnett MP, Deputy Premier and Treasurer, and Mr. Anton Voss, Executive Director of the Project Marinus Whole of State Business, Department of Treasury and Finance, Tasmanian Government, Transcript of Evidence, 20 March 2025, pp. 29-30.

Mr PARAMESWAR - ...it'll be three months out, 1 July 2025, we will start the work.³⁷²

Likely beneficiaries

- 7.12 The Committee received evidence from a broad range of perspectives on Project Marinus and its likely beneficiaries.

Evidence received

- 7.13 Supporters of Project Marinus and the associated Battery of the Nation projects argue these developments will deliver broad benefits to Tasmania and beyond.
- 7.14 The Tasmanian Government, together with MLPL, government businesses and private entities, gave evidence portraying Marinus Link as critical infrastructure for both Tasmania and the NEM, enabling the state to become the renewable Battery of the Nation:

Mr DUIGAN – ...It is my strong belief that Tasmania is on the cusp of realising a significant opportunity for our state as Australia and the world look to decarbonise. Using our natural advantages and our existing hydro-powered energy system, Tasmania is well-placed to benefit as we move into the future. Since my last appearance before the Committee in November [2024], we have continued to focus on progressing Project Marinus, supporting new on-island generation and new emerging industries to grow the economy, and of course working to ensure Tasmanians have access to the lowest possible power prices.

I'm also pleased by progress to bring new energy generation to our state, with four wind farms now in the major projects approval assessment pathway, and changes being made to streamline that process for energy projects. We've also seen progress on solar projects, with Weasel Solar Farm recently submitting its project for EPBC approval. We've run a register of interest and subsequent expression of interest for our hydrogen hub at Bell Bay, and I expect to be in a position to announce the outcome of that process next month.

I was also pleased at the recent launch of the Blue Economy Cooperative Research Centre facility in Lutana in March, boasting one of the largest hydrogen electrolyzers in Australia. As that industry develops, we're seeing a greater focus on alternative clean fuels such as green methanol, methane and biofuels. We are, as a government, developing a future clean-fuel strategy to ensure our policy settings support these industries.

Underpinning all this new load and generation in the state is increased interconnection and on-island transmission. Marinus Link and the North West Transmission Developments will be a critical element to support all these interconnecting elements, including strengthening our energy security, and the ability to continue to deliver the lowest possible power prices for Tasmanian

³⁷² Dr. Collette Burke, Interim Chief Executive Officer, and Mr. Prajit Parameswar, Chief Commercial Officer, Marinus Link Pty Ltd, Transcript of Evidence, 30 April 2025, pp. 20-21.

customers. All of these elements point to the critical importance that the energy industry has as an economic driver for our state.³⁷³

- 7.15 Mr Prajit Parameswar of MLPL, gave evidence in relation to the benefits flowing from Marinus Link, describing them as three-fold: net market benefits for the NEM, consumer benefits, and broader economic benefits:

Mr PARAMESWAR - ... If I can, this is an important point to clarify, and I was just wanting to ensure I can explain to this Committee the range of benefits to energy consumers that Marinus Link brings, and the wider National Electricity Market. We have used these words interchangeably, so I just wanted to ensure that I explain it as well as I can.

We've got the net market benefits, so that's one of the benefits. We've got net consumer benefits and the broader economic benefits. So, we categorise these as three different benefits; the net market benefits are the overall resource cost savings in the electricity market as a result of Marinus Link. It compares the expenses for new generation and transmission assets, fuel and other resources that would be needed to meet future electricity demand. The net market benefits are modelled as part of the regulatory investment test for transmission or the RIT-T.

In short, new assets will be needed to meet future electricity demand. Marinus Link is the lowest-cost solution, by an order of \$1.4 billion, which does not include the additional benefit that we get from the concessional financing arrangements.

MLPL has calculated typical household savings using the expected consumer benefits model by FTI Consulting, which we've tabled today, and expected network charges with inputs from AEMO (Australian Energy Market Operator) and TasNetworks, which takes into account the current cost estimate to construct Marinus Link Stage 1 and the current cost estimate to construct North West Transmission Developments, which TasNetworks has provided to AEMO. And the expected reduction in wholesale energy prices, overall, the net savings number is between \$25 and \$36 on average per year for a typical residential consumer, as highlighted by [Dr] Collette [Burke] in her opening statement.

On top of this, we have got the broader economic contribution that captures the direct and indirect flow-on effects to the Tasmanian and Victorian economies resulting from the construction and operation of Marinus Link. These have been modelled by Ernst & Young, account for \$1.4 billion in additional economic contribution in Tasmania and over 1400 jobs per year during peak construction period and that is just for Stage 1.³⁷⁴

³⁷³ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 30 April 2025, pp. 28-29.

³⁷⁴ Mr. Prajit Parameswar, Chief Commercial Officer, Marinus Link Pty Ltd, Transcript of Evidence, 30 April 2025, pp. 3-4.

- 7.16 MLPL provided the Committee with the Ernst & Young³⁷⁵ report and an updated FTI Consulting³⁷⁶ report to evidence the modelling of Marinus Link benefits. Mr Parameswar gave evidence on the assumptions informing the modelling:

CHAIR - ...In terms of the assumptions about whether the business case, if you like, or the findings that you have provided here, are they based on just the build of Marinus or does that presume that there will be a significant increase in other renewable energy coming into the market? What are those assumptions?

Mr PARAMESWAR - So, the assumptions that we have used for the RIT-T benefits, which is the net market benefits, and for the consumer benefits, which is modelled by FTI, is consistent with AEMO's inputs and assumptions report that was released two years ago. This is available publicly and these are the assumptions that AEMO used to model their integrated system plan. So, we've used AEMO's assumptions effectively in the modelling that Ernst & Young has done for the gross benefits and FTI has done for the consumer benefits.³⁷⁷

- 7.17 The Tasmanian Government, in support of Project Marinus, emphasised to the Committee that Tasmania would reap growth in industry and employment opportunities from Project Marinus, as it would “unlock more renewable energy development projects” like new wind farms, solar farms, and pumped-hydro schemes, like Lake Cethana and upgrades at Tarraleah, that would boost prospects for Tasmania to reach the TRET by 2040.³⁷⁸

- 7.18 Mr Gary Swain, Secretary of the Tasmanian Department of Treasury and Finance, gave evidence that Project Marinus would incentivise Hydro Tasmania to be more supportive of renewable energy projects:

Mr SWAIN - ...Marinus doesn't only just give us physical access to a bigger market, which would potentially help people making investment decisions about wind in Tasmania. It also changes the incentives and dynamic of Hydro, the biggest player, and makes them more likely to be supportive of new wind - and solar, for that matter.³⁷⁹

- 7.19 Hydro Tasmania confirmed to the Committee that it would be seeking to obtain full benefit from the opportunities presented by Project Marinus, which it submitted would ultimately benefit the Tasmanian community:

CHAIR - ... There's been some suggestions made that should Marinus go ahead, acknowledging that Basslink already exists to create some degree of trading in

³⁷⁵ Submission No. 23a, Marinus Link Attachment, see Ernst & Young, The economic contribution of Project Marinus, October 2023.

³⁷⁶ FTI Consulting, Project Marinus: analysis of NEM consumer benefits, November 2024, tabled by Marinus Link Pty Ltd at the 30 April 2025 public hearing. See also Tabled Paper, Marinus Link Pty Ltd - How do customers benefit from Project Marinus? Summary Report, December 2024, tabled on 30 April 2025.

³⁷⁷ Mr. Prajit Parameswar, Chief Commercial Officer, Marinus Link Pty Ltd, Transcript of Evidence, 30 April 2025, p. 4.

³⁷⁸ Hon. Guy Barnett MP, Deputy Premier and Treasurer, Transcript of Evidence, 20 March 2025, p. 42.

³⁷⁹ Mr. Gary Swain, Secretary, Department of Treasury and Finance, Tasmanian Government, Transcript of Evidence, 20 March 2025, p. 42.

the market in a way that's more profitable for Hydro Tasmania, there are suggestions being made that Hydro will become more of a trader with a focus on making money for the entity as a priority. What do you say to that?

Mr BOLT - We will certainly look to get the maximum value from our assets utilising the advantages of Marinus, no question about that. Some of that value will come from Victoria, of course, to which many of our services will be provided, but we're not going to sacrifice those other things I've just mentioned to that particular objective. We're looking to get the right balance of all of those things so that we can, in a sense of the objectives, have our cake and eat it. We can make those wider objectives while at the same time making a decent return. I can only repeat the point if we make a good return, that's also to the benefit of the Tasmanian public because it goes to them; it doesn't go to a private shareholder and it goes to the benefit of the community here.³⁸⁰

- 7.20 Ms Erin van Maanen, then Interim Chief Executive Officer of Hydro Tasmania, added that flowing from Project Marinus, Hydro sees partnering as an effective way to encourage the lowest cost mix of generation for the benefit of Tasmanian consumers and return to Government:

Ms van MAANEN - To add to that, what I would say is probably to address any misconception that there could be by some that Hydro making a greater return for the flexible hydro generation may translate to higher costs for consumers. Actually, it's about getting the lowest cost mix of generation to meet supply in Tasmania. Being able to add new low-cost generation from, say, wind and solar, and complement that with hydro using it to its best effect, can result in both a lower-cost energy mix for Tasmanian consumers and an increase in return from Hydro. The two coexist; it's not one at the expense of the other.

CHAIR - Is Hydro then, as part of that whole picture, considering the construction of new renewable energy? Not necessarily dams - we'll come to the maintenance of those shortly. There's been a suggestion that Hydro should, perhaps, be investing in other renewables like wind and solar - whether it be a solar farm, a windfarm or rooftop solar in community settings. Do you have any views on that and, if it isn't, why it wouldn't be part of Hydro's considerations?

Mr BOLT - Well, we are looking at all kinds of partnerships. The quickest and currently most effective way for us to help renewables get on the ground is to offer power purchase agreements, and get developers who are already well advanced in their projects to achieve finance and proceed to construction. We wouldn't rule any other form of partnership out, but that looks the most prospective in the way that possibly will gain the greatest confidence of the market...³⁸¹

- 7.21 Mr Ian Jones, Chair, Clean Energy Tasmania, a subcommittee of the Tasmanian Chamber of Commerce and Industry, gave evidence that Project Marinus would promote energy as Tasmania's biggest export:

³⁸⁰ Mr. Richard Bolt, Chair, Hydro Tasmania, Transcript of Evidence, 12 November 2024, p. 47.

³⁸¹ Mr. Richard Bolt, Chair, and Ms. Erin van Maanen, Interim Chief Executive Officer, Hydro Tasmania, Transcript of Evidence, 12 November 2024, pp. 47-48.

Mr JONES - ... We believe that energy will become our biggest export for the state in the next 10 years. Over last year, Hydro returned over \$100 million dividend by Basslink, and once you combine Marinus 1 and 2 with that, there could be the capacity to generate \$400 million to \$500 million in dividend within the next eight to 10 years.³⁸²

- 7.22 Mr Seán McGoldrick, Chief Executive Officer of TasNetworks, gave evidence supporting greater interconnection as it provides TasNetworks and Tasmanian consumers with greater energy security for the network:

Mr McGOLDRICK - ... In terms of regional operation, the more interconnectors I have onto the island, the better because it gives me greater power system security. In the event I lose generation on the island for whatever reason, or I lose an interconnector - if I have other options, it improves the power system security of the island. So, from a regional operation point of view, yes, I'm in favour of further interconnection, be it Marinus Link or anything else.

When you look at it from a jurisdictional planning point of view, I look at the wonderful wind resource in particular that we have in Tasmania, a truly rich resource, and I know that, if we're to develop that resource, we have to have a route to market that effectively. We can soak up a good deal of it here on the island, but a lot of it - when you are trying to get a project developed - is about having access to markets on the mainland where you can benefit from pool price and the way the wholesale energy price moves. If we're to have further development of renewable generation and mining that rich resource, we need greater interconnection capacity to unleash that to allow the proponents to get the project financing up, so they can actually develop. That's the reality of the economics of developing renewable generation or any generation: you have to be able to show that you can recover your costs and make a profit.³⁸³

- 7.23 The business community echoed that Project Marinus is a top priority to enable investment. Mr Michael Bailey OAM, then Chief Executive Officer of the Tasmanian Chamber of Commerce and Industry (TCCI) gave evidence that Marinus is essential to future-proof Hydro's operations and profitability, allow efficient use of its generation assets year-round, and also encourage major renewables projects to be followed through and operational:

Mr BAILEY - ... We seem to have real difficulty in getting projects to land in Tasmania. That seems to be due to a whole range of reasons, one being - according to many of the people that are sitting around the clean energy table - apparently the difficulty in Tasmania seems to be greater than other states and indeed, other parts of the world. They consistently tell us that we are the most difficult place to get a project up and running.

...

³⁸² Mr. Ian Jones, Chair, Clean Energy Tasmania, Transcript of Evidence, 12 November 2024, pp. 31-32.

³⁸³ Mr. Seán McGoldrick, Chief Executive Officer, TasNetworks, Transcript of Evidence, 28 October 2024, p. 26.

As a state, obviously for us, Marinus Link is critical. I don't think the government or Marinus Link have done a good enough job in explaining to the community why it's so important - that firstly, it gives us security and our own energy. Because energy isn't a consistent thing - it's lumpy - we use energy at different times than the mainland states use energy, which means that we can sell and buy at different times, to maximise benefit for Tasmania.

What we know is that the peak usage in Tasmania - right now, we don't have enough power for Tasmanian industry. We don't have enough power for growth. We certainly don't have enough power that lines up with other government policies like, for example, the EV policy. Now, there's no way we could charge the sorts of numbers of EVs that the government is really pushing hard to move towards. As [Mr] Ian [Jones] pointed out, too, with Marinus in place - and again, it's using those settings carefully - we can generate far greater revenue for Tasmanians through Hydro. I think that sometimes that's forgotten - that the money we receive through Hydro pays for nurses, doctors, teachers, roads - all those things that are important to us. I don't think we communicate that well enough. From our perspective, firstly, obviously Marinus is critical, because without Marinus we don't have the business case for a lot of the big projects that Tasmania is going to need.³⁸⁴

- 7.24 In contrast to these positions, the Committee received evidence from numerous witnesses, from community representatives to heavy industry and consumer advocates, challenging who truly benefits from Project Marinus, warning that the advantages would flow primarily to mainland consumers and private developers, not Tasmanians.
- 7.25 At the 12 November 2024 public hearing, Ms Christine Milne AO, Patron, Bob Brown Foundation, appeared together with Prof. Bruce Mountain, Director, Victoria Energy Policy Centre, Victoria University, and argued that the case for Project Marinus is driven by governments and mainland market interests rather than benefits to, or the needs of, Tasmanian consumers and environment:

Ms MILNE - ... When we look at new transmission infrastructure, new renewable energy infrastructure, we have to realise there's a lot of land and a lot of sea that is being talked about, with severe ramifications for biodiversity. There must be another way - and in my view, there is another way.

In the face of these twin crises - climate and biodiversity loss - the future energy system needs to prioritise meeting the realistic needs of Tasmanians for a secure supply of renewable affordable energy, and the maintenance and restorations of ecosystems. In other words, energy be prioritised as an essential community service in a changed world where nothing is as predictable as it was, and resilience is everything. You can't assume that even a NEM (National Electricity Market) will exist in another 20 years. You can't assume anything at the moment. The world has drastically changed.

³⁸⁴ Mr. Michael Bailey OAM, Chief Executive Officer, Tasmanian Chamber of Commerce and Industry, Transcript of Evidence, 12 November 2024, pp. 32-33.

When you come to these proposed Marinus Link, Battery of the Nation, the hydrogen hub, the transmission extensions, they're not about planning for the needs of Tasmanians for energy in the most cost-efficient and environmentally friendly and sustainable way.

...

It's also not about reducing emissions. All it is - the 200 per cent plan - is a government and developer-led economic growth strategy. That's it. That's what it is about and AEMO [Australian Energy Market Operator] is the enabler. I think it's really important people understand AEMO is not an independent government statutory authority. It's a private company: 60 per cent shareholder of the governments and 40 per cent shareholder of every major energy company in the country. It enables what its shareholders want.³⁸⁵

- 7.26 In the submission received from the Bob Brown Foundation, it was noted that Project Marinus would not benefit mainland Australia:

*All the rhetoric about building energy generation in Tasmania to address global warming and assisting in the transition to renewable energy on the mainland is just talk and not supported by any evidence. Mainland Australia does not need Tasmania's renewable energy. Renewable energy generation and battery storage are cheaper on the mainland than Hydro Tasmania can offer given the cost of the interconnector Marinus Link and the cost of its use.*³⁸⁶

- 7.27 Prof. Mountain provided evidence that Tasmania's existing hydro resources are already effectively utilised; any seasonal storage advantage Tasmania could offer is rare and "would not be cost-effective" once the cost of Project Marinus is factored in:³⁸⁷

Prof MOUNTAIN - That then comes to energy storage. Tasmania has an enviable hydro storage system which is well adapted to the Tasmanian demand, but does not have the capacity, either in power or in energy, needed to serve Victoria. It's therefore necessary to expand that capacity. Tasmania faces competition in that service from batteries, chemical batteries, for regular service of shifting electricity from one time of the day to another. Batteries are now mainstream in Australia, as they are in many parts of the world, and they are completely dominating the market for the provision of regular storage.

There is, however, another storage service where Tasmania could have a potential advantage. That's essentially seasonal shifting of electricity, by providing rarely-used lumps of electricity during a solar and wind drought on the mainland. That, according to our modelling - and we've done extensive work on this - is extremely rare. When it occurs it is valuable, but it is rare, and it would not be cost-effective with current technologies to provide that from any

³⁸⁵ Ms. Christine Milne AO, Patron, Bob Brown Foundation, Transcript of Evidence, 12 November 2024, p. 19.

³⁸⁶ Submission No. 31 (51st Parliament Joint Select Committee on Energy Matters), Bob Brown Foundation, p. 11.

³⁸⁷ Prof. Bruce Mountain, Director, Victorian Energy Policy Centre, Victoria University, appearing with the Bob Brown Foundation, Transcript of Evidence, 12 November 2024, p. 21.

technology, either chemical battery or pumped Hydro, simply because it is so expensive and so rarely used.

I've run the economics on this, and there is absolutely no ways that Tasmania can cost-effectively compete in the storage market on the mainland by virtue of Marinus Link, essentially the huge costs of that.³⁸⁸

- 7.28 Ms Milne AP and Professor Mountain submitted that Project Marinus ultimately would not benefit Tasmania, even if the interconnector was provided without cost:

Mr BAYLEY - There is the argument that's put to us repeatedly about Marinus and how that will significantly increase the value of the water resource here, and - notwithstanding your comments earlier, Bruce, about Marinus more broadly as a proposition - what do you say around that in terms of being connected with the mainland and being able to capitalise on high price times to sell our power and the responsive nature of hydro generation here?

Ms MILNE - I'll let Bruce go to that, but that's what we were told about Basslink. I'm old enough to remember all the hype about Basslink. Arbitrage was going to be it. We were going to build this interconnector to the mainland and make a motza. We lost. It went into administration. It was a complete failure and they fabricated the business case for Basslink at the time. Hydro deliberately, in my view, minimised the facility fee that would have to be paid and as a result it's been a failure. I've heard it all before and, as Bruce said earlier, it's all very well to say we've got storage capacity, but it can't compete with the mainland. So, Bruce, I'll leave it with you.

Prof MOUNTAIN - If you imagine that Marinus Link's costs were completely covered by someone else in Tasmania, would you say, well, you know, we would welcome Marinus Link? Even with that, I'm not sure you would, because you're going to need to invest to expand on Hydro Tasmania's capability to make it useful. It doesn't have the spare power - the rate of change, the peaking capability or the energy, the amount that you can share over the period of time now available - to meaningfully use a new interconnector.

The question then for Tasmania would be: if you gave me the interconnector for nothing, would Tassie, nonetheless, welcome the interconnector? I don't think it would. It would have to say, 'How do we compete now, re-engineering the Tasmanian power system in order to compete with the alternative, which is battery?' Even using CSIRO's figures, four-hour battery is a much cheaper capital outlay and much, much cheaper operating costs than pumped hydro with much lower round-trip losses. So, you will be building an asset that can't compete for the service that it's going to need for the vast bulk of the time.

There is a service that deep storage can provide that's very rarely demanded - the period of a few days in early winter or winter in Victoria when you'll need consistent production. But there's no way you could justify the billions of outlay on something like that. That will not happen in Australia generally. It will be diesel

³⁸⁸ Prof. Bruce Mountain, Director, Victorian Energy Policy Centre, Victoria University, appearing with the Bob Brown Foundation, Transcript of Evidence, 12 November 2024, p. 21.

engines and gas turbines, and, on a greenhouse gas and an economic measure, by far the cheapest way of doing it for the foreseeable future. Maybe things will change but that's the storage market in which Tasmania is competing.

Even if you got someone else to cover all of the Marinus costs, I don't think it would be economically sensible to do. I think it would be a wasted investment for Tas Inc. I don't think Hydro Tasmania of its own accord would choose to do that.

Mr BAYLEY - ... We don't have excess power, you say. How do we reconcile then, the notion of Marinus plus a big green hydrogen hub and a whole lot of new massive industrial draw on the system?

Prof MOUNTAIN - Yes. Hence I said my estimate of the Battery of the Nation plus Marinus is at least \$10 billion. You need to massively expand additional production in Tasmania and you need to build much more storage. So, you can't see Marinus, or hydrogen, or even just Marinus.

CHAIR - And transmission.

Prof MOUNTAIN - Yes, a further \$1.5 billion onshore Tasmania, which, to be clear, more than doubles the regulatory asset value of all the transmission that exists in Tasmania now, in order to service Marinus, in order to get the production, the new energy production around Tasmania and then to the border with the sea.

On every measure. I'm at a loss for words of how Tasmania could decide to go ahead with the investment. Even if Marinus was completely covered by someone else, which is not going to happen.³⁸⁹

- 7.29 In the submission of the Tasmanian Minerals, Manufacturing & Energy Council (TMEC), representing major industries in Tasmania, Mr Ray Mostogl, Chief Executive Officer, presented TMEC's position on the potential beneficiaries of increased trading of energy to and from Tasmania with Project Marinus:

The role and benefit of Marinus Link is likely to be contested for some time...

The simplistic purpose of being the conduit to export firmed mostly but potentially intermittent renewable electricity from Tasmania into the remainder of the NEM when demand exceeds supply and then import electricity via the same conduit when NEM prices are low, or Tasmania needs to conserve water storage levels makes sense.

The beneficiaries of this are the interstate consumers who need the electricity – particularly if the regular system cannot supply electricity (due to low intermittent generation, storages depleted) and the seller of the electricity and the infrastructure is the other beneficiary. Under this scenario the only Tasmanian based beneficiaries are Hydro Tasmania, TasNetworks, Marinus Link and other generators with PPA's directly into the NEM. Hence the cost of installation of these assets and the regular fees and charges to fund the initial investment and ongoing operational expenditure should be met entirely by the four named entities. The Tasmanian public and existing connected customers

³⁸⁹ Ms. Christine Milne AO, Patron, Bob Brown Foundation, and Prof. Bruce Mountain, Director, Victorian Energy Policy Centre, Victoria University, Transcript of Evidence, 12 November 2024, pp. 26-27.

should be shielded from the costs of this operating configuration (store, export then import to store).

The reality is not so clean cut. The combination of new assets will potentially provide benefits to some Tasmanian consumers. Namely those who need to contract additional electricity as their needs are likely to be met by some of the new generators and then the need for new and augmented transmission and distribution infrastructure is required to link supply with demand. The challenge is for transparency to be in place for those who need this new equipment and ensuring not everyone is paying for the additional electricity and infrastructure. Whether Marinus provides energy security for existing consumers, who seek no additional electricity is debatable.³⁹⁰

- 7.30 Heavy industrial users like Grange Resources approached Project Marinus from an energy user's standpoint where reliability and price certainty are paramount. Mr Ben Saward of Grange Resources gave evidence that expressed concern about who really benefits, noting that any increase in power costs could threaten industrial jobs:

Mr SAWARD - Same with Marinus Link. We've been advised by TasNetworks that our costs will go up 29.6 per cent. That's roughly \$800k, but that'll be even more with this recent civil construction award that's meant stage 1 is going to go up by another 17 per cent. So, that's \$1 million per year that we'll have to pay for Marinus Link. We sort of feel that that benefits others more so than us.³⁹¹

- 7.31 Community members gave evidence to the Committee echoing concerns of the potential for inequality of benefits flowing from Project Marinus for generators. Mr Jack Gilding gave evidence to the Committee:

CHAIR - ... Just sticking with Marinus Link for a minute, it's claimed that state governments rather than market forces are driving the major energy infrastructure decisions, which is a bit what you were saying about whose decision is it. In your opinion, what's the main reason why Marinus Link is being built?

Mr GILDING - The Tasmanian government believes that it will kickstart Hydro industrialization mark two, that it will lead to both new generation and new loads, and that that's good for Tasmania.

CHAIR - Do you believe that to be the case from what you know about the industry?

Mr GILDING - No, I think it's a bit lopsided. I think the generators who would get access to the Victorian market but don't pay as much towards the cost of it would benefit most. I think the new loads, whether that's hydrogen projects or electrification of major industrials, I think they're all trickier and longer term. Building a wind farm, it's complicated. Putting up a solar farm is relatively straightforward. Building a wind farm has more lead time, but they are well-

³⁹⁰ Submission No. 10, Tasmanian Minerals, Manufacturing & Energy Council, pp. 12-13.

³⁹¹ Mr. Ben Saward, Commercial Manager, Grange Resources, Transcript of Evidence, 11 February 2025, p. 35.

*proven technologies and I think that will happen rapidly if Marinus Link was built. The question is who's paying and who's benefiting?*³⁹²

7.32 Likely affected community representatives were even more pointed about Project Marinus in their evidence to the Committee.

7.33 Mr Ben Marshall, Chair of the Supporting Loongana Valley Environment or SOLVE, expressed his view that Project Marinus, particularly the North West Transmission Developments, was not for the benefit of Tasmanians, particularly residents of Loongana Valley, and the project backers use climate change rhetoric as a public relations approach to justify the scale of the project.

Mr MARSHALL - We have not found that any of TasNetworks' claims or the government's claims in supporting Project Marinus and the other half of Project Marinus, which is the North West Transmission Developments, is justified by what Tasmania needs...

...

All of this was decided and planned on and then as part of the massive PR program, it was action on climate. It wasn't just jobs and growth and billions of investment. It was action on climate and helping the mainland transition.

*Now, we haven't found any of the claims made in regard to Project Marinus and this grid to be substantiated by any evidence whatsoever...*³⁹³

7.34 Mr Marshall stated his view on who would benefit from Project Marinus:

Mr MARSHALL - Marinus prioritises the commercial interests of the privatised energy market, gold-plates TasNetworks' assets and provides our government with efficiency dividends - a sly tax imposed on us on top of the costs of the new transmission - ... - via our power bills.³⁹⁴

7.35 He further added:

Mr MARSHALL - The bill for Stage 1 and Stage 2 is massive, and again, it's not for us...

*Socialising the cost of infrastructure for private investors, while ignoring climate, biodiversity and the needs of community, isn't action on climate...*³⁹⁵

Funding arrangements

7.36 The Committee recognises that the funding arrangements for Project Marinus was a live issue when the Terms of Reference were initially negotiated in the

³⁹² Mr. Jack Gilding, Transcript of Evidence, 12 February 2025, p. 35.

³⁹³ Mr. Ben Marshall, Chair, Supporting Our Loongana Valley Environment (SOLVE), Transcript of Evidence, 1 October 2024, p. 43.

³⁹⁴ Mr. Ben Marshall, Chair, Supporting Our Loongana Valley Environment (SOLVE), Transcript of Evidence, 1 October 2024, p. 38.

³⁹⁵ Mr. Ben Marshall, Chair, Supporting Our Loongana Valley Environment (SOLVE), Transcript of Evidence, 1 October 2024, p. 48.

Fiftieth Parliament, with the involvement of direct private sector contributions a possibility.

Evidence received

7.37 The shareholders of MLPL are the Commonwealth, and the Victorian and the Tasmanian State Governments.³⁹⁶ The governments signed a tripartite shareholders' agreement with MLPL³⁹⁷ after the Tasmanian Government allocated \$103.5 million in the 2024-25 State Budget to TasNetworks "to make it whole for the costs it had incurred in respect to its Marinus Link Pty Ltd (MLPL) subsidiary" in March 2024.³⁹⁸

7.38 The Deputy Premier and then Treasurer further explained how the \$103.5 million to TasNetworks from the Tasmanian Government was converted into equity in MLPL:

In recognition of the costs incurred by Tasmania up to March 2024, when MLPL was sold by TasNetworks to the new owners for a nominal sum, a credit mechanism was agreed between the Shareholders that allows Tasmania to convert that credit into shares in MLPL as funding calls are made.

Since this time, there have been a number of funding calls that have been made by MLPL, whereby the Shareholders are required to make equity injections into the business in accordance with the Shareholders' Agreement. When those funding calls are made, Shareholders contribute equity in accordance with their ownership shares. To date, Tasmania has not had to commit any further equity to MLPL as a result of the credit that was recognised for the initial costs incurred.

*As at 30 June 2024, MLPL had recognised equity contributions from its owners as follows:*³⁹⁹

Equity Contributed by	Number of shares (‘000)	Contributed equity (\$'000)
Commonwealth of Australia	81 925	81 925
State of Victoria	55 676	55 676
State of Tasmania	29 594	29 594
Total	167 195	167 195

7.39 The MLPL shareholding ownership by the Commonwealth, and the Tasmanian and Victorian State Governments in equity shares of 49 per cent, 17.7 per cent and 33.3 per cent respectively.⁴⁰⁰

³⁹⁶ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 30 April 2025, p. 29.

³⁹⁷ Ms. Sandra Gamble, Chair, Marinus Link Pty Ltd, Transcript of Evidence, 28 October 2024, pp. 64-65.

³⁹⁸ Response to Question on notice Letter from Deputy Premier and Treasurer, dated 16 April 2025, p.1.

³⁹⁹ Response to Question on notice Letter from Deputy Premier and Treasurer, dated 16 April 2025, p.1.

⁴⁰⁰ Submission No. 23 (51st Parliament Joint Select Committee on Energy Matters), Marinus Link Pty Ltd, p. 13.

- 7.40 In terms of funding of Project Marinus and cost sharing between the shareholding Governments, the Committee heard that Marinus Link's capital cost will be very substantial. For Marinus Link Stage 1, Dr Collette Burke, Interim Chief Executive Officer of MLPL, provided updated costs of the project at the 30 April 2025 public hearing:

Dr BURKE – *With the indulgence of the Committee, I would like to briefly take this opportunity to provide an update of several of the key milestones and information that I anticipate will be of interest. In December last year, the Part B Revenue Proposal was published by the Australian Energy Regulator. This proposal covers the cost of construction of Marinus Link and the proposed revenue requirements to 2030. As part of this submission, Marinus Link Stage 1 total cost forecast was updated to \$3.86 billion. The further clarification of these costs was made possible with the completion of the competitive tender process for the securing of the suppliers for the submarine and land cables and the highly specialised converter station technology.*⁴⁰¹

- 7.41 The Committee received evidence that the Commonwealth Government's Rewiring the Nation program has committed deeply concessional finance to both Marinus Link and the North West Transmission Developments (NWTD). In practice, this means low-interest loans and/or equity injections via the Clean Energy Finance Corporation (CEFC) and related funds will cover a large portion of capital costs, reducing the expenses that need to be recovered from Tasmanian customers.⁴⁰²

- 7.42 In terms of Marinus Link Stage 1, Ms Sandra Gamble, Chair of MLPL, gave evidence on the scale of borrowing for the project:

Ms FINLAY - *... in terms of that final investment, the breakdown of how you might seek to bring funds into where it's sourced and how much contributions you're contemplating from different sources...?*

Ms GAMBLE - *At the moment we have three equity holders who are contributing equity and who will decide after the board has recommended final investment decision. That is on the basis there is 20 per cent equity and 80 per cent debt from the Clean Energy Finance Corporation. The question is then whether we restructure the equity. That will be a matter for the shareholders. That debt would still be available according to what we understand and the equity holders, the shareholders would decide about how to divvy the rest up.*⁴⁰³

- 7.43 At the 30 April 2025 public hearing, the Minister for Energy and Renewables, the Hon. Nick Duigan MLC, confirmed that Project Marinus will be debt-financed via the CEFC:

⁴⁰¹ Dr. Collette Burke, Interim Chief Executive Officer, Marinus Link Pty Ltd, Transcript of Evidence, 30 April 2025, p. 2.

⁴⁰² Mr. Seán McGoldrick, Chief Executive Officer, and Mr. Michael Westenberg, Executive Finance and Regulation, TasNetworks, Transcript of Evidence, 28 October 2024, p. 20.

⁴⁰³ Ms. Sandra Gamble, Chair, Marinus Link Pty Ltd, Transcript of Evidence, 28 October 2024, p. 56.

Mr DUIGAN - ...One of the other things that we really need to consider is the fact that Project Marinus is being debt-financed through a very substantial concessionary financing opportunity through the CEFC. Likewise, the North West Transmission Developments is being financed with a high level of very deeply concessional debt funding from CEFC. Those two mechanisms, along with Tarraleah, which also has access to that deeply concessional finance, flow directly through to customers...⁴⁰⁴

- 7.44 Dr Burke, of MLPL, confirmed the equity contribution required from Tasmania for Marinus Link Stage 1:

Dr BURKE - ... but Tasmanians' total equity contribution for the whole of Marinus Link, for the \$3.86 billion, is 17.7 per cent of the 20 per cent equity share, which is \$137 million in total. So that's the total for the entire process.⁴⁰⁵

- 7.45 In relation to cost sharing amongst the shareholding governments, the Committee heard evidence from MLPL:

CHAIR - ... there was a recent determination that saw that Tasmanians would pay 27.6 per cent, which seems awfully unfair to Tasmanians, being a very small percentage of the population that hooks into the NEM. Can you provide any information about that decision, because that is a considerable concern to Tasmanian consumers.

Dr BURKE - Yes, Praj has done some work in relation to the difference between Tasmania and Victoria...

Mr PARAMESWAR - ... I believe you are referring to the cost allocation between the Victorian and Tasmanian jurisdictions?

CHAIR - Yes.

Mr PARAMESWAR - In our revenue proposal that was published in December, we've said that the cost allocation agreed was 27.6 per cent for Tasmania and 72.4 per cent for Victoria. This has been agreed by the shareholders. We have not been involved in these arrangements.

What I would like to add, if I can, is that the benefit that Marinus Link gets from concessional financing should not be forgotten here. Marinus Link gets concessional financing from the Clean Energy Finance Corporation. Again, this is available in our revenue proposal so I'm very comfortable to say this. The non-concessional indicative revenue that you'll see in our revenue proposal and the concessional indicative revenue that you'll see in our revenue proposal due to concessional financing, it's at least 60 per cent off the 100 per cent.⁴⁰⁶

⁴⁰⁴ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 30 April 2025, p. 31.

⁴⁰⁵ Dr. Collette Burke, Interim Chief Executive Officer, Marinus Link Pty Ltd, Transcript of Evidence, 30 April 2025, p. 24.

⁴⁰⁶ Dr. Collette Burke, Interim Chief Executive Officer, and Mr. Prajit Parameswar, Chief Commercial Officer, Marinus Link Pty Ltd, Transcript of Evidence, 30 April 2025, pp. 7-8.

- 7.46 At the 30 April 2025 public hearing, the Minister for Energy and Renewables together with Mr Craig Limkin, Secretary of the Department of State Growth, provided further context on the agreed cost allocation for the project:

CHAIR - What is the 27.6 per cent apportionment to Tasmania, with the other part to Victoria, relate to, then?

Mr DUIGAN - That is the cost allocation that is currently proposed. There are a number of things that flow into this, and that's why you would see on the transmission cost, and transmission costs being higher for Tasmanian households in comparison to Victorian households, but then when you look at the net benefit, it is broadly the same across jurisdictions because of these other mechanisms that are contained within the project that flow –

CHAIR - At a later time, perhaps, can you provide a more detailed explanation of how that will work? When we look at this at face value, it seems that Tasmania is taking a disproportionate amount of the cost for our population. When you look at not just the Victorian population, but the whole of the population that's connected to the NEM.

Mr BAYLEY - Disproportionate to ownership as well.

CHAIR - Yes, and our ownership, 17 per cent. If you're able to provide, even at a later time, a detailed explanation of that, because that's not clear to me, and it would be less clear to most people of Tasmania.

Mr DUIGAN - I might ask the Secretary to speak about the detail for which you ask. I know it's not a simple thing, but I would point to the suite of arrangements that make up the project as a whole delivering an equitable outcome. That's as it's designed. Then our job, as a government taking an investment decision, is to make sure that is borne out in fact...

Mr LIMKIN - For clarity, the Tasmanian customers will pay 27.6 per cent of the annual maximum allowable revenue (MAR) associated with Marinus Link. I'll talk about the other things, as the minister said, but the 27.6 per cent is the MAR for Marinus Link. The AER provides the assessment of what the MAR is, and that's to cover the costs of project debt, employee debt, depreciation, operation costs, and that's what normally forms the basis of the maximum allowable revenue.

As the Minister said, in our case, because of the arrangements with the Commonwealth and Victoria, our debt is deeply concessional. It's an 80/20 debt-to-equity split for Marinus Link and it is deeply concessional. It's not accurate to say the construction costs of either project is all that the customer pays or is directly linked to what the customers pay. They will pay an annual amount for the life of the asset. Normally those lives of the assets are around or over 50 years, to cover those elements.

The typical MAR as paid by customers is going to be significantly reduced by the concessional financing for the Marinus project. That's your take as your core, and then when you put in, as the Minister said - you know, Tarraleah has deeply concessional rates that are required to go to customers. North West TD has

deeply concessional rates which will be required to go to customers. This will start to offset the impact on the MAR and Marinus Link.

You can't just look at this on a project basis. You have to look at it as a program of works that links to deliver an economic development project for our state. All of this will be assessed, as the Minister said, through the whole-of-state business case and through the government taking a final investment decision. This will be the policy advice that our teams provide to the government for the government to consider. That advice, as the Minister said, is not yet done because we have a number of inputs that have to come in, big decisions from the companies, finalisation of AER or draft decisions, so their inputs in, and a number of other things.

What I can say to you, Madam Chair and Committee, is that is the work that we will be doing over the next three months, to provide that advice to the government so they can weigh up the impact on customers as part of their final investment decision that they will take.⁴⁰⁷

7.47 TasNetworks provided evidence on the scale and costs of both stages of the NWTD:

Ms FINLAY - ... What are likely to be the increased costs of that stage [one] from when it was first contemplated... as a result of increased costs and increased scope of work?

Mr McGOLDRICK - ... We broke down North West TD into two stages, Stage 1 and Stage 2 obviously. That was as a direct result of a decision to stage the Marinus Link reinforcement of the network for interconnection. It is two cables. Cable one we must design only to meet the requirement of what is going forward. At the moment, there is a commitment towards Stage 1 from a regulatory point of view, therefore we had to redesign the North West TD and it was quite readily chunked into two parts, if you will. Stage 1 or the so-called 'coastal route' will be sufficient entirely for the first phase of Marinus. In terms of cost for that stage, I think it's \$950 million in 2022-23 dollars for Stage 1. I should state that's a particular class of estimates, that's a –

Mr WESTENBERG - Class 3, a range of between minus 15 and plus 30 per cent.

Mr McGOLDRICK - That is a particular accuracy that we place on it. Obviously, as procurement advances, design advances, implementation advances, it goes to Class 2 and Class 1 and so on. It's our obligation to make sure we keep updated about that and provide that information. But, at the moment, on a Class 3 estimate basis, Stage 1 is \$950 million. On a somewhat similar basis, if we look at Stage 2, should it go ahead. Should Marinus second cable go ahead, that's about \$525 million in 2022-23 dollars.⁴⁰⁸

⁴⁰⁷ Hon. Nick Duigan MLC, Minister for Energy and Renewables, and Mr. Craig Limkin, Secretary, Department of State Growth, Transcript of Evidence, 30 April 2025, pp. 31-32.

⁴⁰⁸ Mr. Seán McGoldrick, Chief Executive Officer, and Mr. Michael Westenberg, Executive Finance and Regulation, TasNetworks, Transcript of Evidence, 28 October 2024, p. 36.

- 7.48 TasNetworks representatives were also asked if there were increased costs in breaking it down to two stages:

Mr McGOLDRICK - *We are through the entire Stage 1 and Stage 2, or even when it was a whole project, we're trying to minimise the greenfield build, if you will. We are using existing assets, we're using existing easements, we're taking down some assets –*

Ms FINLAY - *There is not increased easements for Stage 1?*

Mr McGOLDRICK - *In some places the easements have increased. In other places, they've gone down. If you look even at Stage 1, I think there's over 18 or 19 different types of sections depending on widths of easements, style of assets, existing assets in the easement, whether we move them this way, that way or leave them where they are or take them down entirely... We are genuinely seeking to minimise the footprint that we do.*

*It would be fair to say that Stage 2 has a greater impact should it go ahead on greenfield build. Stage 1 more or less almost exclusively uses existing sites, there's a small part going into Burnie that I think is greenfield and there's a few small greenfield parts, but mostly on existing easements.*⁴⁰⁹

Impact on Tasmanians' energy bills

- 7.49 A central question for the Committee was how Marinus Link and related investments will affect electricity prices in Tasmania. On this point, there was a notable divide in the evidence.

Evidence received

- 7.50 Proponents gave evidence that Project Marinus will put downward pressure on Tasmanians' energy bills in the medium to long term, whereas many witnesses feared it will increase costs for consumers, particularly if no special protections or pricing arrangements are in place.
- 7.51 Mr Prajit Parameswar, Chief Commercial Officer at MLPL, presented modelling of 'net consumer benefits' provided by FTI Consulting⁴¹⁰ asserting that by facilitating cheaper renewable generation and greater competition in the NEM would drive wholesale prices down for a typical residential consumer:

Mr PARAMESWAR - *... MLPL has calculated typical household savings using the expected consumer benefits model by FTI Consulting, which we've tabled today, and expected network charges with inputs from AEMO (Australian Energy Market Operator) and TasNetworks, which takes into account the current cost*

⁴⁰⁹ Mr. Seán McGoldrick, Chief Executive Officer, TasNetworks, Transcript of Evidence, 28 October 2024, pp. 36-37.

⁴¹⁰ FTI Consulting, Project Marinus: analysis of NEM consumer benefits, November 2024, tabled by Marinus Link Pty Ltd, at the 30 April 2025 public hearing. See also Tabled Paper, Marinus Link Pty Ltd - How do customers benefits from Project Marinus? Summary Report, December 2024, tabled on 30 April 2025.

estimate to construct Marinus Link Stage 1 and the current cost estimate to construct North West Transmission Developments, which TasNetworks has provided to AEMO. And the expected reduction in wholesale energy prices, overall, the net savings number is between \$25 and \$36 on average per year for a typical residential consumer...⁴¹¹

7.52 Marinus Link’s interim Chief Executive Officer, Dr Collette Burke, told the Committee that updated consumer-benefit modelling showed households in both Victoria and Tasmania will be better off, on average.⁴¹²

7.53 FTI Consulting made the following findings in relation to expected reductions in wholesale electricity prices (WEPs) and impact on energy bills, which includes the costs reductions modelled for both Stage 1 and Stage 2 of Marinus Link (i.e. ‘one cable’, ‘two cables’):

These benefits arise from expected reductions in wholesale electricity prices that consumers across the states in NEM should see in their energy bills

■ For two cables, average wholesale electricity prices are estimated to fall by \$20 to \$22 per MWh for Tasmania and \$17 to \$20 per MWh for Victoria. For one cable, the fall in electricity prices is expected to be \$12 to \$13 per MWh for Tasmania and \$13 to \$14 per MWh in Victoria.

■ The effect of the reduction in wholesale electricity prices is expected to equate to an annual \$148 to \$165 reduction in energy bills in Tasmania for two cables. This falls to \$90 to \$97 for one cable.

■ For Victorian consumers, this is expected to be \$70 to \$78 for two cables and \$51 to \$56 for one cable.

■ Reductions in consumer energy bills due to lower wholesale electricity prices are expected across all states in the NEM ranging from \$15 to \$35 for two cables and \$10 to \$23 per household for one cable.⁴¹³

7.54 MLPL tabled a summary report at the 30 April 2025 public hearing which stated that the decrease in WEPs in FTI’s modelling is driven primarily by the following:

- ***Unlocking large volumes of renewable generation in Tasmania.***
 - *In the absence of Project Marinus, Basslink (the sole link between Tasmania and the mainland NEM), is frequently fully utilised. FTI’s modelling indicates that Basslink’s maximum capacity constrains exports from Tasmania in 83% of all periods modelled from 2031-2050, in the absence of Project Marinus.*
 - *Introducing Project Marinus reduces congestion between Tasmania and Victoria, which paired with Project Marinus-dependent capacity*

⁴¹¹ Mr. Prajit Parameswar, Chief Commercial Officer, Marinus Link Pty Ltd, Transcript of Evidence, 30 April 2025, pp. 3-4.

⁴¹² Dr. Collette Burke, Interim Chief Executive Officer, Marinus Link Pty Ltd, Transcript of Evidence, 30 April 2025, p. 2.

⁴¹³ FTI Consulting, Project Marinus: analysis of NEM consumer benefits, November 2024, tabled by Marinus Link Pty Ltd at the 30 April 2025 public hearing, at p.5.

additions, allows for large volumes of low-cost Tasmanian generation to flow to the mainland ... For example, FTI forecasts that in 2035 a two cable Marinus Link increases Tasmania to Victoria flows by 3.6 TWh.

...

- **Allowing more displacement of thermal gas generation with lower cost renewables.**
 - In the Without Project Marinus counterfactual, gas generators are increasingly used to cover periods of low renewable generation, as coal-fired generators retire and NEM-wide demand increases.
 - Project Marinus has a material impact on NEM-wide gas generation, as the additional interconnection, combined with low-cost Tasmanian pumped hydro capacity and high-quality wind resource, enables renewable capacity in Tasmania to cover periods of low renewable generation and high demand on the mainland.
 - Tasmanian wind has a high capacity factor relative to mainland wind and solar¹⁰, and also provides greater resource diversity to mainland wind farms¹¹. This complementary profile increases the share of demand (including periods of high demand) that low-cost renewable generation can meet.
 - The marginal gas peaking plants on the mainland are significantly displaced as a result of Project Marinus, with annual gas generation reducing by between 2-5 TWh from 2033-2050 relative to the Without Project Marinus counterfactual ... ⁴¹⁴

7.55 Additionally, the Minister pointed to the Commonwealth's assistance with a large portion of costs is a form of pricing relief, for example, the NWTG upgrades are being financed via deeply concessional loans/grants, which "flow directly through to customers" by lowering the regulated charges TasNetworks will seek.⁴¹⁵

7.56 At the 29 April 2025 public hearing, Mr Sean McGoldrick and Michael Westenberg of TasNetworks gave evidence on the impact network charges from the NWTG will have on energy bills for Tasmanian consumers, including the major industrials:

Mr BAYLEY - What work have you done around cost implications of the Marinus development for various customers? We had a submission presented to us in

⁴¹⁴ Tabled Paper, Marinus Link Pty Ltd - How do customers benefit from Project Marinus? Summary Report, December 2024, tabled on 30 April 2025, pp. 7-8, including references to Footnote 10, See AEMO's 2023 Inputs, Assumptions and Scenarios Report workbook: <https://aemo.com.au/en/energy-systems/major-publications/integrated-system-plan-isp/2024-integrated-system-plan-isp/current-inputs-assumptions-and-scenarios>, and Footnote 11, AEMO 2022 Integrated System Plan. <https://aemo.com.au/-/media/files/major-publications/isp/2022/2022-documents/2022-integrated-system-plan-isp.pdf?la=en>

⁴¹⁵ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 30 April 2025, p. 31.

evidence from Grange Resources around a 29.6 per cent increase that they had been informed would be a result of the Marinus project to them as an industrial customer –

...What work have you done for other customers in the network charge component, and is it similar? Does it come up with a similar figure?

Mr McGOLDRICK - We'll give you some of the detail in a moment on the cost implications. Just to assure you, we've met with many customers, particularly major industrials, but also 12 directly connected customers on the transmission system who would be impacted by the North West TD and its costs and benefits. The distribution system is also a connection to the transmission system, so there would be costs that would flow down through there. We've had multiple meetings over the last couple of years, sharing our projections on those costs as we've refined them and moved them forward.

Recently in the last few months, we have had a round of meetings too where we've shared detailed projections with our stakeholder group. We have a customer group and a stakeholder group, so we've shared those projections with them. Of course, that's leading up to a regulatory submission in the coming months...

CHAIR - Just to be clear on that, what you're talking about here, Seán, is the flow-on of network charges related to the North West Transmission Developments only?

Mr McGOLDRICK - Yes, exactly.

Mr BAYLEY - Do you see them [NWT and Marinus Link] as one and the same?...

Mr WESTENBERG - If we relate to the question around the presentation provided to Grange - I think it was actually Chantal, myself and one of the other executives who tried to meet with just about all of the major industrial customers at that point and provide them with what were then the indicated prices for this year, or the following year. A number of people wanted prices on a range of scenarios, different contingent projects. The North West, Marinus, in the case of that particular presentation, my understanding that that figure related to both the impact of Marinus and the North West related –

CHAIR - That's what they said.

Mr WESTENBERG - Yes, that's correct. That is sort of indicative at that particular point in time. We probably, as time's moved on, have been - obviously, as we divested Marinus - focused more and more on specifically doing work around the North West and what the North West Transmission means as the two entities separated. That's where our focus has been.

CHAIR - What percentage increase would major industry players reasonably expect from the investment in the North West Transmission Developments?

Mr WESTENBERG - I just want to double-check a couple of the assumptions that go into these. What we've looked to try to do is pick a point in time in the year 2031-32 where the project's finished because it's complicated to get through to

that point and it could vary dramatically. That's the first assumption. The second assumption is that we're pricing it in 2024-25 dollars - that's correct?

Ms HOPWOOD - Yes.

Mr WESTENBERG - Based on that, it's around 15 per cent increase –

Ms HOPWOOD - 14.3 ... Yes, 14.3 is a common effect for stage one on the North West.

Mr BAYLEY - To industrial customers?

Mr WESTENBERG - Transmission - that's the transmission network, yes, which –

...

CHAIR - Won't that flow through to everybody because Aurora is a major customer?

Mr WESTENBERG - Yes. A portion of it does. If you wanted to separate out the major industrials from the distribution network, it's 15.6 per cent, and that, again, is network charges. That doesn't reflect any reduction in wholesale energy prices or reduction –

Ms HOPWOOD - Yes, I was going to say, that's purely network charges...⁴¹⁶

- 7.57 TasNetworks also gave evidence on the projected cost impacts of increased network charges from the NWTD on residential and small business customers and noted that it includes consideration of concessional finance arrangements that were yet to be negotiated and agreed with the CEFC:

Mr BAYLEY - What about for the retailers? Is it something similar?

Mr WESTENBERG - When you say retailers, for a retail customer?

Mr BAYLEY - For the domestic retailers, yes.

Mr WESTENBERG - It reduces down quite considerably. With the retail customers, once we apply a concessional mechanism - if you go back to the original MOU between the state and Commonwealth about the deep concessional finance that we're arranging through the C[E]FC, we've been working over the last 12 months to finalise that, which is also part of the financial investment decision. Based on that forecast, at the moment, the incremental change would be about 3.5 per cent for a residential customer.

CHAIR - Increase obviously?

Mr WESTENBERG - Yes, that's right.

Mr Mc GOLDRICK - Yes, increase.

Ms HOPWOOD - Similar for a small-business customer.

⁴¹⁶ Mr. Seán McGoldrick, Chief Executive Officer, Mr. Michael Westenberg, Executive Finance and Regulation, Ms. Chantal Hopwood, Acting Executive Governance, TasNetworks, Transcript of Evidence, 29 April 2025, pp. 34-36.

Mr BAYLEY - 3.5 per cent...how do you explain that difference? How is the difference explained in terms of the transmission costs –

Mr WESTENBERG - It's the flow through from the transmission network down into the distribution network and –

Mr BAYLEY - Because there's more capacity to absorb those costs, or?

Ms HOPWOOD - No, it just relates to the large base of transmission customers we have connected to the transmission network and the portion of total revenue that they pay.

Mr BAYLEY - Directly connected –

Mr WESTENBERG - Directly connected, yes.

Mr Mc GOLDRICK - On any given day, they're over 50 per cent of our load.

...

Mr WESTENBERG - All of this pricing is done through a specific framework and methodology. We don't have the choice of trying to allocate pricing differently in those cases. The transmission network receives its component, and then flows down through the distribution network into the residential customers...⁴¹⁷

- 7.58 TasNetworks provided the Committee with a Pricing Pack⁴¹⁸ which presented the outcomes of modelling for NWTG Stage 1 indicative price impacts for 2031-32, showing the 3.5 per cent increase for residential and small business customers is forecast to be \$36 and \$127 respectively:

NWTG Stage 1 Indicative Price Impacts for customers in 2031-32⁴¹⁹

\$ real 2024-25	Forecast 2031-32 base price	NWTG Stage 1 Incremental impact	NWTG Stage 1 Cumulative impact	
Total Transmission (\$m)	\$159.7	\$22.9	\$182.6	14.3%
Major Industrials (\$m)	\$58.1	\$9.0	\$67.2	15.6%
Top 4 Major Industrials (\$m)	\$50.7	\$7.9	\$58.6	15.5%
Residential	\$1,026	\$36	\$1,062	3.5%
Small business	\$3,575	\$127	\$3,701	3.5%

⁴¹⁷ Mr. Seán McGoldrick, Chief Executive Officer, Mr. Michael Westenberg, Executive Finance and Regulation, Ms. Chantal Hopwood, Acting Executive Governance, TasNetworks, Transcript of Evidence, 29 April 2025, pp. 36-37.

⁴¹⁸ Letter from Mr. Seán McGoldrick, Chief Executive Officer, TasNetworks, dated 30 May 2025, enclosing Joint Select Committee Pricing Pack – April 2025, in response to question taken on notice from 29 April 2025 public hearing.

⁴¹⁹ TasNetworks Joint Select Committee Pricing pack – 24 April 2025, November 2024, in response to question taken on notice from 29 April 2025 public hearing, at p.5.

7.59 TasNetworks' Pricing Pack also provided the assumptions informing the modelled price impacts:

Assumptions

- Indicative prices use 2025-26 Annual Pricing as the basis of the forecasts for the "Base" price in 2031-32
- Impacts are based on the 2031-32 outcomes for customers as this is indicative of the price impacts of NWT Stage 1 and Mariner Link after it is fully commissioned and operational.
- Outcomes are presented in real terms (\$2024-25).
- NWT Stage 1 is assumed to be \$950 million (real \$2023-24).
- Concessional financing outcomes have been modelled for NWT Stage 1. The actual concessional finance arrangement is still subject to negotiation and final agreement with the Clean Energy Finance Corporation.
- The Financeability rule change for ISP projects has not been considered.
- Price outcome assume that all existing major industrial arrangements continue to exist and there is no additional load.
- Price impacts do not include the impact of Basslink or Mariner Link.
- Prices are network charges only, excludes any wholesale energy benefit.⁴²⁰

7.60 On the other hand, consumer advocates, community groups, and large employers strongly questioned these optimistic projections, noting the need to guard against bill shocks for Tasmanians.

7.61 The Committee heard evidence directly questioning the veracity of the long-term modelling of proponents suggesting general savings on energy bills flowing from Project Mariner:

Ms MILNE - ... When you come to these proposed Mariner Link, Battery of the Nation, the hydrogen hub, the transmission extensions, they're not about planning for the needs of Tasmanians for energy in the most cost-efficient and environmentally friendly and sustainable way. I found it ludicrous that there's a proposition that the saving on annual power bills, on average, will be \$30 to \$50 between 2030 and 2050. Are we seriously suggesting that we can predict a saving of \$30 to \$50 a year by 2050? I mean, it is a ridiculous proposition...⁴²¹

7.62 Professor Bruce Mountain gave evidence casting doubt on cheaper energy prices from Mariner Link pointing to Tasmania's "major strategic mistake" with Basslink where "residential electricity prices in Tasmania, despite no growth in

⁴²⁰ Letter from Mr. Seán McGoldrick, Chief Executive Officer, TasNetworks, dated 30 May 2025, enclosing Joint Select Committee Pricing Pack – April 2025, in response to question taken on notice from 29 April 2025 public hearing, at p.5.

⁴²¹ Ms. Christine Milne AO, Patron, Bob Brown Foundation, Transcript of Evidence, 12 November 2024, p. 19.

electricity consumption over that period, have grown more than in any other region of Australia.”⁴²²

- 7.63 The community sector gave evidence highlighting concerns around pricing impacts of Marinus Link and the need for government to mitigate any energy price rises for Tasmanians on low incomes:

CHAIR - ... if there... [are] increases in power prices as a result [of Marinus Link being built]... does the government then have a responsibility to respond to the very real price pressures that energy users are paying?

Mr BARTL - Well, yes. If electricity prices are going to go up, and we've already got roughly 50,000 people with electricity debts, then it's likely that that will only increase. So, if the government is going to go ahead with it, it needs to ensure that there are programs in place to ensure that people are getting the deductions they need.

CHAIR - Do you see that as an expansion of the concession framework? Or how do you see that working? Because unless we have something that's really well-constructed, it won't necessarily hit the mark.

Mr BARTL - Yes. Again, the TasCOSS submission talks to... these sorts of programs need to ensure that the most disadvantaged receive the most impact. What we have seen, I think \$250 blanket reductions in electricity bills - I didn't need that. I mean, I took it, and I was happy to accept it, but...

...

*I don't really need it compared to many people in the community. We need to be ensuring that those sorts of concessions target the people who need them. But from a Tenants' Union perspective, we think the best way to see a reduction in electricity bills is to ensure that there are minimum standard energy efficiency requirements in rental properties.*⁴²³

- 7.64 TasCOSS echoed the concerns of the Tenants' Union of Tasmania where recovery of the costs from consumers could drive up bills for households least able to pay, particularly renters, exacerbating energy poverty in the state.⁴²⁴
- 7.65 The Committee was provided with evidence from industrial stakeholders that energy prices will rise over and above that stated by Marinus Link proponents.
- 7.66 Grange Resources gave evidence revealing that TasNetworks had advised them of a cost impact of a 29.6 per cent increase in transmission charges if Project Marinus proceeds, noting that even if additional big electricity users (like proposed hydrogen plants) come online to share the network costs, it would only “minimally” reduce the burden:

⁴²² Prof. Bruce Mountain, Victorian Energy Policy Centre, Victoria University, appearing with the Bob Brown Foundation, Transcript of Evidence, 12 November 2024, p. 20.

⁴²³ Mr. Benedict Bartl, Principal Solicitor, Tenants' Union of Tasmania, Transcript of Evidence, 11 February 2025, p. 70.

⁴²⁴ Ms. Andrienne Picone, Chief Executive Officer, TasCOSS, Transcript of Evidence, 20 March 2025, p. 2.

CHAIR - ... You said that - you've been told with Marinus Link that your costs will go up 29.6 per cent and roughly, with the current projected price of Marinus Link, that's about \$1 million a year extra for your business - obviously a pretty significant cost increase. Do you understand how that figure was arrived at, the 29.6 per cent? Is that your modelling? Is that their modelling?

Mr SAWARD - No, it was a presentation that was given to Grange by TasNetworks, that had a table in the presentation that showed the impost of Marinus that they plan to charge large industrials... There is some relief there if certain projects in Bell Bay come online. But just the Marinus Link portion itself, cost recovery is that 29.6 per cent advised to us by TasNetworks.

CHAIR - That's for Grange - and the other big MIs around would have a similar situation, or are you saying this is across the board?

Mr SAWARD - Yes, exactly. Pacific Aluminium, I'd hate to see their increase in their transmission costs.

CHAIR - Correct me if I'm wrong here, but if there was another significant number of large loads come in - like ABEL Energy at Bell Bay, HIF at Hampshire, others that may come in with significant loads - would that reduce that percentage for you, or are you still expecting the same?

Mr SAWARD - Only minimally. Only minimally, yes. Look, TasNetworks, I'm sure, would be happy to share that modelling with you, so you can see what they're telling large industrials the impact would be.

Mr LUCADOU-WELLS - They did break that down for us, but yes, it wasn't a huge impact.

Mr SAWARD - Yes. As far as the offsets, with projects coming online, it doesn't offset that much... ⁴²⁵

7.67 Further, in terms of the ability to model and predict the impact of Project Marinus on the cost of the energy component, Grange Resources representatives, Mr Saward and Mr Mark Lucadou-Wells gave evidence that it was very difficult, particularly with the increased exposure to pricing risks:

CHAIR - In terms of the cost of the energy component - not the transmission component - of your pricing, has there been modelling done around that? With Marinus, I mean.

Mr SAWARD - Yes. We've engaged experts to do a lot of modelling. We've looked at a lot of wind farms wherever they stack up, and we've done export modelling that shows that they're significantly overpriced when they're firm. We have modelling that reaches out and builds in the impact of Marinus when we're making those decisions as well.

The actual energy price - well, that's crystal ball stuff, isn't it, as far as what Hydro will be bidding at, as far as their wholesale come Marinus coming online. That's

⁴²⁵ Mr. Ben Saward, Commercial Manager, and Mr. Mark Lucadou-Wells, Commercial Accountant - Energy and Risk, Grange Resources, Transcript of Evidence, 11 February 2025, p. 37.

where we've sought after a long-term sort of fixed-price deal that underpins our investment decisions, similar to what Liberty just received from Hydro last week.

CHAIR - So it's basically a big unknown, is what you're saying?

Mr SAWARD - Yes. I can't guess what the price will be in 2030, just like you guys can't. Obviously, when more renewables are coming into the energy mix, all the prices are going up.

Mr LUCADOU-WELLS - Yes, there are a lot of risks that will be further exposed to the Victorian spot price - which, when all their coal plants retire, that's going to be highly reliant on wind and solar.

CHAIR - Which seems to be a matter that's being overlooked by some people providing evidence to the committee, that they're only seeing the upside of the negative or low prices, whereas it seems that the modelling suggests that there's going to be a significant overall uplift. Even the lowest prices will be higher, if that makes sense. Is that what you're seeing, that's what you're expecting?

Mr SAWARD - Yes, I don't know what deal Hydro did on the solar farm, but that'll flow in, no doubt. If that has to be firmed, then I'm sure that's not coming cheap either. That's what we're seeing when we've broken down, you know, we've talked to Port Latta Wind Farm, we've talked to a few others that I won't name, and you'll be paying over \$100 a megawatt firmed for wind capacity, whereas you can go and get four-year contracts wholesale with Hydro at about \$75 to \$80 at the moment. Why would you sign into 10 to 15 year PPAs at \$20 a megawatt higher than what you can get now?⁴²⁶

7.68 A recurring concern heard from witnesses was that Marinus Link might expose Tasmanians to higher wholesale prices over time, with opponents of Project Marinus fearing Tasmania's relatively low power prices could equalise upward with Victoria's, once the markets are tightly integrated.⁴²⁷

7.69 Hydro Tasmania's executives gave evidence that their dual purpose per the Ministerial Charter⁴²⁸ is to support the lowest possible power prices for Tasmanians and to enable economic growth and job creation in Tasmania, and that obtaining and maintaining the lowest prices was a focus of Hydro Tasmania and guided what was a best-case scenario in relation to Marinus Link.

CHAIR - If I just pick up that point... to be economically viable, there's differing views about what is fair for Tasmania in this. I know Hydro is not responsible for Marinus Link. The development of Marinus will have a significant impact on the potential profitability of Hydro because you'll change your operating model in that. Am I right? From Hydro's perspective, what's the best-case scenario with

⁴²⁶ Mr. Ben Seward, Commercial Manager, and Mr. Mark Lucadou-Wells, Commercial Accountant - Energy and Risk, Grange Resources, Transcript of Evidence, 11 February 2025, pp. 37-38.

⁴²⁷ Dr. Lachlan Johnson, Research Fellow, Tasmanian Policy Exchange, University of Tasmania, Transcript of Evidence, 28 Oct 2024, pp. 5-6.

⁴²⁸ Hydro Tasmania website, *Ministerial Charter - Hydro Tasmania*, July 2024. Accessed at: <https://www.hydro.com.au/docs/default-source/about-us/our-governance/hydro-tasmania-ministerial-charter---july-2024-signed.pdf>.

Marinus and what's the best-case scenario without Marinus in terms of how that would look?...

Mr BOLT - ...The reason we're looking puzzled is that there's so many variables that to give you a definitive answer would be false precision on our part.

CHAIR - The average punter out there has no clue - not no clue, but it is very difficult to understand this.

Mr BOLT - It is very difficult. How would you, perhaps, make the point? I can't kind of encapsulate it very easily, except to say that, in general terms, when you have diverse wind and solar resources that are complementary across Bass Strait, the ability to share those and to share the cost of connecting them together, in general, I come back to the point that [it] is likely to be the most efficient way of providing for energy security in the long run. I'm not sure I've nailed your question, so I might ask Erin, because she might have picked it up better.

Ms van MAANEN - To pick up on the thread I think you're going for, in terms of getting to - We talk about affordability. We talk about least cost or lowest prices. From the market's perspective, the way to get the lowest possible cost - whether it's affordable is probably a secondary question - is to have the most efficient portfolio of generation assets to meet the energy demand, at the lowest overall running and investment cost. Really, when you look at the market benefits test for an interconnector, which is obviously not our business case or project, so just speaking generally. That's looking at, with that in place, will you gain a more efficient outcome overall in terms of the build that's required to meet energy needs across the interconnected regions? That's what that shows. It allows you to build less in both regions overall to meet energy needs, and that results in a lower price outcome for consumers.⁴²⁹

- 7.70 Nevertheless, the price risk remains a key point of contention. Even some witnesses who support Marinus in principle emphasised the need for pricing safeguards. TMEC urged that firm guarantees or regulatory settings be implemented so that Tasmanian customers do not underwrite the interconnector for the benefit of others, including dedicating a portion of Marinus Link revenues to a state fund to offset local bills:

CHAIR - ... Do you have a view on Hydro Tasmania becoming, basically, a firming company rather than an energy producer or electricity producer?

Mr MOSTOGL - I would imagine their modelling shows they'll make more money.

CHAIR - I'm sure it does.

Mr MOSTOGL - Just letting it go when it's at peak times and then letting it build, so they'll buy it low and sell it high.

...

⁴²⁹ Mr. Richard Bolt, Chair, and Ms. Erin van Maanen, Executive General Manager Strategy, Hydro Tasmania, Transcript of Evidence, 29 April 2025, pp. 8-9.

... That's not a bad thing from a point of view of - is that going to result in more dividends? Going back to my point, if they're running efficiently and they're churning out more dividends for the state, then we all benefit, don't we?

CHAIR - *Would you expect to see some detailed analysis of this aspect of it in the whole-of-government business case of Marinus?*

Mr MOSTOGL - *I would have thought so, absolutely. We talked earlier about how do you reduce the prices of the - one of the other ways you can do it is to provide people with a rebate. We're sort of doing that now with a plus 100 million [Renewable Energy Dividend], but you actually hard wire that in a bit differently to say, 'Well, the state is going to make more money as a result of going down the Marinus route, and to actually share that benefit, we're going to provide every household in Tasmania with this quarterly rebate as a result of having that'.⁴³⁰*

- 7.71 The Tasmanian Government highlighted that it already provides among the highest electricity concessions in the country.

CHAIR - *...Is Treasury looking at these sorts of things in order to support customers who are struggling with energy poverty?*

Mr BARNETT - *I think the first thing to say is, yes, this is at the forefront of our mind and that's why the government has had a proud record of supporting vulnerable Tasmanians. We provide amongst the highest level of concessions across Australia, state and territory and we're pleased and proud of that record.⁴³¹*

Alternative options and the costs and benefits

- 7.72 Throughout the Committee's Inquiry, witnesses discussed whether there are viable alternatives to proceeding with Project Marinus, and what the consequences would be for Tasmania of not pursuing this interconnector (the "do nothing" or "do minimum" scenario).

- 7.73 The Committee heard a range of perspectives, often framed as two very different strategic paths for Tasmania's energy future:

- Proponents' Perspective – Lost Opportunities if Project Marinus is Not Built; or
- Opponents' Perspective – Local Solutions and a More Cautious Approach to the Energy Transition.

Evidence received

⁴³⁰ Mr. Ray Mostogl, Chief Executive Officer, Tasmanian Minerals, Manufacturing & Energy Council, Transcript of Evidence, 1 October 2024, p. 63.

⁴³¹ Hon. Guy Barnett MP, Deputy Premier and Treasurer, Transcript of Evidence, 20 March 2025, pp. 48-49.

Proponents' Perspective

- 7.74 Supporters argued that without Project Marinus, Tasmania would forego significant economic and strategic benefits.
- 7.75 The Committee heard from the Tasmanian Government that Project Marinus and the Battery of the Nation is central to its energy transition policy and attainment of the 200 per cent TRET, as well as a key stimulus for further economic growth and investment.⁴³²
- 7.76 The Department of Treasury and Finance gave evidence that in developing the Whole of State Business Case it has considered and modelled a “no Marinus Link” scenario,⁴³³ as has the Australian Energy Regulator (AER) in applying the regulatory investment test for transmission (RIT-T) cost benefit assessment:

CHAIR - Earlier on in the submission you make the note that both the ISP and the RIT-T analysis illustrate that Marinus Link will play a critical role in delivering Australia's clean energy future at the lowest possible cost. What are the counterfactuals used in the ISP and RIT-T analysis there? Specifically, have they carefully evaluated the alternative where Tasmania takes responsibility for its own electricity supply without Marinus Link?

Mr PARAMESWAR - The aim of the ISP - let me start with the RIT-T update, if that's okay. What we've done in the RIT-T update is use the scenarios that AEMO modelled. AEMO is the independent expert and runs the National Electricity Market. They've run three scenarios: the progressive change, the step change, and the green hydrogen scenario. These three scenarios collectively are what we looked at and we've done our RIT-T modelling. We engaged EY, who are experts at this and have completed their modelling. They've come up with gross market benefits for each scenario. We've looked at the weighted average using AEMO's Delphi panel weightings.

Ms GAMBLE - In addition to that, the Australian Energy Regulator, in conducting the regulatory investment test, does look at the with and without Marinus Link.

CHAIR - That was the question I did quite get to. Did it look at that option?

Ms GAMBLE - What they do is look at a scenario without Marinus Link and they think about all the things that need to happen in the system if Marinus Link wasn't there. What's all the extra generation? What's all the extra fuel cost? What's all the extra losses in the system that would need to be there if Marinus wasn't? Then you put Marinus in and you compare that to the investment that needs to happen in the system with Marinus in place. You compare the two cash flows and you get a calculation of the net benefits. That's where the AER came up with the net benefits of avoided cost of \$1.8 billion. That's the deferral of capital

⁴³² Hon. Guy Barnett MP, Deputy Premier and Treasurer, Transcript of Evidence, 20 March 2025, p. 28.

⁴³³ Mr. Anton Voss, Executive Director of the Project Marinus Whole of State Business, Department of Treasury and Finance, Tasmanian Government, Transcript of Evidence, 20 March 2025, pp. 28-29.

expenditure that would otherwise have had to happen if Marinus wasn't in place.⁴³⁴

7.77 In its submission to the Inquiry, MLPL provided analysis on the potential cost and risk impacts of a 'no Project Marinus' scenario:

World Without Marinus Link

As indicated above, typical Tasmanian residential consumers will have lower annual electricity bills on average in a future with Marinus Link, compared to a future without it.

Analysis undertaken by TasNetworks, based on consumer connection enquiries, indicates a significant increase in future Tasmanian energy load growth, which is expected to double by 2032,⁹ necessitating additional on-island network upgrades.

This is backed up by AEMO's 2023 Electricity Statement of Opportunities¹⁰ and also evidenced in the Step Change scenario (central scenario) in AEMO's 2024 ISP. These upgrades will be required regardless of whether Marinus Link is commissioned or not, however in the event that Marinus Link does not proceed, these network upgrades would not benefit from being offset by the commercial gains that Marinus Link is expected to unlock, nor will they benefit from the concessional finance that has been offered by the Clean Energy Finance Corporation (CEFC) for the construction of North West Transmission Developments.

Modelling commissioned by MLPL indicates that Tasmania could incur additional system costs of up to \$200 million per annum without Marinus Link in place. This would be equivalent to an approximate increase of \$100 per typical household, if these costs were passed on to distribution connected consumers. These Tasmanian system costs include the aforementioned forecast increased load growth, as well as potential impacts of climate change, and impacts from extreme drought, leading to additional import at higher prices and increase in Tasmanian gas-powered generation.

Independent verification of this modelling also highlighted the 2016 Tasmanian energy crisis as an example of operating the system under significant stress, with low storage levels and higher risk of unserved energy under various credible outage scenarios. This presents, we believe, significant energy security risks to the State with increased dependency on the existing Basslink Interconnector and continued reliance on the Tamar Valley Power Station and its more carbon-intensive generation and cost exposure to the volatile gas market. It also places in doubt Tasmania's net zero emissions target, as well as the State's legislated commitment to 100 per cent renewable generation by 2040.⁴³⁵

⁴³⁴ Ms. Sandra Gamble, Chair, and Mr. Prajit Parameswar, Chief Commercial Officer, Marinus Link Pty Ltd, Transcript of Evidence, 28 October 2024, p. 69.

⁴³⁵ Submission No. 23 (51st Parliament Joint Select Committee on Energy Matters), Marinus Link Pty Ltd, pp. 8-10, including references to Footnote 8, See TasNetworks Media Release 20 November 2023, https://www.tasnetworks.com.au/config/getattachment/a7b4e2c9-57f2-4773-9abb2aed068e84cf/TasNetworks_Marinus_Link_NWTD_Media_Release_20_Nov_2023.pdf, Footnote 9,

- 7.78 TasNetworks echoed these sentiments in its evidence to the Committee submitting that a ‘no Marinus case’ could mean constrained growth in developing renewable energy projects and higher power prices:

Mr McGOLDRICK - ...If we're to have further development of renewable generation and mining that rich resource, we need greater interconnection capacity to unleash that to allow the proponents to get the project financing up, so they can actually develop. That's the reality of the economics of developing renewable generation or any generation: you have to be able to show that you can recover your costs and make a profit.

...

One of the things that you really need when you're relying on renewable energy, and this is in any power system, is geographic diversity. You need to make sure that you have connected enough larger regions together that if the wind is blowing in one region and not in another, you can share power. If the sun is shining in one area but not in another, you can share power. It's important that geographic diversity makes sure that you can get the best out of what is a resource that's not constant, it can vary of course.

CHAIR - Geographic diversity means beyond the State of Tasmania, just to be clear?

Mr McGOLDRICK - Yes it does. For example, there will be occasions, with further interconnection, that there will be a lot of cheap solar power in the mainland, coming from those renewable energy schemes that are developing lots of solar, and we will be able to benefit through interconnection by importing that cheap power and holding on to our resource on the island here. On other occasions –

CHAIR - How would that reduce prices?

Mr McGOLDRICK - It'll mean that we're importing cheap power.⁴³⁶

- 7.79 The Committee heard that in a one-interconnector scenario (with Basslink only), there is a risk of excess renewable energy being ‘spilled’ or unused in the future, particularly in extended sunshine, high-wind and high-rainfall periods.

Ms van MAANEN - ...Beyond our business, one of the benefits of greater interconnection is it provides more certainty to developers of wind and solar projects that they'll have the ability to sell all of their output. You could simply build more wind and solar in Tasmania, but because it's variable, there's times where they're generating but not all of that energy is needed within Tasmania, because they can't control the output. Yes, you could have more wind and solar

TasNetworks Annual Planning Report 2022, <https://www.tasnetworks.com.au/config/getattachment/a06436d3-a427-42f5-9bbc-230ee85ebd5c/annual-planning-report-2022.pdf>, and Footnote 10, See AEMO 2023 Electricity Statement of Opportunities, https://aemo.com.au/-/media/files/electricity/nem/planning_and_forecasting/nem_esoo/2023/2023-electricity-statement-ofopportunities.pdf.

⁴³⁶ Mr. Seán McGoldrick, Chief Executive Officer, TasNetworks, Transcript of Evidence, 28 October 2024, pp. 26-27.

built, but the investment case for it in Tasmania alone without greater connection would be much harder...⁴³⁷

- 7.80 Witnesses told the Committee that, without extra export capacity, Tasmania might generate more clean power than it can consume or send over Basslink, resulting in lost revenue and wasted emissions-reduction potential of renewables.

Mr GARLAND - ... Also, you talked about lost revenue before, when we were not able to –

CHAIR - Revenue forgone.

Mr GARLAND - Revenue forgone. Hydro water is stored, isn't that there to be used at any particular point in time? It's not actually lost, it's just sitting there waiting to be used when you –

Ms GAMBLE - It is. The beauty of Marinus is that it gives Hydro more opportunity to sell that water at a higher price when it can get a better price for it by exporting it to the mainland. It actually increases the value of the water and, therefore, the revenue to Hydro and the revenue to Tasmania. It's a more clever use of the water.

Mr PARAMESWAR - Can I also add that Hydro receives close to two-thirds of its rainfall between the months of June and October every year. During that period when - Hydro has a lot of run-of-river storages and, if all the rain comes together at that period, which it does, there is quite a bit of spill. That is something that, going back to your question, yes, there is an opportunity value. As the Chair pointed out, if the water was stored in the Lake Gordon, in the Lake Poatina, perhaps even in John Butters, you could make use of that at a future period, but there are run-of-river storages that, unfortunately, you may not be able to recover the opportunity value.⁴³⁸

- 7.81 Witnesses also emphasised the energy security implications if Marinus did not proceed. Minister Duigan and ReCFIT representatives gave evidence that recalibration of thinking around energy security and self-reliance in a 'no Marinus scenario', particularly considering an aging Basslink:

Mr GARLAND - ... is your department planning for a scenario where Marinus Link does not proceed as a project and, if so, what does it look like, particularly in terms of additional renewable energy generation in Tasmania?

Mr DUIGAN - The no-Marinus scenario - look, it is certainly one of the considerations. What I do know of the whole-of-state business case, it does contemplate the no-Marinus scenario, so we get an understanding of what the energy landscape looks like in Tasmania with Marinus and with no Marinus -

⁴³⁷ Ms. Erin van Maanen, Executive General Manager Strategy, Hydro Tasmania, Transcript of Evidence, 29 April 2025, p. 7.

⁴³⁸ Ms. Sandra Gamble, Chair, and Mr. Prajit Parameswar, Chief Commercial Officer, Marinus Link Pty Ltd, Transcript of Evidence, 28 October 2024, p. 75.

understanding what power prices look like, understanding what investment potential looks like, understanding all of those things, which I think is important.

In terms of what we would then do, and I have given it some anecdotal thought, but I must admit most of my energy has been around framing up the best possible way to make a decision on Marinus, and I think what we do if it doesn't go ahead, I think that that is - just as an aside, one of the really interesting things that does occur to me and is contemplated, is the fact that, at some point, Basslink will come to the end of its working life, potentially in 20 years or so, and we will need to then consider what we do in that circumstance.

Further interconnection, I think everybody would agree that a level of interconnection is required for energy security on-island, and knowing how long something like an interconnector between Tasmania and the mainland takes to plan, progress and build, that would roll around pretty quickly as well. So, that is another thing that I think about in a no-Marinus scenario, our energy security going forward. I better ask the department what work they have done around thinking about no Marinus. Thank you, Sean Terry.

Mr TERRY - Look, there is not a specific body of work where we have gone out and modelled a whole range of scenarios. Certainly, our focus is on Marinus Link and the North West Transmission to be on and meeting our Tasmanian renewable energy target; but if there was a decision around no Marinus, then it is not like we'd have to have this work done straight away, so we've got time to go away and look at what a new kind of energy landscape looks for in Tasmania in that kind of scenario.

So, you are kind of looking - planning out to 2030 and 2040, but I would have to say our focus is very much on Marinus 1, North West and the Tasmanian Renewable Energy Target. If that changes, we will just recalibrate our thinking and our forward planning.

CHAIR - ... I would have hoped that you would be encouraging your department to be thinking about the state being more self-reliant, including with the transition away from fossil fuels in our transport sector, in our major industries, which is going to require additional energy regardless of whether we build a new link and have an existing link or not. Isn't that a fact?

Mr DUIGAN - Yes, it certainly is. You know, what I think we have to recognise is the link enables all the investment in new generation. It's much more difficult to frame up a case for a new generation on-island without the link; the link is an enabler for a whole lot of economic development on-island. We're about to go out for consultation on our future clean energy fuels strategy, things like that - and Project Marinus enables all of those things. Tasmania has its own small market functions and we could meet our needs, no doubt about that, but the economic opportunity is much greater than that. That's where our thinking is.⁴³⁹

⁴³⁹ Hon. Nick Duigan MLC, Minister for Energy and Renewables, and Mr. Sean Terry, Executive Director, Renewables, Climate and Future Industries Tasmania, Department of State Growth, Transcript of Evidence, 30 April 2025, pp. 46-47.

- 7.82 The Committee heard from proponents that thousands of job opportunities tied to Project Marinus and Battery of the Nation during construction phases and hundreds of ongoing jobs in operations and renewables development, particularly in regional areas of Tasmania,⁴⁴⁰ that hinge on the project proceeding, would not materialise. Ms Sandra Gamble, Chair of MLPL, gave evidence on this matter:

***Ms GAMBLE** - ... In 2023, Marinus Link commissioned Ernst & Young to provide an updated independent analysis of the economic contribution of Marinus Link and the North West Transmission Developments. According to this analysis, the construction and operations of Marinus Link and associated network augmentation coupled with induced investment is expected to support thousands of jobs across a wide range of industries, education levels and occupations. Additionally, it will lead to a pipeline of investment in renewable projects stimulating supply chains across the region and the wider community.⁴⁴¹*

- 7.83 Analysis conducted by Ernst & Young stated that:

Many local economies are expected to benefit from the construction and operations of Project Marinus and the enabled renewable energy projects. The contribution of Marinus Link is modelled in North West Tasmania but it is likely that some would flow state-wide...[and] considers the employment impacts on North-West Tasmania, North-East Tasmania and the Tasmanian Midlands.⁴⁴²

- 7.84 The Ernst & Young analysis assumed an increase in generation capacity to each region and estimated that the total direct and indirect economic contribution of Marinus Link, and the induced investment to these regions would generate an estimated 4,923 FTE jobs and 2,201 FTE jobs arising from the construction of Marinus Link and North West Transmission Developments in north-west Tasmania respectively, as well as 80 FTEs and 17 FTEs in ongoing operations.⁴⁴³
- 7.85 Also, Ernst & Young modelled the employment impacts of “renewable energy projects enabled by Project Marinus”, with north-west Tasmania and the Tasmanian midlands forecast to increase in employment, while north-east Tasmania sees FTEs move to the other two regions.⁴⁴⁴
- 7.86 Finally, witnesses further contended that without Project Marinus, Tasmania’s ability to contribute to national emissions reduction is curtailed. Mr. Anton Voss explained that Marinus Link and the resulting building of renewables will

⁴⁴⁰ Submission No. 23a (51st Parliament Joint Select Committee on Energy Matters), Marinus Link Attachment, see Ernst & Young, The economic contribution of Project Marinus, October 2023, pp. 31-34.

⁴⁴¹ Ms. Sandra Gamble, Chair, Marinus Link Pty Ltd, Transcript of Evidence, 28 October 2024, p. 57.

⁴⁴² Submission No. 23a (51st Parliament Joint Select Committee on Energy Matters), Marinus Link Attachment, see Ernst & Young, The economic contribution of Project Marinus, October 2023, p. 31.

⁴⁴³ Submission No. 23a (51st Parliament Joint Select Committee on Energy Matters), Marinus Link Attachment, see Ernst & Young, The economic contribution of Project Marinus, October 2023, p. 31.

⁴⁴⁴ Submission No. 23a (51st Parliament Joint Select Committee on Energy Matters), Marinus Link Attachment, see Ernst & Young, The economic contribution of Project Marinus, October 2023, p. 31.

contribute to Australia's broader decarbonisation plans and carbon targets.⁴⁴⁵ The Deputy Premier and then Treasurer described the importance of, and Tasmania's reputation in, renewable energy and that Marinus Link is a top priority nationally:

Mr BARNETT - We are the renewable energy state and we're very pleased and proud of that. We've backed it in with our targets some years ago, which has been legislated. We do have a lot to share in terms of Hydro, but also, working with the other renewable energy sources, wind and solar, and we have big plans accordingly.

...

I've said before, and I'll say again, Tasmania has the trifecta in terms of our renewable energy. It's low cost, reliable and clean, and that's something that the rest of Australia and the rest of the world wants. We believe that Marinus, like the business community has said in recent weeks, is a top priority. I know that will feature during the federal election campaign. It already has, and we acknowledge and thank the business community for their support.⁴⁴⁶

Opponents' Perspective

- 7.87 In evaluating the 'alternative versus do nothing' scenarios, the Committee received evidence that this is not a binary question of simply abandoning all efforts. Opponents of Project Marinus did not suggest Tasmania do nothing about energy at all, rather, they promote alternative investments and/or a slower or more efficient approach to interconnection. As Ms. Christine Milne AO offered to the Committee:

Ms MILNE - ... It's not a question of no new generation in Tasmania; it's a question of appropriate generation and affordable generation.⁴⁴⁷

- 7.88 The Committee heard evidence that the pursuit of Project Marinus is more about large-scale development and economic growth than reducing energy bills and emissions and building energy resilience in a changing climate.

Ms MILNE - ... The Tasmanian government goes to ... [AEMO] and says, 'We want this', and then they enable it with whatever strategy they come up with. It's a 'Back to the Future' jobs and growth strategy based on the premise that the world hasn't changed since hydro industrialisation mark I.

It is not modelled or costed with any rigour and we still have no idea - in spite of excellent National Electricity Market data - what the impact of repurposing the hydro system to meet mainland demand means for the future profitability of the GBEs. What does it mean for the hydro in the future to introduce all this

⁴⁴⁵ Mr. Anton Voss, Executive Director of the Project Marinus Whole of State Business, Department of Treasury and Finance, Tasmanian Government, Transcript of Evidence, 20 March 2025, p. 30.

⁴⁴⁶ Hon. Guy Barnett MP, Deputy Premier and Treasurer, Transcript of Evidence, 20 March 2025, pp. 27-28.

⁴⁴⁷ Ms. Christine Milne AO, Patron, Bob Brown Foundation, Transcript of Evidence, 12 November 2024, p. 18.

additional wind? What does it mean for run of the river and what does it mean for farmers and irrigators? Well, you've heard from them. What does it mean for erosion in the riparian systems. What does it mean for Tasmania to have less and less control of the hydro? Tasmanians rejected the sale of the hydro once. Now we're going to see Tasmanians' control of the hydro seriously reduced.

Every new government initiative that we've talked about is retrospectively backfilling a rationale, whether it's a renewable energy zone, or an amendment to the coastal policy, or the announcement of an offshore wind zone. They are all retrospectively fitted to what the developers want. They are not coming from the Tasmanian community.

Herein lies the government's internal contradiction, and it's built into its new ministerial charter. On the one hand, it assumes that meeting energy needs for Tasmanians is the same, or compatible with, developer-led economic growth, and it isn't. They're two entirely different things. Tasmanians don't need energy demand artificially inflated or the Hydro repurposed to be an energy trader. They need to be asked how they would like to see energy delivered and there is endless opportunity and excitement about rolling out rooftop solar, community-based batteries and so on, micro-grids. There's a huge opportunity for Tasmania to involve Tasmanians, bring down power bills, build resilience in the system, if we looked at it from the point of view of what's necessary not what the actual developers want.

That is essentially the conclusion of the Bob Brown Foundation, that Tasmania's competitive advantage in a world with disrupted supply chains, disrupted weather and the whole lot is losing species, is to actually develop something that suits Tasmanians in the long term and builds a circular economy, doesn't depend on the old jobs and growth model of exporting our resources.⁴⁴⁸

- 7.89 The costs of a 'do nothing' approach as portrayed by proponents (lost jobs, foregone revenue, potential supply risks) must be weighed against the risks of proceeding raised by critics of Project Marinus such as higher bills, community discord, and irreversible environmental damage:

Ms MILNE - ... The need to transition to renewables is unquestioned. But it cannot and must not be done at the expense of biodiversity.

...

Also, there's the growing list of critically endangered species in Tasmania and, in particular, you're looking with Robbins Island, for example, the orange-bellied and swift parrots, the wedge-tailed eagles, and the Tasmanian devils.

...

In the face of these twin crises - climate and biodiversity loss - the future energy system needs to prioritise meeting the realistic needs of Tasmanians for a secure supply of renewable affordable energy, and the maintenance and restorations of ecosystems. In other words, energy be prioritised as an essential community

⁴⁴⁸ Ms. Christine Milne AO, Patron, Bob Brown Foundation, Transcript of Evidence, 12 November 2024, pp. 19-20.

*service in a changed world where nothing is as predictable as it was, and resilience is everything...*⁴⁴⁹

- 7.90 Professor Mountain submitted that dramatically increasing the uptake of rooftop solar was a more appropriate, alternative energy future better suited to Tasmania's energy infrastructure, with low or no economic and social costs, and more efficient use of the current interconnector:

Untapped potential of rooftop solar in Tasmania

...For example in the 2024 Gencost report, CSIRO estimated the levelised average cost of solar PV at \$50-\$75/MWh compared to on-shore wind (the next cheapest) at \$75-\$110/MWh. Tasmania has the particular advantage, unavailable elsewhere in the NEM, of a hydro system with the capacity to store surpluses for later use. This means that, unlike the rest of the NEM, there is little need to expand storage in Tasmania to gain the full advantage from rooftop solar. And solar in Tasmania has the particular advantage of being most abundant in the dry season, when it is most needed.

Minister Duigan has justified the construction of MarinusLink on the basis that, like Basslink, it will be able to import electricity from Victoria when solar is plentiful in Victoria and so prices are low. While Basslink can do this without incurring incremental cost, Tasmania would be very much better off expanding its own rooftop solar supply (which will have a comparable cost to Victorian rooftop solar) rather than incurring the enormous expense (or expecting Victorians or Australian taxpayers to incur enormous expense) to build Marinus to increase imports of a product that can be made just as cheaply in Tasmania.

...Hydro Tasmania stress the value of interconnection as a support to Tasmania in dry years and that as renewable generation grows so it will become more valuable. But Basslink is valuable as a support to Tasmania because Tasmania has been so slow in expanding solar electricity in Tasmania. And it will be much cheaper to expand solar production in Tasmania than building Marinus Link to import Victoria's electricity.

*The expansion of rooftop solar in Tasmania is, surely, therefore the quickest and cheapest way to expand electricity supply in Tasmania with the lowest social and environmental impact of all currently available technologies. And with an average cost of production well below the average wholesale price it will be able to deliver profitable supply, reduce wholesale prices in Tasmania and increase the quantity of surpluses that Tasmania can profitably export to Victoria in the evening. It is perplexing that with such advantages Tasmania's energy policy has failed to capitalise on the enormous advantages in rooftop solar that are so readily to hand.*⁴⁵⁰

Findings

The Committee finds:

⁴⁴⁹ Ms. Christine Milne AO, Patron, Bob Brown Foundation, Transcript of Evidence, 12 November 2024, pp. 18-19.

⁴⁵⁰ Submission No. 48, Prof. Bruce Mountain, pp. 42-43.

Likely Beneficiaries

- 83. Evidence from independent analysts, consumer advocates, heavy industry, and community representatives raised concerns that the primary benefits of Project Marinus (including electricity costs) will not flow proportionately to Tasmanian consumers, rather those benefits may be realised by mainland electricity users and private generation investors.
- 84. For Project Marinus to benefit Tasmanians, its benefits must tangibly reach households and businesses through affordable power, local jobs, and community development, rather than primarily enabling export revenues for Hydro Tasmania or private investors.
- 85. The Tasmanian Government, Marinus Link Pty Ltd, Hydro Tasmania, TasNetworks, and the broader business community suggest Project Marinus is critical infrastructure that will improve Tasmania's energy security, unlock new renewable generation, and provide downward pressure on energy prices.

Funding Arrangements

- 86. The funding arrangements for Project Marinus rely predominantly on intergovernmental equity and concessional financing from the Commonwealth through the Clean Energy Finance Corporation, which materially reduces but does not eliminate the cost impact on Tasmanian consumers.
- 87. The basis for Tasmania's 27.6 per cent share of regulated revenue recovery for Project Marinus, being distinct from Tasmania's equity contribution and smaller population size, was not clearly explained.
- 88. Concessional financing from the Clean Energy Finance Corporation for both Marinus Link and the North West Transmission Development is estimated by the Tasmanian Government to reduce the maximum allowable revenue to be recovered from consumers by at least 60 per cent compared to non-concessional financing.

Impact on Energy Bills

89. There are two conflicting narratives on the energy bill impacts of Project Marinus: one in which greater market efficiency and new renewable generation reduces wholesale prices and delivers net savings; and one in which Tasmanian business, industry, and households bear rising network and transmission costs for infrastructure from which they derive limited direct benefit.
90. Modelling by FTI Consulting commissioned by Marinus Link Pty Ltd projects net consumer savings of \$25–\$36 per year for a typical residential customer from Stage 1; this modelling depends on assumptions about new generation development and market conditions.
91. Marinus Link and the North West Transmission Development Stage 1 projections depend on significant assumptions about new renewable generation coming online in Tasmania and are modelled using the Australian Energy Market Operator's Integrated System Plan inputs.
92. TasNetworks modelling projects that North West Transmission Development Stage 1 will increase network charges for major industrial customers by approximately 15.6 per cent and for residential and small business customers by approximately 3.5 per cent (approximately \$36 and \$127 per year respectively) by 2031–32. This assumes concessional financing arrangements with the Clean Energy Finance Corporation are finalised as expected, and is before accounting for any wholesale energy price reduction.
93. Representatives from major industrial, Grange Resources, provided evidence indicating transmission cost increases of up to 29.6 per cent based on information provided to Grange by TasNetworks.
94. For Project Marinus to proceed in the public interest, concessional financing arrangements for the project and robust customer concession and consumer-protection programs to protect vulnerable Tasmanians from bill shock are important.
95. The historical experience with Basslink, where residential electricity prices in Tasmania grew faster than in any other National Electricity Market region following the interconnector's commissioning, warrants caution in assessing projected consumer benefits from Marinus Link.

Alternative Options and Costs and Benefits

96. Alternatives to Project Marinus exist, including maximising on-island renewable generation, expanding rooftop solar, demand-side management, and strategic use of Basslink; these carry different trade-offs and may not deliver the same scale of economic development, renewable energy investment, or export opportunity.
97. Should Project Marinus not proceed proponents warn of constrained renewable energy investment and development, foregone federal funding, and longer-term energy security risks as Basslink ages.
98. Ernst & Young modelling, commissioned by Marinus Link Pty Ltd in 2023, assumed an increase in generation capacity to the north-west, north-east, and midlands regions of Tasmania. The modelling for north-west Tasmania also estimated the total direct and indirect economic contribution of Marinus Link and North West Transmission Developments, and the induced investment to these regions, would deliver 4,923 Full Time Equivalent (FTE) jobs and 2,201 FTE jobs respectively, with 80 and 17 FTEs in ongoing operations in north-west Tasmania.
99. The 'do nothing approach' (not proceeding with Project Marinus) should be assessed against both (a) the risks of not proceeding, including renewable energy investment, reduced interconnection flexibility and possible future energy-security constraints, and (b) the risk of proceeding with a project whose costs are uncertain and whose benefits depend on contested assumptions about future market conditions, renewable investment, and load growth.
100. Any consideration of alternatives to Project Marinus must acknowledge the need for continued investment in Tasmania's energy future regardless of the decision on additional interconnection.
101. It is plausible that, without Basslink, Tasmania would have needed to consider additional on-island generation, demand-management or storage options; however, the scale, cost and timing of those alternatives cannot be concluded with certainty from the evidence.

8 RELATED MATTERS RAISED WITH THE COMMITTEE

- 8.1 This Chapter considers related matters that were raised with the Committee but did not directly accord with the Terms of Reference.
- 8.2 Specific issues raised with the Committee considered in this chapter are the community impact of the workforce required to construct Project Marinus, as well as the impact of potential privatisation of state-owned energy assets.

Impact of Project Marinus on affected communities

- 8.3 The Committee received evidence on the impact of the workforce required to construct Marinus Link and the North West Transmission Developments, particularly on housing in the affected communities of north-west Tasmania.

Evidence received

- 8.4 Marinus Link Pty Ltd (MLPL) provided evidence to the Committee from work commissioned of Ernst & Young regarding the levels of employment required for construction.⁴⁵¹ Ernst & Young project that thousands of FTEs would be required for construction.⁴⁵²
- 8.5 The Committee heard evidence about how the Tasmanian Government, MLPL, and other proponents would address the social and community infrastructure impacts flowing from the required workers migrating to north-west Tasmania.

CHAIR - ... So, can you inform the Committee as to what your role is in addressing the very real issue of housing and having local north-west coasters displaced from their homes? If rents are put up, the company can pay higher rental considerations and the transport piece and what action you will be pursuing to address those very real challenges?

Mr DUIGAN - Thank you, Chair. Certainly, as a cabinet, we have been around the state and speaking to the Burnie City Council around its concerns in this space and its thoughts. You know, it is a situation that we will face; housing will continue to present issues for us in my own patch, which includes George Town and Bell Bay.

The local government there has been doing quite a bit of work in considering how it meets these sorts of challenges...

Mr LIMKIN - Thank you, Minister, and through you. Madam Chair, one of the things that we have already commenced doing - and I will use a skills example in a second - across the various portfolios in State Growth is preparing some preparatory work should the government take a positive FID decision on Marinus...

⁴⁵¹ Submission No. 23a, Marinus Link Attachment, see Ernst & Young, The economic contribution of Project Marinus, October 2023, p. 31.

⁴⁵² Submission No. 23a, Marinus Link Attachment, see Ernst & Young, The economic contribution of Project Marinus, October 2023, p. 31.

A wide range of various mechanisms or elements we need to consider going forward. So, just going back to Mr Ferguson's question on skills: the government currently has an Energy Skills Compact and Associated Priority Action Plan, which was signed on 14 November 2023, and this is a partnership between the Government and industry on how do we get the skills in relation to delivering these major renewable projects? And those priority actions do not, at this stage, consider a narrowness moving forward.

It signals that the plan would need to be changed subject to the Government making that final investment decision on Marinus. And so, we would then work with industries such as the Civil Contractor Federation Tasmania, Fulton Hogan, TasNetworks, Hydro, to really update and plan out the implementation of this. We've got to remember that, should the government move Marinus forward or the shareholders move Marinus forward, it is not an instant decision.

We have some time to plan, but we are doing the preparatory work as well. In relation to housing, for example, the government has the Housing Strategy and the Housing Action Plan, with a number of key actions by region. Similarly, we would work with Homes Tasmania and within the Department to look at how do we update that plan given that Marinus is an economic development opportunity, it's not just an energy development opportunity, so it brings in the opportunity for our civil sector, our skills, our housing and construction industry. And so, that will be updated. One of the things that we have already commenced work on with all the energy businesses, Hydro, Marinus, and TasNetworks, is a planning on what we would do on our roads and looking at how do we model the potential impact on our roads of additional construction vehicle movements, moving of kit, et cetera.

As I have said, we haven't started that work but we've begun the pre-planning work to commence that work. We will work across government, should the Government make this decision, across all the portfolios impacted. You mentioned impacts on airlines - that will be something we will need to work through as well. We are starting that preparatory work, but we'll move, should the Government make those decisions to work across the portfolios in my remit but also my colleagues at secretary level who are all engaged with this.⁴⁵³

- 8.6 The Committee also asked the Minister how the fly-in-fly-out (FIFO) workforce would be accommodated:

CHAIR - ...Minister, would you consider workers camps to be a suitable mechanism to support FIFO workers?

Mr DUIGAN - It's an interesting point and I'll go back - Hydro Tasmania is an interesting one. If you think about the Tarraleah redevelopment and Hydro buying back the Tarraleah village in anticipation of needing to house its workers - it has also purchased land, I believe, near Lake Cethana for exactly that, and what a 2025 workers' camp looks like is an interesting question. I have spent some time with George Town Council in their contemplation of considering its worker

⁴⁵³ Hon. Nick Duigan MLC, Minister for Energy and Renewables, and Mr. Craig Limkin, Secretary, Department of State Growth, Transcript of Evidence, 30 April 2025, pp. 50-51.

needs and they are less attracted to worker camps and more to quality housing infrastructure that has a benefit long-term, whether it's a camp for five years that turns into a nursing facility or a hotel over time; how can the community derive a benefit from temporary worker accommodation which is needed for the construction but not necessarily the ongoing?

CHAIR - Minister, I make the point that Tarraleah and Lake Cethana are remote. Burnie is not. It is remote to here but it's not remote in terms of it is a township. There are people who live there now. It is the same with George Town. I take the point there that they're not so keen. I can absolutely understand that.

We saw with one of the mines on the west coast, they built a camp on the outside of Zeehan - not in Zeehan, on the outside of it, which has an impact on that local community. I really would like to hear from you whether you think that's an appropriate mechanism because we have heard that's been contemplated.

Mr DUIGAN - We need to be thinking about what the options are. We need to consider these things. My preference would be to see infrastructure that provides a benefit, particularly if you're talking about the city of Burnie.

I don't think temporary accommodation is a viable solution in a situation like that. I think you would want to see accommodation that goes on to have a benefit over time.⁴⁵⁴

- 8.7 Dr Collette Burke and Ms Clare Gleghorn of MLPL gave evidence that an accommodation strategy is part of the tendering process for the balance of works contracts:

CHAIR - ...We've seen the displacement of local people, particularly disadvantaged people, of which there are many in the north-west of Tasmania... all those flow-on impacts - what's Marinus's role in addressing these?

Dr BURKE - ...we've engaged quite extensively with community and local businesses in preparation particularly for construction starting in 2026. We have held a number of sessions with the potential constructors, the current bidders, as well as the local community. Clare has been extensively involved in that work and looking at how that will operate, so perhaps Clare can talk through our planning.

Ms GLEGHORN - Thank you, Chair. It's a really important question, and we're really acutely aware of those impacts. We want to maximise the benefits and minimise the impacts on the community, particularly in the north-west. As part of our balance of works contracts, so our two core proponents who are bidding for that work at the moment, a key requirement of that is they develop a workforce accommodation strategy. We haven't seen that work yet because we're not at that stage in the tender process, but that is a core requirement that

⁴⁵⁴ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 30 April 2025, pp. 51-52.

they need to be able to produce to avoid those exact scenarios that you refer to.⁴⁵⁵

- 8.8 However, MLPL also pointed to an effort to create jobs and training opportunities for Tasmanians living in the north-west and noted the interest from locals:

Ms GLEGHORN - ... The other part of that, though, that Collette has spoken to, is a really strong focus on local content and local jobs. Ensuring that it's where there are specialised - and yes, there will be some people who will be arriving in - but for the most part, we're really looking at encouraging local content, local employment. Over the course of the three 'meet the proponents' sessions, we had nearly 600 people, including a number of businesses - 200 of those were in Burnie - looking at opportunities for localised workforces to boost local economy but minimise the impact as well.

In addition to that, looking at training opportunities, so we really engaged with the local TAFEs, with the chambers of commerce, Business Northwest and others, and working very closely with the Industry Capability Network to ensure that the impact we have is a positive one in the north-west.

CHAIR - In terms of the training piece, there are a lot of skills that are needed. We have some challenges in that area, particularly in the north-west. We have some amazing engineering businesses, we have all that up there, but we have some real deficits in other areas. What specific work are you doing now? You can't train people overnight. What is actually happening there? How is TAFE being supported there, and the university? ...

Ms GLEGHORN - It's actually something I'm really proud of, the work that we've been able to do. We're working very closely with TasTAFE. We've done some work to connect TAFE Gippsland and TasTAFE as well, to ensure that they're able to look really strategically at what skills are going to be required.

Obviously we have the Clean Energy Centre of Excellence now announced to be developed in Burnie as well. Fortuitously, there's one being developed in Gippsland, at the other end of our network. We've been able to connect those two institutions to be able to start to have really robust conversations about the training and capability requirements, how we ensure that we're sharing our facilities and teaching requirements and other things. Those conversations are things that we've been able to facilitate and enable as a result of our project in addition to the work we've been doing with the Industry Capability Network, Business Northwest and other chambers, to look at what those jobs are, and training requirements. It's well advanced and we're really heavily involved in it...⁴⁵⁶

⁴⁵⁵ Dr. Collette Burke, Interim Chief Executive Officer, and Ms. Clare Gleghorn, Director Corporate Affairs, Marinus Link Pty Ltd, Transcript of Evidence, 30 April 2025, pp. 11-12.

⁴⁵⁶ Ms. Clare Gleghorn, Director Corporate Affairs, Marinus Link Pty Ltd, Transcript of Evidence, 30 April 2025, p. 12.

8.9 TasNetworks representatives also gave evidence on the housing implications arising from the construction of the North West Transmission Developments and their approach to these:

CHAIR - Let's assume that it's approved and Marinus is linked to that. What are the workforce projections that you have? Would you have to do a large recruitment to deliver this?

Mr McGOLDRICK - I'll talk just about the North West Transmission Development. The way we will be seeking to deliver it is through, first of all, using our supply chain effectively. We did make an appointment to a head contractor just before Christmas. They are going to be charged with delivering this project. They will be recruiting through their supply chain and their existing workforce to deliver the project. That's their responsibility. On our side, we will have a project team. Currently we have quite a small project team, very highly skilled and important, that are bringing the project to its development and approvals phase.

If the project proceeds and we get a positive FID, it would be our intention then to recruit a relatively small number of highly skilled engineers and economists and people who are familiar with contracts to work with the contractor to make sure that what we require to be delivered is delivered on budget and on time. That's a relatively small number.

CHAIR - A relatively small number doesn't mean anything.

Mr McGOLDRICK - It could be of the order of 50 people. It's not going to be hundreds and hundreds of people.

CHAIR - Around 50 people. Would it be expected they would live in the north or on the north-west?

Mr McGOLDRICK - There would be a significant presence up around the north-west. We're currently looking at places like Deloraine to be a hub and so on, but we have existing depots in the area as well. Yes, we will have a presence on-island, some in Hobart, but quite a lot up in the north-west.

CHAIR - The principal contractor, how many would you expect they will require?

Mr WESTENBERG - We'll have to check that number, which we'll give you. One of the other points to note, because I would suggest that they will be considerably more than what we would put on, part of their responsibility is also to propose how they house and keep the people on the ground, very mindful of impacting on current housing situations et cetera.

Mr McGOLDRICK - And the local community. Part of our assessment and appointment process did take into account the impact that this would have in the local community and how they were going to manage that. They will have hundreds of staff, there's no doubt. We will endeavour to get a figure.

CHAIR - We need to be thinking about this now.

Mr McGOLDRICK - We certainly are.

CHAIR - You said there's an expectation there that that will be dealt with. From a member of the community up there, it's important that we understand that that

is being looked at and what plans are in place. I'm trying to get something concrete from you to have some confidence that this is not going to displace people who have their rents shoved up and push them out, as we see in mining communities when a mine opens and the people who have lived there forever get pushed out of their homes. I want to understand what work is being done to prevent this.

Mr McGOLDRICK - First of all, I would assure you that there will be a very positive economic impact on the community through the supply chain of our head contractor and ourselves. There's definitely a positive aspect for businesses in that area through the extended supply chain that we're going to need for machinery.

CHAIR - I understand that and that's fine. I am talking about the housing aspect. Are we going to see workers' camps established? We saw that happen on the west coast. I'm trying to understand what this will look like.

Mr McGOLDRICK - That's part of the detailed proposal we're going to be working through. Let me say that our appointment has been of a contractor who is very experienced in this area and has delivered a number of projects of this scale in Australia. It's something that I'm comfortable that there will be an appropriate dealing in the local community. We've had conversations with all of the regional councils up there. It's an impact on housing, but it's also an impact on roads. It's making sure the right landowners are dealt with effectively, that dust suppression is done properly, that traffic management is in place to show a whole range of things that we are very conscious of the impact on the local community. Housing is a key one, and that's certainly going to be part of our approach.

CHAIR - When will we see something that we can confidently talk to the community about?

Ms HOPWOOD - Our permit application lodged predicts 333 roles during construction, with approximately 45 per cent in the north-west region. Our contractor RFI also included a requirement to arrange housing for those workers during construction - most likely a camp kind of arrangement, not impacting local houses.

CHAIR - Camps have their own challenges.

Mr Mc GOLDRICK - One of the things that we do see, as well, is that it can have its challenge but it can also leave something residual for the community.⁴⁵⁷

Privatisation of state-owned energy assets

8.10 Another significant matter raised with, and considered by, the Committee was the impact of potential privatisation of state-owned energy assets.

⁴⁵⁷ Mr. Seán McGoldrick, Chief Executive Officer, Mr. Michael Westenberg, Executive Finance and Regulation, and Ms. Chantal Hopwood, Acting Executive Governance, TasNetworks, Transcript of Evidence, 29 April 2025, pp. 40-41.

- 8.11 On 4 March 2025, as a part of his State of the State Address, the Premier announced in the House of Assembly that the Tasmanian Government would consider whether to privatise Government entities, particularly referencing state-owned energy businesses:

Mr ROCKLIFF - ...This is an administration founded on a belief that wherever possible, government should not compete with an efficient private sector. Why should the government own businesses when there is not an overwhelming public benefit in doing so? An excellent example of where there is indeed that overwhelming benefit is Hydro - built and owned by the government on behalf of the people of Tasmania. Indeed, our government has made sure Hydro has returned to its core principle of putting Tasmania and Tasmanians first, and we will make sure it stays that way. Hydro will always remain in public ownership.

What about the others? Is government ownership really in the interests of the Tasmanian community? It is a good question and it deserves consideration. That is why we will be carrying out a detailed assessment of the benefits of moving several entities out of government ownership.

...

We will also consider a 99 year lease of TasNetworks to retain ownership, but bring in the expertise and the corporate culture to drive the organisation forward. Again, with a much sharper customer focus. We will consider whether the Tasmanian taxpayer really needs part ownership of Momentum Energy, a largely mainland electricity retailer...⁴⁵⁸

- 8.12 The Committee questioned state-owned energy businesses on the Government's energy policy shift, and the potential impact of privatisation.

Evidence received

- 8.13 Although, the Tasmanian Government had ruled out selling Hydro Tasmania, Momentum Energy and Entura, as departments or 'subsidiaries' of Hydro, were entities within scope for potential privatisation. The Committee inquired on Hydro Tasmania's perspective on privatisation of Momentum Energy and Entura:

Mr EDMUNDS - I have a few questions about privatisation. In your submission to the government's GBE reform process, you said,

Hydro Tasmania reviews the operations and strategic value of its core subsidiaries regularly and is of the strong view that there continues to be strategic benefit and long-term value for the shareholders and for Tasmanians in retaining those businesses within the Hydro Tasmania group. Any change to this model could have adverse consequences for the performance of the Hydro Tasmania group, and requires careful

⁴⁵⁸ Hon. Jeremy Rockliff MP, Premier, Premier's State of the State Address to the House of Assembly, *Hansard*, 4 March 2025, pp. 46-47. Accessed at: <https://www.parliament.tas.gov.au/house-of-assembly/chamber-proceedings/proceedings/2025/march/house-of-assembly-4-march>

analysis and assessment to determine broader costs or benefits of a change.

I was wondering could you talk the Committee through the strategic benefits and long-term value associated with public ownership you're referring to and could you outline the adverse consequences of privatisation you referred to?

...

Mr BOLT - I think it's premature for us to offer views and it isn't also ultimately our call, Mr Edmunds, to be making those judgments. We will give further, more detailed advice on the pros and cons of the role of private capital in parts of our business.

Mr EDMUNDS - But that was your submission that I quoted.

Mr BOLT - I understand.

Mr EDMUNDS - The reason I'm asking, is to inform the Committee about the depth in that submission, I suppose.

Mr BOLT - I'd say that there's more thinking to be done in the micro, so to speak, in the detail of particular areas where there could be advantages. We're not suggesting to government that there are no opportunities, but we're also not pre-empting their decision on what they might have an appetite to do and not. So, I can't give you any kind of definitive answer. It might sound like I'm stonewalling, but the reality is this is a discussion we've got to have with government when we've done more detailed work on the subject, which we are doing.

Mr EDMUNDS - ...Momentum returned approximately \$200 million of profit to Hydro over the past 10 years. Would it be fair to say your dividends would have been lower by approximately the same amount without Momentum as part of the Hydro group?

Mr BOLT - Well, that's one of the issues that we need to unpack as to what the synergies are between different parts of the organisation and the core generation business. Again, it would be premature to speculate on whether that would be different once we've done that work.

Mr EDMUNDS - What would be the impact of privatising Entura on Hydro? Is it fair to assume higher consultancy costs and lower revenues? Could you outline why public ownership of Entura would be good for Tasmania?

Mr BOLT - Again, there are benefits of having an in-house engineering capability in an organisation that is very engineering driven. There are benefits clearly in - there is certainly a value to the engineering market to own Entura. Whether that's a negative or neutral or positive sum for us, we're still working that out.

...

Mr EDMUNDS - Thank you. Are employees of Entura and Momentum considered Hydro employees?

Mr BOLT - Entura is a part of the Hydro organisation; it's not a separate corporate entity, so the short answer is, yes.

Mr EDMUNDS - And, do you think Hydro would be a stronger organisation without those two companies?

Mr BOLT - Well, again, that's a question for government and advice that we'll give them will help them make their minds up on that.

Mr EDMUNDS - What advice have you received from the government regarding the potential privatisation of Momentum and Entura?

Mr BOLT - We've been given no advice from government, except that Momentum was clearly mentioned by the Premier as a potential divestment. They've made no decision and we'll give them advice on what we think the consequences would be.

Mr EDMUNDS - That advice that you're going to give them: how broad is that advice? Is it around, you know, dividends, et cetera, but also around potential impacts on cost for consumers, et cetera? How broad do you expect the advice you give the government to be?

Mr BOLT - We'll particularly focus on what it means for our business. No doubt there'll be some ability to estimate what it could be worth to the market, but then what might government either gain or lose - or be neutral on - as an impact on our business? The wider impact on prices and other matters are, I think, for departments and others to advise on, not really us.⁴⁵⁹

8.14 TasNetworks was also invited to give evidence on its engagement in the privatisation review:

Mr EDMUNDS - In your opening statement, you spoke about the announcement in the state of state speech by the Premier, including the policy, or potential, to privatise TasNetworks via a 99-year lease. What conversations were held with the government prior to that announcement, and what discussions have been held with the government since then?

Mr Mc GOLDRICK - There were no conversations with the government prior to the announcement. Just to be clear, TasNetworks is not responsible for this; this is a matter for the shareholders. We're not accountable for it. We weren't consulted beforehand. We were informed just the day before the Premier's speech.

...

Mr EDMUNDS - Since the announcement in the state of the state speech, there's been no request of TasNetworks for any submission or extra information around the business's views on that?

Mr Mc GOLDRICK - As I understand, the current assessment is relying on publicly available information. Bar a few very general questions through State Growth, there has been nothing specific that we've been asked for and we've not been involved in any workshops or detailed meetings or anything of that nature.

⁴⁵⁹ Mr. Richard Bolt, Chair, Hydro Tasmania, Transcript of Evidence, 29 April 2025, pp. 13-15.

Mr EDMUNDS - The Premier was quite specific about the model for TasNetworks. It was sort of broad about others, but TasNetworks was about a 99-year lease. Is that something that you'll start doing internal work to prepare for if you do get that request at some point?

Mr Mc GOLDRICK - Currently, we're awaiting the initial assessment of whether we will move forward in that model or any other model. Obviously, if that was to occur, we will be professional about it. As I said, it is a shareholders' decision and it will be up to us to implement that decision, still bearing in mind that we have an entire state and island, hundreds of thousands of customers, that rely on the energy system, the electricity system. While it's something that may happen in the future, and we will deal with it professionally, we will not allow it to distract us from being a safe, reliable and affordable utility and delivering key projects such as the North West TD. It's not optional. You can't decide not to do these things.⁴⁶⁰

- 8.15 The Committee received further evidence from Mr. Seán McGoldrick of TasNetworks, regarding the potential impact of the privatisation review on TasNetworks employees:

Mr EDMUNDS - In your submission about the other GBE reform process, there were comments about how reviews of government business ownership can significantly impact employee engagement, health and wellbeing, and may lead to uncertainty among employees, potentially affecting their morale and productivity. I was interested in reaction from your workforce and how concerned you are about that announcement and the impacts on staff. There was also a quote that there was an 'increased risk of losing high-performing employees who may seek more stable or appealing opportunities elsewhere', and whether that's still a concern.

Mr Mc GOLDRICK - First, if I could say in very specific terms, the timing was interesting, because it was during the period where our engagement survey was open. We're still going through the detailed analysis of the engagement survey. I would point out that it has improved. It's not where I would like it to be. I'd like it to be above 65, tending towards 70; we're currently at 60. However, it is an improvement.

We are going through the detailed comments, and we've had hundreds and hundreds of comments. We had a participation rate of over 85 per cent, so quite an amount of people - hundreds and hundreds of people - and some of them took the time to make some detailed comments. We're analysing that at the moment. In general, I can say that the atmosphere in the company is one of - people understand that this is a matter for shareholders but they also understand that, in public or private hands, our job is not a shareholder job; our job is to be a safe, reliable and affordable utility, and that's what we're concentrating on.

Of course, we're interested in the process and how it might unfold. We are keeping our employees informed, i.e. when we hear stuff, we will share that, and

⁴⁶⁰ Mr. Seán McGoldrick, Chief Executive Officer, TasNetworks, Transcript of Evidence, 29 April 2025, pp. 42-43.

when we know stuff, we will share that with our employees. That's the first step, I believe, in keeping them engaged - to be open and transparent about it. At the moment, like everybody else, I think the average employee is just saying, well, we'll focus on our job and then we'll see what emerges from this assessment, then we'll meet it as required.

I'd say that with respect to staff retention, I still have a concern. At the moment, I believe people are awaiting an outcome. From what I can see, our turnover rate has not accelerated, or we've not suddenly seen an amount of talent disappearing out of the business. Again, that's a key thing that will be my responsibility and the executives' responsibility to manage - to make sure that in the event a divestment, or a long-term lease is sought by the shareholders, we keep our talent in the business so that we can still concentrate on being safe, reliable and affordable.⁴⁶¹

8.16 The Committee questioned TasNetworks about whether private or public ownership produces a more efficient network business:

Mr EDMUNDS - ... How do TasNetworks' costs and customer charges compare to similar private companies that operate on the mainland? Is TasNetworks more or less expensive for consumers than private-owned entities, and would you say you are currently an efficient organisation?

Mr Mc GOLDRICK - Some very, very broad questions there. Let me have a go.

Mr EDMUNDS - I'm probably most interested in the one about whether it's more or less expensive for consumers than private-owned entities.

Mr Mc GOLDRICK - What I would say is that we regularly are benchmarked by the Australian Energy Regulator. The AER publishes its benchmarking regularly across a range of different things, including reliability and affordability. We're about the middle of the pack on all of those items, but it is up to the regulator to decide. Private or public ownership doesn't matter. Our networks businesses in Australia are regulated, and they decide the economically efficient charges that we can pass through to customers. I take some comfort in that, because I see a very professional organisation that's very data-driven and fact-driven that judges our assessments and our submissions.

The price path has been set for us right through till 2029, and bar an occasional pass through for a storm or a contingent project, we know broadly where we're going and that's a regulated business. It does not matter whether you're private or public ownership, that's the environment we work in.

Mr WESTENBERG - I think that Seán covered it. In relation to the work that the regulator does about ensuring that we're prudent and efficient, the last two submissions we've made, if we look at our regulatory submission and our cost, the submission for the North West early works, both of those were sort of accepted as being prudent and efficient as part of the process. It's about the

⁴⁶¹ Mr. Seán McGoldrick, Chief Executive Officer, and Mr. Michael Westenberg, Executive Finance and Regulation, TasNetworks, Transcript of Evidence, 29 April 2025, p. 43.

regulator determining what a business can cover to manage the network, and not about whether it's private or public.⁴⁶²

- 8.17 The Committee questioned Mr Nigel Clark and Mr Alistair Burke of Aurora Energy on the potential impact of privatisation on its customers, particularly considering its support of vulnerable customers, and its responsibility as a public energy retailer:

Mr BURKE - Yes, and I think the way we look at it as well, it's not purely financial hardship either. There are many different forms of hardship. We know that family domestic violence obviously is an issue that we are very conscious of, and that's just one example, and we look at hardship, and it can be as simple as an event in somebody's life where they need a short-term period of assistance.

So, that goes to Nigel's point around trying to recognise the triggers or the signs, and supporting customers through that. We do promote the YES Program heavily, we do feature it on our social media and other programs, but I think what we found over the journey is that more tailored, direct - like working with our community partners, charities, is more effective to getting to the people that need it, as opposed to a sort of more broad-brush approach to marketing.

Mr BAYLEY - Can I just ask a follow-up from that. Why do you think other retailers aren't valuing that? Why aren't they being as proactive, do you think? Do they not have the same sort of value set or interest in assisting? Is it costly to your business and therefore it's something they're trying to save?

Mr CLARK - I think it does come down to value set, your DNA, and I think we know who we are. We know who we are here to serve and it's not all about the profit motive for us. We do have to make, obviously, a return; but I think it goes to the core of who we are as a business.

Mr BAYLEY - As a public entity?

Mr CLARK - Yes, but also focused on Tasmanians, and purely Tasmanians, and we see that as a really important part of what we play, and when you look at the numbers that we just mentioned, and you can look at our annual reports to see our recent profitability, it's a reasonable - it is a significant commitment that we've made to try to help vulnerable customers. I don't think you will see that in a private-driven, private-entity basis.

CHAIR - You are the retailer of last resort.

Mr CLARK - That as well.

Ms FINLAY - Yes. That really leads to what was going to be my next question. I know previously there were attempts to privatise Aurora, to sell Aurora and that was some time ago, so I'm interested whether you feel that there's a shift or a difference of what would make it more likely to happen now? Actually the most important part of my question is: do you think that the consumers who you're obviously wholeheartedly supporting now by being proactive and investing in

⁴⁶² Mr. Seán McGoldrick, Chief Executive Officer, and Mr. Michael Westenberg, Executive Finance and Regulation, TasNetworks, Transcript of Evidence, 29 April 2025, p. 44.

supporting Tasmanians, do you think those programs would be at risk if Aurora was sold and privatised?

Mr CLARK - Oh look, it's hard for us to speculate as to if the business were sold and then who the potential owner is. So, I do not know that we can answer that question. All I can say is that the electricity market does have some fairly tough rules on - through the NER, the National Electricity Rules - on how to deal with vulnerable customers. So, I think it's safe to say that any retailer, whether it be Aurora or anyone else, there are those ground rules that you have to abide by in supporting vulnerable customers.⁴⁶³

- 8.18 The Minister for Energy and Renewables, the Hon Nick Duigan MLC was questioned at the 30 April 2025 public hearing regarding the privatisation review and the potential impact on levels of service, energy prices, and job losses:

Mr BAYLEY - Minister, we had the three government-owned energy businesses in the room yesterday and, understandably, they didn't want to answer too many questions in relation to the government's announced agenda to investigate privatisation of government-owned assets.

A couple of questions for you in relation to this: The Premier, in his state of the state, and since, has ruled out Hydro as the holy cow, and it's not going to be considered for sale. We did hear that Momentum and Entura are wholly owned subsidiaries of Hydro and the staff are considered part of Hydro. As you go into this process and you consider this process, can you categorically rule out job losses in any of the energy businesses, should you go down the pathway of selling and privatising them?

Mr DUIGAN - What I would say is that there is a process underway. I don't think it's in my remit to do any guaranteeing of those types of things. I think what we need to do is make sure we do the work very thoroughly. It's important, as the Premier and I think the Treasurer probably said, that our government businesses are working in the interests of Tasmania and Tasmanians. We will do a detailed and thorough analysis prior to making any decision about proposed restructuring divestment. I can't answer - I don't think it is in my remit to be answering the question that you talk about. What I'm focused on is making sure that our energy businesses are very active in engaging in the process, so that we know and understand what any implications are or might be. There is a process in train.

Mr BAYLEY - When it comes to that detailed analysis, obviously Tasmanians, when it comes to the energy businesses, are most concerned about a couple of different things. One is jobs and the jobs that are held within those businesses, quite substantial numbers of jobs. The other is costs, that may well be passed on via power bills and power prices. As part of that detailed analysis, are you looking at and will you report publicly on the potential for job losses or rationalisation if any of those businesses are sold? Also, will you be looking specifically at cost implications for Tasmanian customers when it comes to the energy businesses?

⁴⁶³ Mr. Nigel Clark, Chief Executive Officer, and Mr. Alistair Burke, Chief Operating Officer, Aurora Energy, Transcript of Evidence, 29 April 2025, p. 61.

Mr DUIGAN - I think, you know, absolutely, if we're saying that these businesses need to run and continue to run irrespective of ownership circumstance, in the best interests of Tasmania and Tasmanians, then cost is absolutely a key consideration there, and in the energy space probably is principle. Given what we have said to our energy businesses since the election in terms of rewriting ministerial expectations that providing power at the lowest possible cost is chief among our expectations, yes, that would be very much one of the considerations.

Mr BAYLEY - One of the considerations, but if the detailed analysis that you're undertaking demonstrates where some rationalisation of jobs within those businesses would be, and/or an increase in cost to consumers, would that be a trigger to then rule out the sale of those businesses?

Mr DUIGAN - ...this is a process being run by the Treasury. I have limited interaction with that process beyond committing to overseeing the energy businesses as they continue to deliver in the best interests of their customers and Tasmanians, so –

Mr BAYLEY - For you as minister –

Mr DUIGAN - that is my focus, is on making sure our energy businesses continue to engage with the process, because we are running a process, so that's important, they are the experts in their field, they're the subject matter experts. We need them doing what they are doing and what they have done for a period of time, and that is to deliver affordable energy for Tasmanians.

Mr BAYLEY - I'm asking as minister, then, in terms of your contribution to Cabinet conversations, would you consider a loss of jobs through the rationalisation of those businesses, the privatisation of those businesses, and/or an increase in cost to consumers through transmission prices or power prices, full stop - would you consider that to be a red line that shouldn't be crossed, and therefore those businesses shouldn't be privatised? Is that something you'd be prepared to rule out?

Mr DUIGAN - As I say, this is a process that needs to consider the best interests of Tasmanians, and I think that the things that you highlight there are probably held within that bucket.

Mr BAYLEY - The interests of Tasmanians would be in the jobs and the costs, yes, I think we would all agree on that, but does that mean then that you wouldn't make decisions to rationalise those businesses?

Mr DUIGAN - As I say, this is a process that is ongoing, that is being run out of Treasury and Finance. I am focused on my businesses doing the jobs that they need to be doing right now.⁴⁶⁴

8.19 The Committee notes that the Tasmanian Government abandoned its privatisation review on 7 June 2025.⁴⁶⁵

⁴⁶⁴ Hon. Nick Duigan MLC, Minister for Energy and Renewables, Transcript of Evidence, 30 April 2025, pp. 32-34.

⁴⁶⁵ Hon. Jeremy Rockliff MP, Premier, *Media Release – Government rules out privatisation*, 7 June 2025. Accessed at: <https://www.premier.tas.gov.au/latest-news/2025/june/government-rules-out-privatisation>.

Findings

The Committee finds:

Impact of Project Marinus on Affected Communities

102. Construction of Marinus Link and the North West Transmission Developments will require a workforce numbering in the thousands, creating material pressure on housing, transport, and community infrastructure in north-west Tasmania.
103. Accommodation and workforce strategies developed for Project Marinus construction have the potential to deliver long-term community infrastructure benefits beyond the construction period if designed with this intent.
104. Requirements for workforce accommodation strategies have been incorporated into core contractor tendering processes, but the adequacy of these arrangements cannot yet be assessed as contractor proposals had not been received at the time evidence was taken.
105. A TasNetworks' permit application for the North West Transmission Developments has projected 333 roles during construction, with approximately 45 per cent in the north-west region; the head contractor is required to arrange accommodation for construction workers, most likely through a camp arrangement.
106. The Tasmanian Government had commenced preparatory work on housing, roads, skills, and workforce planning in anticipation of a positive Project Marinus Final Investment Decision, but detailed planning across government portfolios had not yet commenced.

Privatisation of State-Owned Energy Assets

107. The Tasmanian Government's privatisation review was in its early stages at the time evidence was provided to the Committee in April 2025.
108. The consideration of privatising state-owned energy assets is a major policy decision with wide-ranging consequences, including consumer service delivery, employee welfare, and energy prices.

109. TasNetworks was not consulted on Premier Rockliff's privatisation of government businesses review, only being informed the day before the Premier's 2025 State of the State speech, when it was announced.
110. The social and hardship programs delivered by Aurora Energy, as the state-owned retailer, are unlikely to be replicated to the same degree by a private entity operating under a commercial model, though minimum obligations under the National Electricity Rules would continue to apply.
111. The Government abandoned its privatisation review on 7 June 2025.

Recommendations

The Committee recommends the Tasmanian Government:

6. Regularly monitor, and publicly report on, compliance with requirements related to the delivery of new energy projects, including transport, accommodation, workforce planning, and relevant Tasmanian industry participation plans.

APPENDICES

Appendix A - List of submissions

Legislative Council Inquiry on Energy Prices (Fiftieth Parliament)

1. Private witness
2. Estelle Ross
3. Alison Pountney
4. Jaisen Mahne
5. Lesley Field
6. Vicki Ward
7. Damian Smythe
8. Simon Beard
9. Ali Edwards
10. Private witness
11. Chris Bishop
12. Mervin Reed
13. Chris Sayers
14. Tas Gas
15. TasNetworks
16. Malcolm Eastley
17. Jack Gilding
18. Tasmanian Minerals,
Manufacturing and Energy Council
(TMEC)
19. Robert Richardson
20. Professor Emeritus Aynsley Kellow
(University of Tasmania)
21. DAME
22. Tasmanian Chamber of Commerce
and Industry (TCCI)
23. Hydro Tasmania
24. Climate Tasmania
25. Tasmanian Climate Collective
26. Tenants' Union of Tasmania
27. Reginal John Howard
28. Aurora Energy Pty Ltd
29. Geoff Harper
30. Australian Pipeline Limited (APA)

31. Minister for Energy and
Renewables (Tasmanian
Government)
32. Tasmanian Small Business Council
33. RE-Alliance
34. 1st Energy
35. Communications Electrical
Plumbing Union (CEPU) Tasmania
Branch
36. TasCOSS
37. Council of the Ageing Tasmania
(COTA)
38. Tasmanian Policy Exchange,
University of Tasmania

Energy Matters Inquiry (Fiftieth Parliament)

1. Supporting Our Loongana Valley
Environment (SOLVE)
2. Friends of Dempster Creek and the
Sale Family
3. Greg Pullen
4. Tony Beach
5. Helen and Wade Rockliff
6. TasNetworks
7. Master Electricians Australia
8. Clean Energy Tasmania
9. Hydro Tasmania
10. BOWE/Nexsphere
11. Tasmanian Chamber of Commerce
and Industry (TCCI)
12. Tasmanian Minerals,
Manufacturing and Energy Council
(TMEC)
13. No Turbine Action Group
14. Aurora Energy Pty Ltd
15. Adam Moller
16. Australian Pipeline Limited (APA)
17. Energy Users Association of
Australia
18. Marinus Link Pty Ltd

19. TasRex
20. DAME
21. Tasmanian Government

Energy Matters Inquiry (Fifty First Parliament)

1. Supporting Our Loongana Valley Environment (SOLVE)
2. Allison Edwards
3. Private Witness
4. Sue Chandler
5. Private Witness
6. TasNetworks
7. Estelle Ross
8. Greg Pullen
9. Mervin Reed
10. Tasmanian Minerals, Manufacturing and Energy Council (TMEC)
11. Circular Head Aboriginal Corporation
12. Peter Lawrence
13. Neil Meadows
14. Tasmanian Hospitality Association (THA)
15. Malcom Eastley
16. TasFarmers
17. Energy Charter
18. Private Witness
19. Australian Pipeline Limited (APA)
20. ACEN Australia
21. Adam Moller
22. Master Electricians Australia
23. Marinus Link Pty Ltd
24. Carbon Zero Initiative
25. Jack Gilding
26. TasCOSS
27. Lake Pedder Restoration
28. Grange Resources
29. Tasmanian Irrigation
30. Tasmanian Climate Collective

31. Bob Brown Foundation
32. John Howard
33. TasRex
34. Communications Electrical Plumbing Union (CEPU) Tasmania Branch
35. Tracie Davies
36. ABEL Energy
37. Tasmanian Policy Exchange, University of Tasmania
38. Council of the Ageing Tasmania (COTA)
39. Tasmanian Government
40. The Tree Projects
41. DAME
42. Solstice Energy
43. Tenants' Union of Tasmania
44. Tasmanian Chamber of Commerce and Industry (TCCI)
45. Clean Energy Tasmania
46. The Royal Automobile Club of Tasmania (RACT)
47. Private Witness
48. Professor Bruce Mountain
49. Kim Phillips-Haines

Appendix B - List of witnesses

Legislative Council Inquiry on Energy Prices (Fiftieth Parliament)

PUBLIC HEARING – 1 November 2023 (Hobart)

1. Mr. Jack Gilding.
2. Mr David Hamilton, Member, and Mr. Jack Gilding, Adviser, Climate Tasmania.
3. Mr. Benedict Bartl, Principal Solicitor Tenants' Union of Tasmania.

Energy Matters Inquiry (Fifty-First Parliament)

PUBLIC HEARING – 1 October 2024 (Launceston)

1. Mr. Neil Grose, Advocacy and Projects Leader, TasFarmers.
2. Mr. Jacob Gerke, General Manager Program Development and Delivery, Tasmanian Irrigation.
3. Mr. Ben Marshall, Chair, Supporting Our Loongana Valley Environment.
4. Mr. Ray Mostogl, Chief Executive Officer, Tasmanian Minerals, Manufacturing and Energy Council.

PUBLIC HEARING – 28 October 2024 (Hobart)

1. Professor Richard Eccleston, Director, and Dr. Lachlan Johnson, Research Fellow, Tasmanian Policy Exchange, University of Tasmania.

2. Mr. Seán Mc Goldrick, Chief Executive Officer, Mr. Michael Westenberg, Executive Finance and Regulation, and Ms. Chantal Hopwood, Head of Regulation, TasNetworks.
3. Dr. Michael Connarty, Head of Operations and Trading, ACEN Australia.
4. Ms. Sandra Gamble, Chair, Mr. Andrew Hugo, Acting Chief Executive Officer, and Mr. Prajit Parameswar, Chief Commercial Officer, Marinus Link Pty Ltd.
5. Ms. Georgia Holmes, Policy and Communications Advisor, and Mr. Michael Thomas, Field Support Advisor (VIC & TAS), Master Electricians Australia.

PUBLIC HEARING – 12 November 2024 (Hobart)

1. Ms. Bess Clark, Chief Executive Officer, and Mr. Ian Sauer OAM, Chair, TasRex.
2. Ms. Christine Milne AO, Patron, and Professor Bruce Mountain (Director, Victorian Energy Policy Centre, Victoria University), Bob Brown Foundation.
3. Mr. Michael Bailey OAM, Chief Executive Officer, Tasmanian Chamber of Commerce and Industry, and Mr. Ian Jones, Chair, Clean Energy Tasmania.
4. Mr. Richard Bolt, Chair, Ms. Erin van Maanen, Interim Chief Executive Officer, and Mr. Jesse Clark, Executive General Manager Assets and Infrastructure, Hydro Tasmania.

5. Mr. Nigel Clark, Chief Executive Officer, Mr. James Chisholm, Chief Financial Officer, and Mr. Alistair Burke, Chief Operating Officer, Aurora Energy.

**PUBLIC HEARING – 13 November 2024
(Hobart)**

1. The Hon. Nick Duigan MLC, Minister for Energy and Renewables, Tasmanian Government, and Mr. Mark Bowles, Acting Chief Executive Officer, Renewables, Climate and Future Industries Tasmania (RECFIT) and Mr. Sean Terry, Executive Director, RECFIT, Department of State Growth, Tasmanian Government.

**PUBLIC HEARING – 11 February 2025
(Hobart)**

1. Mr. Simon Talbot, Chief Executive Officer, ABEL Energy.
2. Mr. Cam Nelson, Chief Executive Officer, DAME.
3. Mr. Ben Saward, Commercial Manager, and Mr. Mark Lucadou-Wells, Commercial Accountant - Energy and Risk, Grange Resources.
4. Mr. Chris Clark, State Secretary, Communications Electrical Plumbing Union Tasmania Branch.
5. Mr. Benedict Bartl, Principal Solicitor Tenants' Union of Tasmania.
6. Mr. Andrew Richards, Chief Executive Officer, and Dr. Leigh Clemow, Policy Manager, Australian Energy Users Association.

**PUBLIC HEARING – 12 February 2025
(Hobart)**

1. Mr. Jack Redpath, Principal, Carbon Zero Initiative.
2. Mr. Steve Old, Chief Executive Officer, and Mr. Peter Sheldon-Collins, Project Manager Industry Development, Tasmanian Hospitality Association.
3. Mr. Jack Gilding.
4. Ms. Rochelle Godwin, Communications and Engagement Manager, Circular Head Aboriginal Corporation.
5. Dr. Jennifer Sanger, Lead Researcher, The Tree Projects.

**PUBLIC HEARING – 20 March 2025
(Hobart)**

1. Ms. Adrienne Picone, Chief Executive Officer, Mr. Stephen Durney, Senior Policy Officer, and Ms. Kathryn Sykes, Lived experience advocate, TasCOSS.
2. Ms. Kirstan Long, Director. Mr. Glenn Bounds, Assistant Director, Pricing, and Mr. Tristan Patterson, Assistant Director, Regulatory, Compliance and Performance, Office of the Tasmanian Economic Regulator.
3. The Hon. Guy Barnett MP, Deputy Premier and Treasurer, Tasmanian Government, and Mr. Gary Swain, Secretary, Mr. Anthony Voss, Executive Director Project Marinus Whole of State Business Case, Mr. Nick Merse, Deputy Director Energy, Department of Treasury and Finance, Tasmanian Government.

**PUBLIC HEARING – 29 April 2025
(Hobart)**

1. Mr. Richard Bolt, Chair, Ms. Rachel Watson, Chief Executive Officer, and Ms. Erin van Maanen, Executive General Manager Strategy, Hydro Tasmania.
2. Mr. Seán Mc Goldrick, Chief Executive Officer, Mr. Michael Westenberg, Executive Finance and Regulation, and Ms. Chantal Hopwood, Acting Executive Governance, TasNetworks.
3. Mr. Nigel Clark, Chief Executive Officer, Mr. James Chisholm, Chief Financial Officer, and Mr. Alistair Burke, Chief Operating Officer, Aurora Energy.

**PUBLIC HEARING – 30 April 2025
(Hobart)**

1. Dr. Collette Burke, Interim Chief Executive Officer, Mr. Prajit Parameswar, Chief Commercial Officer, and Ms. Clare Gleghorn, Director Corporate Affairs, Marinus Link Pty Ltd.
2. The Hon. Nick Duigan MLC, Minister for Energy and Renewables, Tasmanian Government, and Mr. Craig Limkin, Secretary, Ms. Vanessa Pinto, Acting Chief Executive Officer, Renewables, Energy, Climate and Future Industries (ReCFIT), Mr. Sean Terry, Executive Director Energy, ReCFIT, and Mr. Adrian Christian, Director, ReCFIT, Department of State Growth.

Appendix C – Site Visits

Fiftieth Parliament

6 February 2024 – Various sites, southern Tasmania

The Committee visited the sites of key energy Government Businesses in southern Tasmania.

TasNetworks, Lenah Valley

The Committee was invited to visit TasNetworks' site at Maria Road, Lenah Valley, and was provided a presentation by TasNetworks staff regarding current priorities and upcoming changes. The TasNetworks staff involved included:

- Gavin Bowe
- Dave Croucher
- Andrew Davis
- Adam Foster
- James Goodyear
- Jarred Hughes
- Jason King

The Committee was introduced to the processes of distribution, transmission, outage response, and demand management as run from the Operations Building. The Committee viewed the Creek Road Substation and was informed about the workings and lifespans of substations.

Hydro Tasmania, Hobart

The Committee was invited to Hydro Tasmania's head office on Elizabeth Street and met with Hydro representatives including:

- Amy Breen
- Ruth Groom
- Fedorin Kovac
- Jack Perolt
- James Pirie

A presentation was given by Hydro staff about the workings of Hydro's network of sites, Australian Energy Market Operator, and current considerations

regarding energy generation. The Committee then visited the Hydro Tasmania Trading Floor.

7 February 2024 – Hydro Tasmania, Tarraleah

The Committee was invited to visit Tarraleah by Hydro Tasmania. They received a briefing on the Tarraleah Hydropower Scheme Redevelopment from Hydro staff. The Committee was shown parts of the Tarraleah site, including the penstocks, canals, Lake King William intake excavation, Clark Dam, portal excavation and Tarraleah Power Station.

Fifty-First Parliament

20 September 2024 – Hydro Tasmania, Hobart

The Committee was invited by Hydro Tasmania to attend a briefing and site inspection of its trading floor and operations in the Hobart head office on 20 September 2024.

9 to 11 October 2024 – Various sites, west and north-west Tasmania

The Committee held a series of site visits to current and proposed energy generators across Tasmania's west and north-west coast between 9 and 11 October 2024.

9 October 2024 – Hydro Tasmania, Tarraleah and Queenstown

The Committee was invited by Hydro Tasmania to attend a briefing on the Tarraleah Hydropower Scheme Redevelopment and other major projects, as well as site inspections of Tarraleah site, including the Clark Dam and Lake King William intake excavation.

The Committee met with Hydro Tasmania representatives including:

- Richard Bolt
- Erin van Maanen
- Andrew Hickman
- Tammy Chu
- Ruth Groom
- Jesse Clark
- Anthony Hill
- Andrew Peddle
- David Gerke

The Committee heard about Hydro's focus on optimising existing assets, both for capacity and efficiency, with projects in progress at West Coast sites, Tarraleah and Cethana.

The Committee visited the portal excavation, penstock lookout and Tarraleah Power Station. The Committee heard from representatives from Hydro Tasmania and Dale Potter from Hazell Bros about the progress of works on the site.

The Committee also met Hydro Tasmania representatives Sam Vernham, Darren Brown and Brad Turner at John Butters Power Station. The Hydro Tasmania representatives spoke to the Committee about the maintenance and control processes for stations of this kind, as well as how it interacts with TasNetworks assets. The Committee were shown through the power station and switchyard.

10 October 2024 – Westcoast Renewable Energy, Granville Harbour

The Committee was invited by Westcoast Renewable Energy to attend a briefing and site visit at Granville Harbour Wind Farm with Antony Beard General Manager, Palisade Group; Phil Burn, Site Supervisor, Vestas; and Jason Porter, General Manager of Operations, Atmos Renewables.

The Committee heard about the development of the project and its interaction with the use of the land for agriculture, as well as technical details of the infrastructure, planning for upkeep, environmental management, and relationship with Hydro Tasmania and TasNetworks. The Committee received information about how variable wind energy is managed as part of the Tasmanian grid.

The Committee viewed the switchyard, workshop and turbines at Granville Harbour, as well as visiting the TasNetworks switchyard, built as part of the Granville Harbour project, Reece Dam, and the Whaleback Ridge Lookout to view the site of a proposed wind farm project. The Committee heard about the role of energy proponents in preparing transmission infrastructure which can then become part of TasNetworks' system and be managed by them.

11 October 2024 – ACEN Australia, Robbins Island

The Committee was invited by ACEN Australia to attend a briefing and site visit at Robbins Island, the site of a proposed wind farm project, with Madeleine Skerrett, Eric Shegag, and David Pollington.

The Committee stopped at the Old School House site and discussed Tasmanian Aboriginal heritage in the area. The Committee visited the proposed sites for the wharf and turbines. The Committee also visited an area where Orange Bellied Parrots have been recorded foraging, discussed migratory shore birds and the Island's Tasmanian Devil population, and viewed the site proposed for the mainland end of a bridge to Robbins Island.

ACEN discussed topics including community and environmental impacts, the qualities of the site relevant to energy generation and the infrastructure required to take advantage of these.

21 March 2025 – Various sites, northern/midlands Tasmania

The Committee held a series of site visits with energy stakeholders in Bell Bay and Cressy (Connorville) on 21 March 2025.

DAME, George Town

The Committee was invited to visit DAME's George Town Research & Development facility, where they were able to view the equipment involved in DAME's operations and receive further information from the operations team about Dame's work and potential role within the broader energy sector.

Bell Bay Advanced Manufacturing Zone (BBAMZ), Bell Bay

The Committee was invited to a briefing from BBAMZ, represented by Susie Bower, regarding its role as the peak representative body for business in Bell Bay and the progress of various projects within the Zone. The Committee discussed the connections between the different industries in the Zone and their experiences of Government processes.

TasPorts, Bell Bay Port

The Committee was invited to a presentation and discussion with TasPorts representatives including Ben Hansen, Head of Corporate Affairs, Anthony Donald, Chief Executive Officer, Shawn Muller, Regional Operations Manager; and Mark Cooper, Renewable Projects Manager, regarding the role of the organisation in supporting energy projects in Tasmania, particularly in facilitating the construction of potential offshore wind farms. The Committee was taken on a tour of the Bell Bay Port to further inform them on this subject.

Connorville, Cressy

The Committee was invited to the site of the proposed Northern Midlands Solar Farm and met with Roderic O'Connor and members of his team. The Committee received information regarding the project and its progress and experience in the processes of the energy sector. The Committee viewed the areas proposed for the Solar Farm and associated infrastructure.

Appendix D – Minutes

Fiftieth Parliament

Joint Select Committee on Energy Matters in Tasmania

MONDAY, 30 October 2023

The Committee met in Committee Room 1, Parliament House, Hobart at 10:33 a.m.

Members Present:

Mr Bayley
Mr Edmunds
Ms Forrest
Mr Harriss
Ms Howlett
Mr Tucker (by Webex)
Mr Winter
Mr Young

ORDER OF THE HOUSES READ

The Secretary took the Chair and read the Orders of the Legislative Council and the House of Assembly appointing the Committee.

ELECTION OF CHAIR

The Secretary called for nominations, Ms Howlett nominated Ms Forrest, who consented to the nomination, seconded by Mr Tucker.

There being no other nominations, the Secretary declared Ms Forrest elected as Chair.

Ms Forrest took the Chair.

ELECTION OF DEPUTY CHAIR

The Chair called for nominations, Mr Winter nominated Mr Tucker, who consented to the nomination, seconded by Ms Howlett.

There being no other candidates nominated, the Chair declared Mr Tucker elected as Deputy Chair.

TENTATIVE PROGRAM

The draft tentative program was discussed and noted, with the proviso that it would be reviewed once the sitting dates for 2024 had been established. The Committee agreed that the deadline for submissions would be Friday, 2 February 2024.

STANDING ORDERS

Resolved, that unless otherwise ordered the Standing Orders of the House of Assembly be adopted as the Standing Orders of the Committee. (Ms Forrest)

ADDITIONAL RESEARCH SUPPORT

Resolved, That unless otherwise ordered Officers of the Parliamentary Research Service be admitted to the proceedings of the Committee whether in public or private session. (Ms Forrest)

Resolved, That Officers of the Parliamentary Research Service be requested to prepare a briefing paper on the Committee's Terms of Reference. (Ms Forrest)

CHAIR TO BE THE SPOKESPERSON

Resolved, That the Chair be the spokesperson in relation to the operations of the Committee. (Ms Forrest)

PRESS STATEMENTS

Resolved, That unless otherwise ordered, press statements on behalf of the Committee be made only by the Chair after approval in principle by the Committee or after consultation with committee members. (Ms Forrest)

SUBMISSIONS TO THE COMMITTEE

The Committee considered the proposed list of organisations and individuals to be directly invited to provide submissions to the Committee.

Resolved, That the following organisations and individuals be invited to make submissions:

1. Hydro Tasmania
2. Marinus Link Pty Ltd
3. Aurora Energy
4. 1st Energy
5. Energy Locals
6. CovaU
7. Smart Energy
8. Glow Power
9. Future X Power
10. Shell Power (ERM)
11. Flow Power (Progressive Green)
12. Delta Electricity
13. APA
14. TasNetworks
15. TasGasNetworks
16. Tasmanian Minerals, Manufacturing and Energy Council
17. Australian Energy Council
18. Clean Energy Council
19. The Hon. Nick Duigan MLC, Minister for Energy and Renewables
20. Renewables, Climate and Future Industries Tasmania
21. The Hon. Chris Bowen MP, Minister for Climate Change and Energy
22. Australian Government Department of Climate Change, Energy, the Environment, and Water
23. Tasmanian Economic Regulator
24. Energy Ombudsman Tasmania
25. Australian Energy Market Operator
26. Australian Energy Market Commission
27. Australian Energy Regulator
28. Australian Renewable Energy Agency
29. UTAS Centre for Renewable Energy and Power Systems
30. Goanna Energy Consulting
31. Local Government Association Tasmania (LGAT)
32. TasCoss
33. Tasmanian Policy Exchange at UTAS
34. Tasmanian Small Business Council
35. RE-alliance
36. Communications Electrical Plumbing Union
37. Australian Manufacturing Workers' Union
38. Australian Workers' Union
39. Grange Resources
40. Rio Tinto
41. Norske Skog
42. Nyrstar
43. GFG
44. Tasmanian Chamber of Commerce and Industry
45. Jack Gilding
46. ACEN
47. Ark Energy
48. Nexsphere
49. West Coast Renewables
50. Roderic O'Connor
51. Tasmanian Farmers and Graziers Association
52. Farmers representative group
53. Supporting Our Loongana Valley Environment

54. Tasmanian Aboriginal Centre
55. Circular Head Aboriginal Corporation
56. Tasmanian National Parks Association
57. Bob Brown Foundation
(Ms Forrest)

ADVERTISEMENT

Resolved, The draft advertisement having been previously circulated by the Secretary be agreed to and placed in the three major Tasmanian newspapers on Saturday 4 November 2023. (Ms Forrest)

Resolved, That the Chair be able to grant extensions to individuals or organisations seeking an extension to the submission closing date. (Ms Forrest)

MEDIA RELEASE

Resolved, The draft media advisory having been previously circulated by the Secretary be agreed to and circulated to media on Friday 3 November 2023. (Ms Forrest)

OTHER BUSINESS

Resolved, That the Chair seek funding from the Clerks in order for Committee Members and staff to complete training on the National Energy Market provided by the Australian Energy Market Operator, and for the Secretary to provide the Committee with information regarding training opportunities when available. (Ms Forrest)

Resolved, That the Chair correspond with the Clerks in order to obtain options for the Committee to obtain additional funding to support the

inquiry in the form of additional assistance by a specialist adviser. (Ms Forrest)

At 11:21 a.m. the Committee adjourned until 4 December 2023, at 1 p.m.

Confirmed,

MONDAY, 4 December 2023

The Committee met in Committee Room 1, Parliament House, Hobart at 1:00 p.m.

Members Present:

Mr Bayley
Mr Edmunds
Ms Forrest
Ms Howlett
Mr Tucker (by Webex)
Mr Winter
Mr Young (by Webex)

APOLOGIES

Mr Harriss.

MINUTES

Resolved, that the minutes of the previous meeting be confirmed. (Ms Forrest)

CORRESPONDENCE RECEIVED

Resolved, that the following correspondence be noted: (Ms Forrest)

Outgoing

- a) Invitations to make a submission sent to individuals and organisations previously resolved.
- b) Letter to the Clerks from the Chair, dated 13 November 2023,

regarding AEMO training and funding for specialist adviser.

Incoming

- c) Email from the Office of the Tasmanian Economic Regulator, dated 9 November 2023
- d) Email from the Tasmanian Policy Exchange, University of Tasmania, dated 13 November 2023
- e) Letter from the Clerks to the Chair, dated 24 November 2023, regarding AEMO training and process for specialist adviser.

Resolved, That the Office of the Tasmanian Economic Regulator be included in the list of witnesses to be invited to a hearing (*Ms Forrest*).

Resolved, That the submission to the Legislative Council Committee Inquiry into Energy Prices in Tasmania from the Tasmanian Policy Exchange at the University of Tasmania be:

- a) noted,
- b) not be republished by this Committee, but a link placed on this Committee's page to the document on the Council's Committee page when the other submissions are published, and
- c) be considered as evidence during the inquiry.

(*Ms Forrest*).

SPECIALIST ADVISER

The Committee considered the briefing note regarding the proposed specialist adviser parameters and deliverables, and proposed process.

Mr Edmunds left the meeting at 1.21 pm

Mr Edmunds returned to the meeting at 1.33 pm

Resolved, that the following indicative specialist adviser parameters and deliverables be agreed to:

The specialist adviser will be provided with submissions and other materials (including private documents, if resolved by the Committee) of the Inquiry with effect from their appointment to the role of adviser, noting that the adviser will be required not to disclose any information or materials received during the course of the Inquiry, including regarding Committee deliberations.

The specialist adviser will:

- a) Analyse submissions; summarise issues and provide advice to the Committee prior to hearings, including assistance with further lines of inquiry and/or questions of witnesses;
- b) Provide responses and further advice on issues in response to Committee queries, as compiled by the Secretariat;
- c) Attend deliberative meetings of the Committee (in person or remotely) when required by the Committee;
- d) Attend hearings (in person or remotely) when required by the Committee and support the Committee by:
 - i. Providing responses to Members' queries submitted through the

- Chair and/or Secretariat;
and
- ii. Bringing issues to the attention of the Committee through the Chair and/or Secretariat as they arise.
- e) Review the Hansard of each hearing and provide an analysis of issues raised which warrant further scrutiny;
- f) Assist the Secretariat with matters which require assistance of the specialist adviser as they arise;
- g) Provide a final summary of issues raised during the Inquiry following the final hearing date (yet to be determined);
- h) Assist in the compilation and review of the draft Committee Report;
- i) Take part in deliberative meetings of the Committee considering the Report, as required by the Committee.

(Ms Forrest)

Resolved, That the process to seek quotes for the specialist adviser and then funding and an appropriate procurement method as specified in the circulated briefing note be agreed to, and the Secretariat proceed accordingly (Ms Forrest).

Resolved, That the following parties be approached by the Secretariat for a quote for service per the agreed indicative parameters and deliverables, and indicative timeframes:

1. Stephanie Bashir,
NexaAdvisory;

2. Gary Banks AO;
3. Rod Sims AO;
4. Henry Ergas;
5. Marc White, Goanna Energy;
and
6. Centre of Applied Energy Economics and Policy Research,
Griffith University.

(Mr Winter)

TENTATIVE PROGRAM

The updated tentative program was discussed. The Committee agreed:

- a) to hold a deliberative meeting on 16 February 2024 from 11.30 am to 1 pm;
- b) for the following dates to be used for potential public hearings as required:
26 February 2024
18 March 2024
22 March 2024 (9 am to 1 pm)
26 March 2024
27 March 2024
4 April 2024
5 April 2024
12 April 2024 (9.45 am to 1 pm)
14 May 2024
15 May 2024; and
- c) for 5, 6 and 7 February 2024 to be used as possible dates for a site visit, and for the Chair and Secretariat to contact the office of the Minister for Energy and Renewables to discuss options for site visits.

The Committee noted that a meeting to consider the Specialist Adviser process would be needed in late January or early February, potentially on 5, 6 or 7 February 2024.

PUBLIC HEARINGS

Resolved, that the Committee hold a public hearing on 26 February 2024, and that the following be invited to appear at that hearing to give evidence:

- a) the Hon. Nick Duigan MLC, Minister for Energy and Renewables, (for a period of three hours including a break); and
- b) the Tasmanian Policy Exchange, University of Tasmania (Ms Forrest).

Resolved, That the Chair write to the Hon. Chris Bowen MP, Minister for Energy and Climate Change, to seek his availability to appear at a hearing on either 4, 5, or 12 April. (Ms Forrest)

ADDITIONAL SUBMISSIONS TO THE COMMITTEE

Resolved, That the following further organisations and individuals be invited to make submissions:

1. TasRex
2. Ted O'Brien MP, Federal Shadow Minister for Climate Change and Energy. (Ms Forrest)

OTHER BUSINESS

The Secretary briefed the Committee on the training options offered by the Australian Energy Market Operator (AEMO) and its 2024 training dates, and on the timeline for briefing material to be received by the Committee from the Parliamentary Research Service.

The Committee requested the Secretary circulate the link to the AEMO training website to Committee Members.

At 2:22 p.m. the Committee adjourned until a date to be determined.

Confirmed,

FRIDAY, 19 January 2024

The Committee met in Committee Room 1, Parliament House, Hobart at 4:00 p.m.

Members Present:

Mr Bayley (by Webex)
Mr Edmunds (by Webex)
Ms Forrest (by Webex)
Mr Harriss
Ms Howlett (by Webex)
Mr Tucker (by Webex)
Mr Young (by Webex)

APOLOGIES

Mr Winter

MINUTES

Resolved, That the minutes of the previous meeting be confirmed. (Ms Forrest)

SPECIALIST ADVISER PROCESS

The Committee discussed the responses to the request for quote for the service of a Specialist Adviser received, along with the briefing note previously circulated.

The Committee discussed the extent of work expected of a Specialist Adviser at different inquiry stages.

Resolved, That the Chair and Secretary be empowered to meet with a preferred provider to discuss the extent of work and reasonable costs for the Specialist Adviser role, and

come back to the Committee with a revised approach. (Mr Edmunds)

Resolved, That the Chair and Secretary first approach the Centre for Applied Energy Economics and Policy Research, Griffith University to discuss their proposal, the extent of work required, and reasonable costs for the Specialist Adviser role, and report back to the Committee. (Ms Forrest)

CORRESPONDENCE

The Committee noted the following correspondence:

- Sent

- a) Letter to Minister Duigan, inviting participation at a public hearing on 26 February 2024, sent 19 December 2023.
- b) Letter to Minister Bowen, seeking availability for participation in a public hearing in 2024, sent 19 December 2023.

- Received

- c) Letter from Nicole Thomas, A/g General Manager, National Energy Transformation Division, Department of Climate Change, Energy, the Environment and Water, advising Minister Bowen is unable to appear at a hearing, received 16 January 2024.

Resolved, That the Chair write to Minister Bowen acknowledging correspondence received, and indicating the Committee would value a submission from the Minister and the relevant Federal Department. (Ms Forrest)

SITE VISITS AND AEMO TRAINING

The Committee discussed the upcoming site visits to TasNetworks and Hydro Tasmania locations on Tuesday 6 February and Wednesday 7 February, and related arrangements.

The Committee discussed the available training options on the Australian Energy Market Operator website.

OTHER BUSINESS

The Chair advised the Committee that an extension had been granted to Mr Roderic O'Connor for his submission.

At 4:46 p.m. the Committee adjourned until a date to be determined.

Confirmed,

TUESDAY, 6 February 2024

The Committee met in Committee Room 1, Parliament House, Hobart at 9.33 a.m.

Members Present:

Mr Bayley (by Webex)
Mr Edmunds
Ms Forrest
Mr Tucker
Mr Winter
Mr Young (by Webex)

APOLOGIES

Mr Harriss, Ms Howlett

MINUTES

Resolved, That the minutes of the previous meeting be confirmed. (Ms Forrest)

CORRESPONDENCE

The Committee noted the following correspondence:

Received

- a) From the Australian Renewable Energy Agency (ARENA) advising that ARENA will not be making a submission, received 14 December 2023

Sent

- b) To Minister Bowen, noting prior correspondence and advising that the Committee would value a submission from the Minister and the appropriate Federal Government Department, sent 24 January 2024

Resolved, that the correspondence be noted (Ms Forrest)

SPECIALIST ADVISER PROCESS

The Chair updated the Committee on discussions with the Centre for Applied Energy Economics and Policy Research, Griffith University regarding the Specialist Adviser role.

Resolved, That the Committee proceed to seek appropriate funding to use for the services of CAEEPR as a Specialist Adviser to assist the Committee through the complexities of the inquiry. (Ms Forrest)

Resolved, That the Chair write to the Clerks and Presiding Officers advising them of this Committee's decision and requesting that the Presiding Officers seek funding of up to \$135,000 from the Tasmanian Government for the

purpose of funding a Specialist Adviser. (Ms Forrest)

Resolved, That, should the funding be confirmed by the Tasmanian Government, the Committee will confirm the terms and conditions of the Specialist Adviser's engagement at a subsequent meeting, following which the Chair and Secretary will be empowered to enter into engagement arrangements with CAEEPR. (Ms Forrest)

Resolved, That those parties other than CAEEPR who submitted a quote be contacted by the Chair with advice that their proposal has been unsuccessful and that the Committee greatly appreciates their interest and involvement in the process. (Ms Forrest)

UPDATE ON SUBMISSIONS AND HEARINGS

Resolved, That submissions 1 to 21 be received (Ms Forrest).

Submissions:

1. Supporting Our Loongana Valley Environment
2. Sale Family/'Friends of Dempster Creek'
3. Greg Pullen
4. Tony Beach
5. Wade and Helen Rockliff
6. TasNetworks
7. Master Electricians Australia
8. Clean Energy Tasmania
9. Hydro Tasmania
10. BowesNexsphere
11. Tasmanian Chamber of Commerce and Industry

12. Tasmanian Minerals, Manufacturing and Energy Council
13. No Turbine Action Group
14. Aurora Energy
15. Adam Moller
16. APA
17. Energy Users Association of Australia
18. Marinus Link (and attachments)
19. TasRex
20. DAME
21. Tasmanian Government (and attachment)

Resolved, That submissions 1 to 21, including attachments where provided, be published on the Committee's website, subject to the redaction of personal contact details and to the Committee Secretariat checking for issues of confidentiality and adverse mention, and where those issues arise, not publishing the document and instead bringing it to the attention of the Committee for its consideration. (Ms Forrest)

Resolved, That the Chair be authorised to accept late submissions to the inquiry until the end of February 2024. (Ms Forrest)

The Committee agreed that the Chair would issue a media release with an update on the progress of the inquiry and reflecting that late submissions were able to be submitted to the Committee.

The Committee also noted that Mr John Kite had provided a discussion paper for the Committee's information.

The Committee discussed the schedule for a public hearing on 26 February 2024, with Minister Duigan proposed to appear from 2pm to 5pm.

Resolved, to seek the availability of the Tasmanian Minerals, Manufacturing and Energy Council for a hearing on the morning of 26 February 2024, and if they are not available to invite APA. (Ms Forrest)

Mr Winter left the meeting at 9.57am.

PARLIAMENTARY RESEARCH SERVICE PAPERS

The Chair updated the Committee on the Parliamentary Research Service Papers which had been previously circulated to Members.

OTHER BUSINESS

The Committee discussed the upcoming site visits to TasNetworks and Hydro Tasmania locations on 6 and 7 February.

At 10.01am. the Committee adjourned until a date to be determined.

Unconfirmed,

Fifty-First Parliament Joint Select Committee on Energy Matters

FRIDAY 28 June 2024

The Committee met in in Committee Room 1, Parliament House, Hobart at 2:02 p.m.

MEMBERS PRESENT:

Mr Bayley (by Webex)

Mr Edmunds
Mr Garland (by Webex)
Ms Finlay
Ms Forrest
Mr Harriss
Mr Shelton (by Webex)
Mr Vincent

ORDER OF THE HOUSES READ

The Secretary took the Chair and read the Resolution appointing the Committee.

ELECTION OF CHAIR

The Secretary called for nominations, Ms Finlay nominated Ms Forrest, who consented to the nomination, seconded by Mr Bayley.

There being no other nominations, the Secretary declared Ms Forrest elected as Chair.

Ms Forrest took the Chair.

ELECTION OF DEPUTY CHAIR

The Chair called for nominations, Ms Finlay nominated Mr Edmunds, who consented to the nomination, seconded by Mr Vincent.

There being no other candidates nominated, the Chair declared Mr Edmunds elected as Deputy Chair.

PROCEDURAL MOTIONS

Resolved, that unless otherwise ordered the Standing Orders of the House of Assembly be adopted as the Standing Orders of the Committee. (Ms Forrest)

Resolved, That unless otherwise ordered Officers of the Parliamentary

Research Service be admitted to the proceedings of the Committee whether in public or private session. (Ms Forrest)

Resolved, That the Chair be the spokesperson in relation to the operations of the Committee. (Ms Forrest)

Resolved, That unless otherwise ordered, press statements on behalf of the Committee be made only by the Chair after approval in principle by the Committee or after consultation with committee members. (Ms Forrest)

Resolved, That the Committee acknowledge that all deliberations and papers of the Committee are confidential, except where papers are resolved by the Committee to be made public. (Ms Forrest)

Resolved, That the Committee authorise the publication of any public hearing Hansard transcripts and broadcast recordings following an initial review by the Secretariat. (Ms Forrest)

Resolved, That the name of the Committee be: 'Joint Select Committee on Energy Matters'. (Ms Forrest)

PROGRESS OF THE INQUIRY

Resolved, That the Committee call for public submissions to the inquiry, with submissions open from 5 July 2024 until 23 August 2024. (Ms Forrest)

Resolved, That the Chair be authorised to consider and accept any applications for late submissions. (Ms Forrest)

Resolved, That the Chair issue a media release and advertisement advising of the opening of public submissions to the inquiry and that previous submitters to the previous Parliament's two related inquiries are able to provide updated submissions.
(Ms Forrest)

Resolved, That the Committee write to all stakeholders who made a full in public submission to the Legislative Council Sessional Committee Government Administration 'A' Inquiry into Energy Prices in Tasmania and those stakeholders who were invited to make a submission to the Joint Select Committee on Energy Matters, advising of the new Committee inquiry and offering the opportunity to provide an updated submission:

(Joint Select Committee on Energy Matters in Tasmania)

1. Hydro Tasmania
2. Marinus Link Pty Ltd
3. Aurora Energy
4. 1st Energy
5. Energy Locals
6. CovaU
7. Smart Energy
8. Glow Power
9. Future X Power
10. Shell Power (ERM)
11. Flow Power (Progressive Green)
12. Delta Electricity
13. APA
14. TasNetworks
15. TasGasNetworks
16. Tasmanian Minerals, Manufacturing and Energy Council
17. Australian Energy Council
18. Clean Energy Council

19. The Hon. Nick Duigan MLC, Minister for Energy and Renewables
20. Renewables, Climate and Future Industries Tasmania
21. The Hon. Chris Bowen MP, Minister for Climate Change and Energy
22. Australian Government Department of Climate Change, Energy, the Environment, and Water
23. Tasmanian Economic Regulator
24. Energy Ombudsman Tasmania
25. Australian Energy Market Operator
26. Australian Energy Market Commission
27. Australian Energy Regulator
28. Australian Renewable Energy Agency
29. UTAS Centre for Renewable Energy and Power Systems
30. Goanna Energy Consulting
31. Local Government Association Tasmania (LGAT)
32. TasCoss
33. Tasmanian Policy Exchange at UTAS
34. Tasmanian Small Business Council
35. RE-alliance
36. Communications Electrical Plumbing Union
37. Australian Manufacturing Workers' Union
38. Australian Workers' Union
39. Grange Resources
40. Rio Tinto
41. Norske Skog
42. Nyrstar
43. GFG
44. Tasmanian Chamber of Commerce and Industry
45. Jack Gilding
46. ACEN
47. Ark Energy
48. Nexsphere
49. West Coast Renewables
50. Roderic O'Connor

51. Tasmanian Farmers and Graziers Association
52. Farmers representative group
53. Supporting Our Loongana Valley Environment
54. Tasmanian Aboriginal Centre
55. Circular Head Aboriginal Corporation
56. Tasmanian National Parks Association
57. Bob Brown Foundation
58. TasRex
59. Ted O'Brien MP, Federal Shadow Minister for Climate Change and Energy

(Legislative Council Sessional Committee Government Administration 'A' Inquiry into Energy Prices in Tasmania)

60. Estelle Ross
61. Alison Pountney
62. Jaisen Mahne
63. Lesley Field
64. Vicki Ward
65. Damian Smythe
66. Simon Beard
67. Ali Edwards
68. Chris Bishop
69. Mervin C Reed
70. Chris Sayers
71. Tas Gas
72. Malcolm Eastley
73. Robert G Richardson
74. Professor Emeritus Aynsley Kellow (UTAS)
75. DAME
76. Climate Tasmania
77. Tasmanian Climate Collective
78. Tenants' Union of Tasmania Inc
79. Reginald John Howard
80. Geoff Harper
81. Council of the Ageing Tasmania (COTA) (Ms Forrest)

Resolved, That the Committee write to the following additional stakeholders to invite a submission to the inquiry:

82. Salvation Army
83. St Vincent de Paul
84. City Mission
85. Anglicare
86. Youth Network Tas
87. Multicultural Council
88. Real Estate Institute of Tasmania
89. Fruit Growers Association
90. Tasmanian Hospitality Association
91. Property Council of Tasmania
92. Renewable Energy Alliance
93. The Energy Charter
94. Energy Users Australia
95. Electrical Trades Union of Australia
96. HIF
97. Bass Offshore Wind Energy
98. ABEL Energy Pty Ltd
99. Suncable
100. Equis Australia
101. TasWater
102. Tamar Valley Gas Fired Power Station
103. Solstice Energy
104. TasFarmers
105. Tas Irrigation
106. Royal Automobile Club of Tasmania (RACT)
107. Australian Electric Vehicle Association (Tasmania Branch)
108. Climate Council
109. The Hon. Peter Dutton MP
(Ms Forrest)

The Committee agreed that the Secretary would circulate the full list of stakeholders to the Committee and ask for any further nominations from Members to be advised by email by 5 July 2024.

Resolved, That the Committee resolves to take into evidence the Transcript of the public hearing held on 1 December 2023 of the Legislative Council Sessional Committee Government Administration 'A' Inquiry into Energy Prices in Tasmania available on the Committee's website at https://www.parliament.tas.gov.au/data/assets/pdf_file/0024/77532/LC-GAA-1-December-2023.pdf. (Ms Forrest)

Resolved, That the Committee hold public hearings on the following dates, with the first one being in Hobart with the Minister for Energy and Renewables, and the UTAS Tasmanian Policy Exchange:

- Friday 20 September 2024, 9 am to 3 pm
(incorporating 3 hours with the Minister for Energy and Renewables, including a break)
(Hobart)
- Tuesday 1 October 2024, 9 am to 4 pm (Hobart)
- Monday 28 October, 9 am to 3 pm (Launceston)
- Tuesday 12 November, 9.30 am to 2.30 pm (Hobart)
- Wednesday 13 November 9 am to 12 noon. (Hobart).

(Ms Forrest)

Resolved, That the Chair write to Professor Magnus Soederberg, Director of the Centre for Applied Energy Economics and Policy Research, Griffith University, to advise of the establishment of the new Committee, provide the Committee's terms of reference, and seek his confirmation as

to whether he would still be interested in the role of Specialist Adviser to the Committee and if so on what terms.
(Ms Forrest)

OTHER BUSINESS

The Chair advised the Committee of AEMO training options. The Committee requested that the Secretary:

- a) Circulate the AEMO training options to the Committee; and
- b) Contact AEMO regarding in person training options in Hobart.

Resolved, That the Secretariat approach the Minister for Energy and Renewables office in relation to organising a site visit for the Committee to the TasNetworks Lenah Valley site, the Hydro Tasmania trading floor, and to the Hydro Tasmania facility at Tarraleah. (Ms Forrest)

The Committee also discussed the possibility of a site visit to Robbins Island, Reece Dam, Woolnorth Wind Farms, and the North West Transmission Developments sites. The Committee requested that the Secretary contact ACEN and West Coast Renewables about possible options.

At 3.07 p.m. the Committee adjourned a date to be determined.

Confirmed,

THURSDAY, 18 July 2024

The Committee met in Committee Room 1, Parliament House, Hobart at 4:32 p.m.

Members Present:

Mr Bayley
Mr Edmunds (by Webex)
Ms Finlay (by Webex)
Ms Forrest
Mr Harriss
Mr Vincent

APOLOGIES

Mr Garland
Mr Shelton

MINUTES

Resolved, That the minutes of the previous meeting be confirmed.
(Ms Forrest)

CORRESPONDENCE

Resolved, that the following incoming correspondence be received and the outgoing correspondence be endorsed:

Outgoing

- a) Invitations to make a submission sent to individuals and organisations previously resolved
- b) To Professor Magnus Soederberg, regarding the Specialist Adviser role, dated 4 July 2024

Incoming

- c) Email from Gerald Ellis, dated 11 July 2024
- d) Email from Youth Network of Tasmania, declining to make a submission, dated 11 July 2024
(Ms Forrest)

SPECIALIST ADVISER

The Committee considered correspondence and a revised quote

from Professor Magnus Soederberg and CAEEPR for the role of Specialist Adviser, dated 17 July 2024.

Resolved, That the Committee agree to seek to appoint Professor Magnus Soederberg and CAEEPR as a Specialist Adviser to assist the Committee by:

- a) Reviewing submissions to assist with the preparation of hearing questions
- b) Being on hand during the appearance of key witnesses during hearings to assist with questions and lines of inquiry arising from evidence
- c) Assisting with wording supplementary questions to be sent to key witnesses after hearings
- d) Supporting the Committee to summarise issues once all evidence has been received and distilling these into the report (Ms Forrest)

Resolved, That the Chair write to the Clerks and Presiding Officers advising them of this Committee's decision regarding the Specialist Adviser and requesting that the Presiding Officers seek funding of up to \$160,000 from the Tasmanian Government for the purpose of funding a Specialist Adviser, and seek appropriate assistance to arrange the commercial terms with CAEEPR for the Specialist Adviser service. (Ms Forrest)

Resolved, That, should the funding be confirmed by the Tasmanian Government, the Committee will confirm the terms and conditions of the Specialist Adviser's engagement at a

subsequent meeting, and the Chair and Secretary will then be empowered to enter into engagement arrangements with CAEEPR. (Ms Forrest)

NEXT MEETING

At 4:49 p.m. the Committee adjourned until a date to be determined.

Confirmed,

TUESDAY, 13 August 2024

The Committee met in Committee Room 1, Parliament House, Hobart at 1:06 p.m.

Members Present:

Mr Bayley
Mr Edmunds
Ms Finlay (by Webex)
Ms Forrest
Mr Garland (by Webex)
Mr Harriss
Mr Shelton
Mr Vincent

MINUTES

Resolved, That the minutes of the previous meeting be confirmed. (Ms Forrest)

CORRESPONDENCE

Resolved, that the following incoming correspondence be received, and the outgoing correspondence be endorsed: (Ms Forrest)

Outgoing

- a) Letter to the Presiding Officers and Clerks, regarding a request for Specialist Adviser

funding, dated 23 July 2024.

Incoming

- a) Email from Jack Redpath of Carbon Zero Initiative, dated 22 July 2024
- b) Email from the Office of the Tasmanian Economic Regulator, declining to make a submission, but offering to appear at a hearing, dated 23 July 2024
- c) Letter from the Presiding Officers, regarding a request for Specialist Adviser funding, dated 5 August 2024

Mr Vincent joined the meeting at 1:08 p.m.

SCHEDULE OF SITE VISITS AND HEARINGS

The committee discussed the proposed program of site visits. The committee agreed to conduct site visits to Tarraleah, John Butters Power Station, Granville Harbour Windfarm, Whaleback Ridge and Robbins Island over 9 – 11 October 2024.

Mr Edmunds left the meeting at 1:18 p.m.

Mr Edmunds returned to the meeting at 1:20 p.m.

The committee expressed interest in visiting TasNetworks, Lenah Valley, and Hydro Tasmania, Hobart.

Mr Garland left the meeting at 1:20 p.m.

The committee discussed the previously resolved hearing dates.

Mr Edmunds let the meeting at 1:26 p.m.

The committee agreed to change the public hearing scheduled for 20 September to a deliberative meeting, with potential site visits to TasNetworks and Hydro Tasmania on the same date, and to instead seek the Minister for Energy and Renewables' availability to appear before the committee on 28 October 2024 in Hobart.

The Committee agreed that the 1 October hearing should be held in Launceston.

NEXT MEETING

At 1:36 p.m. the Committee adjourned until a date to be determined.

Confirmed,

FRIDAY, 20 September 2024

The Committee met in Committee Room 1, Parliament House, Hobart at 11.00 a.m.

Members Present:

Mr Bayley
Ms Finlay
Ms Forrest
Mr Garland
Mr Harriss
Mr Shelton (by Webex)
Mr Vincent

APOLOGIES

Mr Edmunds

MINUTES

Resolved, That the minutes of the previous meeting be confirmed. (Ms Forrest).

Mr Bayley joined the meeting at 11.03 a.m.

SUBMISSIONS

Resolved, to receive and publish submissions 1 to 12, 14 to 28, and 30 to 46, with personal contact details redacted as standard (Ms Forrest).

Resolved, to receive submission 13 and publish the email to the Committee part of the submission but not publish the attachments, and that the Secretary advise the submission maker accordingly. (Ms Forrest)

Resolved, to receive and publish submission 29, with the content at tables 2, 3, and 4 kept confidential as requested by the submission maker. (Ms Forrest)

HEARINGS

The Committee discussed the schedule for public hearings and possible witness lists, as circulated prior to the meeting.

Resolved, that the Committee invite the following to appear at a public hearing per the dates and times specified below:

1 October 2024 – 9.30 a.m. to 5.00 p.m. (Launceston)

- Tasmanian Irrigation – 1 hour
- Tasmanian Farmers – 1 hour
- TMEC – 1 hour
- ABEL Energy – 45 minutes
- *** – 45 minutes

- Supporting Our Loongana Valley Environment – 45 minutes
 - Grange Resources – 1 hour
- 28 October 2024 – 9.00 a.m. to 3.00 p.m. (Hobart)
- Marinus Link – 1.5 hours
 - Hydro Tasmania – 1 hour
 - TasNetworks – 1.5 hours
 - Solstice – 45 minutes
 - Tasmanian Policy Exchange – 1 hour
- 12 November 2024 – 9.30 a.m. to 4.00 p.m. (Hobart)
- Aurora Energy – 1 hour
 - TasRex – 1 hour
 - ACEN – 1 hour
 - DAME - 1 hour
 - TCCI and Clean Energy Tasmania – 1 hour
 - Bob Brown Foundation – 45 minutes
 - Carbon Zero Initiative – 45 minutes
 - THA – 45 minutes
 - Tenants' Union of Tasmania – 45 minutes
- 13 November 2024 – 9.00 a.m. to 12.00 p.m. (Hobart)
- Minister for Energy and Renewables – Hon. Nick Duigan MLC. (Ms Forrest)

The Committee agreed that the Secretary is empowered to schedule witnesses to alternate days to suit availability issues, if required.

Resolved, that the Chair and Secretary investigate possible site visits to Bell Bay and Roderic O'Connor's property, "Connorville", on 10 February 2025, and that such visits proceed if possible. (Ms Forrest)

Resolved, that the Committee hold additional public hearings on 11 and 12 February 2025, in Hobart, and that the following are to be invited to a public hearing in 2025 accordingly:

- Tony Beach
- Circular Head Aboriginal Corporation
- APA
- Master Electricians Australia
- TasCOSS
- COTA
- Tasmanian Climate Collective
- CEPU
- RACT
- Tasmanian Automotive Chamber of Commerce
- Australian Electric Vehicle Association – Tasmania Branch
- Lake Pedder Restoration
- BOWE
- The Tree Projects (Dr Jennifer Sanger)
- Energy Users Association of Australia
- Jack Gilding
- Norske Skog

The Committee agreed that the Secretary is empowered to schedule witnesses to alternate days to suit availability issues, if required.

Resolved, that the Chair issue a media release regarding public hearings prior to their commencement. (Ms Forrest)

Resolved, that the Secretariat be authorised to publish the transcripts of the hearings to the website, once completed by Hansard, and after the relevant witnesses have had the

opportunity to review the transcript for any mistranscriptions within two business days. (Ms Forrest)

SITE VISITS

The Committee discussed the upcoming site visits to Tarraleah, John Butters Power Station, Granville Harbour Windfarm, Whaleback Ridge, and Robbins Island between 9 and 11 October 2024.

The Committee agreed that further detailed information regarding the visits would be circulated by the Secretary prior.

SPECIALIST ADVISER PROCESS

The Chair advised the Committee that a formal response from the Tasmanian Government for the purpose of funding procurement of a specialist adviser was still yet to be received.

HYDRO TASMANIA TRADING FLOOR SITE VISIT

The Committee noted that TasNetworks had advised that it was unable to host the Committee for a site visit at this time due to its continuing response to the recent severe weather event.

The Committee discussed the upcoming briefing from Hydro Tasmania and site visit to the Hydro Tasmania Trading Floor at 1.30 p.m. to 3.00 p.m. on 20 September 2024.

NEXT MEETING

At 12.30 p.m. the Committee adjourned until 1 October 2024 at 9.20 a.m. at the UTAS Inveresk Campus, Launceston.

Confirmed,

TUESDAY, 1 October 2024

The Committee met at Room 204 Inveresk Rivers Edge Building, UTAS, in Launceston at 9.20 a.m.

Members present:

Mr Edmunds
Ms Finlay
Ms Forrest
Mr Garland
Mr Harriss
Mr Shelton (*arrived at 11.17 a.m.*)
Mr Vincent

APOLOGIES

Mr Bayley

MINUTES

Resolved, That the minutes of the previous meeting for be confirmed. (Ms Forrest)

PRIVATE WITNESS

Resolved, That submission no. 47 be received and not published, in accordance with request of the submission maker. (Ms Forrest)

Resolved, That the Committee invite Private Witness to appear before the Committee to give evidence *in camera* on Tuesday 1 October 2024 at 2.45 p.m. (Ms Forrest)

SUBMISSIONS

The Committee discussed the requests of two submitters to replace their submission with new and updated versions.

Resolved, That the updated submission no. 3 be received, and that it be

published on the Committee's webpage replacing the previous version. (Ms Forrest)

Resolved, That the updated submission no. 5 be received, and that it be published on the Committee's webpage replacing the previous version, and that the name of the submission maker be kept confidential. (Ms Forrest)

Resolved, That the Committee note the secretariat's attempts to further confirm publication preferences of individuals before publishing their submission. (Ms Forrest)

SITE VISITS: 9 – 11 OCTOBER 2024

The Committee discussed the upcoming site visits to the west and north-west coast.

The Chair advised the Committee that Hon Bec Thomas MLC is attending the tour of Hydro Tasmania Tarraleah facilities on 9 October 2024.

Ms Thomas will exclude herself from any Committee discussions or deliberations.

SPECIALIST ADVISOR UPDATE

The Chair advised the Committee that a formal response from the Tasmanian Government for the purpose of funding procurement of a specialist adviser has been received by the Presiding Officers and the funding secured.

PUBLIC HEARING

The public hearing commenced at 9.30 am.

At 9.30 a.m., Mr Neil Grose, Advocacy and Projects Leader, TasFarmers, was called, made the Statutory Declaration and was examined by the Committee in public.

At 10.25 a.m. the witness withdrew.

Hearing suspended until 10.30 a.m.

At 10.30 a.m., Mr Jacob Gerke, General Manager Program Development and Delivery, Tasmanian Irrigation, was called, made the Statutory Declaration and was examined by the Committee in public.

Mr Shelton joined the hearing at 11.17 a.m.

At 11.27 a.m. the witness withdrew.

Hearing suspended until 11.45 a.m.

At 11.45 a.m., Mr Ben Marshall, Chair, Supporting Our Loongana Valley Environment, was called, made the Statutory Declaration and was examined by the Committee in public.

At 12.32 p.m. the witness withdrew.

At 12.32 p.m., Mr Ray Mostogl, Chief Executive Officer, TMEC, was called, made the Statutory Declaration, and was examined by the Committee in public.

At 1.33 p.m. the witness withdrew.

The Committee suspended until 2.38 p.m.

PRIVATE HEARING

The private hearing commenced at 2.38 p.m.

At 2.38 p.m., Private Witness, was called, made the Statutory Declaration and was examined by the Committee in private.

At 3.42 p.m. the witness withdrew.

PRIVATE DELIBERATIVE MEETING

The Committee discussed further witnesses to be invited to a future hearing of the Committee.

Resolved, that Professor Bruce Mountain be invited to appear at a future hearing of the Committee. (Mr Garland)

NEXT MEETING

The meeting adjourned at 3.47 p.m., until Monday, 28 October 2024 at 9.00 a.m.

Confirmed,

THURSDAY, 10 October 2024

The Committee held a deliberative meeting at Whaleback Ridge in Tasmania, commencing at 2.55 p.m.

Members Present:

Mr Bayley
Mr Edmunds
Mr Garland
Ms Finlay
Ms Forrest
Mr Harriss
Mr Shelton
Mr Vincent

SITE VISITS

The Committee discussed the progress of the site visits to Tarraleah and Granville Harbour and the upcoming visit to Robbins Island.

SPECIALIST ADVISOR

The Committee discussed the progress of procuring the services of Professor Magnus Soderberg, Griffith University, as a specialist advisor to the Committee, and noted contractual terms were being negotiated and agreed.

Resolved, That the Secretary discuss with Professor Soderberg whether he would consider commencing work prior to contractual terms being agreed, and if so, provide him with materials and requests for advice to assist the Committee in its preparation for upcoming hearings. (Ms Forrest)

At 3.00 p.m. the meeting concluded.

Confirmed,

WEDNESDAY, 23 October 2024

The Committee met in Committee Room 2, Parliament House, Hobart at 1.11 p.m.

Members Present:

Mr Bayley
Mr Edmunds
Ms Finlay (by Webex)
Ms Forrest
Mr Garland (by Webex)
Mr Harriss
Mr Shelton (by Webex)

APOLOGIES

Mr Vincent

MINUTES

Resolved, That the minutes of the 1 October 2024 meeting, as amended, be confirmed. (Ms Forrest)

Resolved, That the minutes of the 10 October 2024 meeting be confirmed. (Ms Forrest)

CORRESPONDENCE

Resolved, That the following incoming correspondence be received, and the outgoing correspondence be endorsed:

Outgoing

- a) Letter from the Chair to Mr Rod Bender, Norske Skog, dated 15 October 2024
- b) Letter from the Chair to Professor Bruce Mountain dated 15 October 2024

Incoming

- c) Letter from Kim Philips-Haines dated 11 October 2024
(Ms Forrest)

Resolved, That the Chair reply to Kim Philips-Haines in writing advising that the inquiry's consultation period will not re-open, the terms of reference includes a general category of "any other matters incidental thereto" and as such do not need to be amended, and to offer an opportunity to provide the Committee with a late submission for its consideration. (Ms Forrest)

SUBMISSIONS

Resolved, that submission no. 3 be withdrawn as requested by the submitter and that the submitter be notified of the Committee's decision in writing by the Chair. (Ms Forrest)

Resolved, that submission no. 18 be kept confidential as requested by the submission maker. (Ms Forrest)

SITE VISIT

Resolved, That the Secretariat arrange with TasNetworks for a visit to its Lenah Valley site in early-2025.

PUBLIC HEARING

The Committee discussed the witness schedule for the upcoming public hearing on 28 October 2024.

IN CAMERA TRANSCRIPT

Resolved, the Chair writes to Private Witness and provide a copy of the *in camera* transcript of their evidence given at the 1 October 2024 hearing for consideration as to whether any portions of the transcript may be published. (Ms Forrest)

Resolved, the Chair writes to Professor Magnus Soederberg to provide him with a copy of the *in camera* transcript of evidence given by Private Witness at the 1 October 2024, together with information on confidentiality and appropriate use of the transcript. (Ms Forrest)

SPECIALIST ADVISER – MEETING WITH PROF. MAGNUS SOEDERBERG

Resolved, That Professor Magnus Soderberg be permitted to attend this deliberative meeting of the Committee,

and any future deliberative meeting or hearing (including in camera proceedings) unless otherwise ordered by the Committee. (Ms Forrest)

Professor Soederberg joined the meeting at 1.22 p.m. via Webex.

The Committee discuss the upcoming hearings and the content of submissions.

Professor Soederberg withdrew at 1.59 p.m.

The Committee continued to discuss the upcoming hearings and the involvement of Professor Soederberg. They agreed that the correspondence between the Committee and Professor Soederberg be coordinated through the Secretary and the Chair.

Mr Bayley withdrew at 2.16 p.m.

NEXT MEETING

At 2.17 p.m. the Committee adjourned until 28 October 2024 at 9.00 a.m. at Committee Room 1, Parliament House, Hobart.

Confirmed,

WEDNESDAY, 28 October 2024

The Committee met in Committee Room 2, Parliament House, Hobart at 8.59 a.m.

Members Present:

Mr Bayley
Mr Edmunds
Ms Finlay
Ms Forrest

Mr Garland
Mr Harriss
Mr Shelton (by Webex)

APOLOGIES

Mr Vincent

MINUTES

Resolved, That the minutes of the 23 October 2024 meeting be confirmed. (Ms Forrest)

CORRESPONDENCE

Resolved, That the following incoming correspondence be received:

Incoming

- a) Information for the Committee on witnesses' submissions for the 28 October 2024 public hearing received from Professor Magnus Soederberg, Specialist Advisor, on 24 October 2024. (Ms Forrest)

PUBLIC HEARING

The public hearing commenced at 9.00 a.m.

At 9.00 a.m. Professor Richard Eccleston, Director, and Doctor Lachlan Johnson, Research Fellow, Tasmanian Policy Exchange, were called, made the Statutory Declaration and were examined by the Committee in public.

At 9.04 a.m. Mr Shelton joined the meeting.

At 10.01 a.m. the witnesses withdrew.

Hearing suspended until 10.04 am.

At 10.04 a.m. Seán McGoldrick, Chief Executive Officer, Michael Westenberg, Executive Finance and Regulation, and Chantal Hopwood, Head of Regulation, TasNetworks, were called, made the Statutory Declaration and were examined by the Committee in public.

Mr McGoldrick provided TasNetworks Annual Planning Report 2024 for the consideration of the Committee.

At 11.37 a.m. the witnesses withdrew.

Hearing suspended until 11.45 a.m.

At 11.45 a.m. Dr Michael Connarty, Head of Operations and Trading, ACEN Australia, was called, made the Statutory Declaration and was examined by the Committee in public.

At 11.48 a.m. Mr *Edmunds* joined the hearing.

At 12.38 p.m. Mr *Shelton* left the hearing.

At. 12.41 p.m. Mr *Shelton* joined the hearing.

At 12.46 p.m. the witnesses withdrew.

Hearing suspended until 1.45 p.m.

At 1.45 p.m. the meeting resumed.

At 1.45 p.m. Sandra Gamble, Chair, Andrew Hugo, Acting Chief Executive Officer, and Prajit Parameswar, Chief Commercial Officer, Marinus Link, were called, made the Statutory Declaration and were examined by the Committee in public.

At 1.45 p.m. Mr *Bayley* joined the hearing.

At 2.38 p.m. Mr *Edmunds* left the hearing.

At 3.13 p.m. the witnesses withdrew.

At 3.14 p.m. Mr *Bayley* left the hearing.

Hearing suspended until 3.16 pm.

At 3.16 p.m. Georgia Holmes, Policy and Communications Advisor, and Michael Thomas, Field Support Advisor, Master Electricians Australia, were called, made the Statutory Declaration and were examined by the Committee in public via Webex.

At 3.57 p.m. the witnesses withdrew.

NEXT MEETING

At 3.57 p.m. the Committee adjourned until 12 November 2024 at 9.00 a.m. at Committee Room 1, Parliament House, Hobart.

Confirmed,

TUESDAY, 12 November 2024

The Committee met in Committee Room 1, Parliament House, Hobart at 9.03 a.m.

Members Present:

Mr *Bayley*
Mr *Edmunds*
Ms *Finlay* (by Webex)
Ms *Forrest*
Mr *Garland*
Mr *Harriss*

Mr Shelton (by Webex)
Ms Thomas

PRIVATE DELIBERATIVE MEETING MINUTES

Resolved, That the minutes of the previous meeting be confirmed. (Ms Forrest)

NEW MEMBER

The Chair reported that Mr Vincent has been discharged from the Committee, and that Ms Thomas has been appointed to the resulting vacancy.

At 9.05 a.m. Ms Finlay joined the meeting.

CORRESPONDENCE

Resolved, That the following incoming correspondence be received, and the outgoing correspondence be endorsed:

- a. Outgoing
 - i. Letter from the Chair to *** dated 31 October 2024
 - ii. Letter from the Chair to Kim Phillips-Haines dated 31 October 2024.
 - iii. Letter from the Chair to Private Witness (regarding appearance at 1 October hearing) dated 31 October 2024.
- b. Incoming
 - i. Information for the Committee on witnesses' submissions for the 12 and 13 November

2024 public hearings received from Professor Magnus Soederberg, Specialist Adviser, on 10 and 11 November 2024.

- ii. Materials provided by TasNetworks on 28 October 2024 to the Committee Secretary in relation to their appearance at that day's hearing. (Ms Forrest)

At 9.06 a.m. Mr Edmunds joined the meeting.

USE OF SOCIAL MEDIA AND COMMITTEE MATERIAL

The Committee discussed the use of Committee broadcast material in social media, particularly the use (and consequences) of posting altered committee hearing broadcast footage.

Mr Garland provided a formal apology to the Committee for the publication on his Facebook page of altered broadcast footage from the Committee's 28 October hearing.

The Committee agreed to resume discussion of this matter at a later time.

WITNESSES FOR PUBLIC HEARING

Resolved, That the Committee permit the attendance of Professor Bruce Mountain to give evidence with the Bob Brown Foundation at the 12 November 2024 hearing. (Ms Forrest).

The deliberative meeting was suspended at 9.21 a.m.

PUBLIC HEARING

The public hearing commenced at 9.27 a.m.

At 9.27 a.m. Bess Clark, Chief Executive Officer, and Ian Sauer (via Webex), Chair, TasRex, were called, made the Statutory Declaration, and were examined by the Committee in public.

At 10.29 a.m. the witnesses withdrew.

Hearing suspended until 10.30 a.m.

At 10.30 a.m. Christine Milne AO, Patron, Bob Brown Foundation, and Professor Bruce Mountain, Director, Victorian Energy Policy Centre, Victoria University, were called, made the Statutory Declaration and were examined by the Committee in public.

At 10.53 Mr *Shelton* left the hearing.

At 10.56 a.m. Mr *Shelton* joined the hearing.

At 11.18 a.m. the witnesses withdrew.

Hearing suspended until 11.36 a.m.

At 11.36 a.m. Michael Bailey, Chief Executive Officer, TCCI, and Ian Jones, Chair, Clean Energy Tasmania, were called, made the Statutory Declaration and were examined by the Committee in public via Webex.

At 12.26 the witnesses withdrew.

Hearing suspended until 1.30 p.m.

The committee agreed to meet at 1.20 p.m. for a deliberative meeting.

PRIVATE DELIBERATIVE MEETING

USE OF SOCIAL MEDIA AND COMMITTEE MATERIAL

At 1.20 p.m. the deliberative meeting resumed.

Resolved, that a draft Special Report in relation to the use of excerpts from a Committee hearing broadcast be prepared by the Chair for consideration by the Committee at its next meeting on 13 November 2024 (*Ms Forrest*).

The committee agreed to meet at 8.30 a.m., 13 November 2024, prior to the public hearing.

The deliberative meeting concluded at 1.30 p.m.

PUBLIC HEARING

At 1.33 p.m. Richard Bolt, Chair; Erin van Maanen, Interim Chief Executive Officer; and Jesse Clark, Executive General Manager for Assets and Infrastructure, Hydro Tasmania, were called, made the Statutory Declaration and were examined by the Committee in public.

At 1.52 p.m. Mr *Shelton* left the hearing.

At 1.54 p.m. Mr *Shelton* joined the hearing.

At 2.01 p.m. Ms *Thomas* left the hearing.

At 2.04 p.m. Ms Thomas joined the hearing.

At 3.02 p.m. the witnesses withdrew.

Hearing suspended until 3.05 p.m.

At 3.05 p.m. Nigel Clark, Chief Executive Office; James Chisholm, Chief Financial Officer and Alistair Burke, Chief Operating Officer, Aurora Energy, were called, made the Statutory Declaration and were examined by the Committee in public.

At 3.50 p.m. Mr Shelton left the hearing.

At 3.59 p.m. Mr Shelton joined the meeting.

At 3.59 p.m. the witnesses withdrew.

NEXT MEETING

At 4.00 p.m. the Committee adjourned until 13 November 2024 at 8.30 a.m. at Committee Room 1, Parliament House, Hobart.

Confirmed,

WEDNESDAY, 13 November 2024

The Committee met in Committee Room 1, Parliament House, Hobart at 8.32 a.m.

Members Present:

Mr Bayley
Mr Edmunds
Ms Finlay (by Webex)
Ms Forrest
Mr Garland
Mr Harriss
Mr Shelton (by Webex)

Ms Thomas

PRIVATE DELIBERATIVE MEETING MINUTES

Resolved, that the minutes of the 12 November 2024 meeting be confirmed. (Ms Forrest)

CONSIDERATION OF CHAIR'S DRAFT SPECIAL REPORT

The Committee commenced consideration of the Chair's draft *Special Report on the use of excerpts from a Committee hearing broadcast* (draft Special Report).

At 8.39 a.m. Mr Shelton joined the meeting.

The Committee discussed the content and structure of the draft Special Report.

At 8.56 a.m. Ms Thomas joined the meeting.

The Committee agreed to continue consideration of the draft Special Report following the public hearing.

At 9.01 a.m. the deliberative meeting was suspended.

PUBLIC HEARING

At 9.05 a.m. the public hearing commenced.

The Minister for Energy and Renewables, the Honourable Nick Duigan MLC, was called and examined by the Committee in public.

Mr Mark Bowles, Acting Chief Executive Officer, Renewables, Climate and

Future Industries Tasmania (RECFIT) and Mr Sean Terry, Executive Director, RECFIT, were called, made the Statutory Declaration and were examined by the Committee in public.

At 10.34 a.m. the hearing was suspended.

At 10.34 a.m. Mr *Harriss* left the meeting.

At 10.48 a.m. the hearing resumed.

At 11.55 a.m. Mr *Harriss* joined the meeting.

At 12.01 p.m. the witnesses withdrew.

At 12.01 p.m. Ms *Thomas* left the meeting.

PRIVATE DELIBERATIVE MEETING

At 12.03 p.m. the deliberative meeting resumed.

At 12.05 p.m. Ms *Thomas* joined the meeting.

CONSIDERATION OF THE CHAIR'S DRAFT SPECIAL REPORT CONTINUED

The Committee continued consideration of the Draft Special Report.

Resolved, that the Committee use an updated version of the draft Special Report circulated to Members by email at 10.57 a.m. as the draft Special Report for consideration. (Ms *Forrest*)

Cover of the Special Report, agreed to.
Paragraph 1, agreed to.
Paragraph 2, agreed to.

Paragraph 3, agreed to.

Paragraph 4, agreed to.

Paragraphs 5 to 7, agreed to.

Paragraph 8, agreed to.

New paragraph 9, agreed to.

Paragraph 10, agreed to.

Paragraph 11, as amended, agreed to.

Paragraphs 12 to 14, agreed to

Paragraph 15, as amended, agreed to.

Paragraph 16, agreed to.

New paragraph 17, agreed to.

Paragraph 18, agreed to.

New paragraph 19, agreed to.

Paragraph 20, agreed to.

Paragraph 21, agreed to.

Resolved, that the draft Special Report as amended be the Special Report of the Committee. (Ms *Forrest*)

Resolved, that the Chair and committee staff be permitted to correct stylistic, typographical, consequential and grammatical errors. (Ms *Forrest*)

Resolved, that Mr *Bayley* table the Special Report in the House of Assembly and the Chair table the Special Report in the Legislative Council on the next sitting day. (Ms *Forrest*).

ANY OTHER MATTERS

The Committee discussed further potential witnesses to invite to a public hearing and agreed to invite the Treasurer and the Department of Treasury and Finance, and for the secretariat to contact Ms Kathleen Mackay, Chief Information Officer, University of Tasmania.

NEXT MEETING

At 12.43 p.m. the Committee adjourned until a date to be determined.

Confirmed,

of Tasmania, dated
20 November 2024. (Ms Forrest)

FRIDAY, 29 November 2024

The Committee met in Committee Room 2, Parliament House, Hobart at 10.31 a.m.

Members Present:

Mr Bayley (by Webex)
Mr Edmunds (by Webex)
Ms Finlay (by Webex)
Ms Forrest
Mr Shelton (by Webex)
Ms Thomas (by Webex)

APOLOGIES

Mr Garland
Mr Harriss

MINUTES

Resolved, That the minutes of the 13 November 2024 meeting be confirmed. (Ms Forrest)

CORRESPONDENCE

Resolved, That the following incoming correspondence be received, and the outgoing correspondence be endorsed:

Outgoing

- a) Letter to Dr Michael Connarty, ACEN Australia, dated 21 November 2024.

Incoming

- b) Minister Nick Duigan, Minister for Energy and Renewables, answers to questions on notice, dated 26 November 2024
- c) Ms Kathleen Mackay, Chief Information Officer, University

Resolved, That the letter from Minister Duigan dated 26 November 2024 be published on the Committee's webpage. (Ms Forrest)

SUBMISSIONS

Resolved, That submissions numbered 48 and 49 be received and that publication of these submissions be considered at the next meeting. (Ms Forrest)

Resolved, That the Chair write to Ms Kim Philips-Haines in relation to her submission, confidentiality, and parliamentary privilege. (Ms Forrest)

Mr Bayley joined the meeting at 10.35 a.m.

SPECIALIST ADVISOR

The Committee discussed the attendance of the Specialist Advisor, Professor Magnus Soederberg, at the public hearings scheduled for 11 and 12 February 2025, and a workshop with Professor Soederberg in the afternoon of 12 February 2025.

ANY OTHER MATTERS

The Committee agreed to postpone site visits proposed for 10 February 2025 to a date to be determined.

Resolved, That a further public hearing be held in March or April 2025 at Parliament House, Hobart, on a date to be determined. (Ms Forrest)

NEXT MEETING

At 10.50 a.m. the Committee adjourned
9.00 a.m. on 11 February 2025.

Confirmed,

FRIDAY, 13 December 2024

The Committee met in Committee
Room 1, Parliament House, Hobart at
3.34 p.m.

Members Present:

Mr Bayley (by Webex)
Mr Edmunds (by Webex)
Ms Finlay (by Webex)
Ms Forrest (by Webex)
Mr Garland (by Webex)
Mr Harriss (by Telephone)
Mr Shelton (by Webex)

APOLOGIES

Ms Thomas

MINUTES

Resolved, That the minutes of the
29 November 2024 meeting be
confirmed. (Ms Forrest)

CORRESPONDENCE

Resolved, That the outgoing
correspondence be endorsed:

Outgoing

- a) Letter to Kim Philips-Haines,
dated 29 November 2024.

(Ms Forrest)

SUBMISSIONS

Resolved, That submissions numbered
48 and 49 be published in full, with
personal contact details redacted as
standard. (Ms Forrest)

NEXT MEETING

At 3.38 p.m. the Committee adjourned
until 9.00 a.m. on 11 February 2025.

Confirmed,

TUESDAY, 11 February 2025

The Committee met in Committee
Room 1, Parliament House, Hobart at
8.46 a.m.

Members Present:

Mr Bayley
Mr Edmunds
Ms Finlay
Ms Forrest
Mr Garland
Mr Harriss
Mr Shelton

Professor Magnus Soederberg,
Specialist Advisor, was present for all
proceedings as per a previous
resolution of the Committee.

APOLOGIES

Ms Thomas

PRIVATE DELIBERATIVE MEETING**MINUTES**

Resolved, that the minutes of the
13 December 2024 meeting be
confirmed. (Ms Forrest)

CORRESPONDENCE

Resolved, that the following incoming
correspondence be received:

Incoming

- a) Response to Question on
Notice, Hydro Tasmania,
received 15 January 2025

- b) Response to Question on Notice, Marinus Link, received 31 January 2025. (Ms Forrest)

Resolved, that the response to questions on notice received from Hydro Tasmania and Marinus Link be published on the Committee's webpage. (Ms Forrest)

SUBMISSIONS

Resolved, that supplementary submission no. 25a be received and published with personal contact information redacted as standard. (Ms Forrest)

At 8.49 a.m. Mr *Edmunds* joined the meeting.

At 8.59 a.m. the deliberative meeting was suspended.

PUBLIC HEARING

At 9.01 a.m. the public hearing commenced.

At 9.01 a.m. Mr Simon Talbot, Chief Executive Officer, ABEL Energy, was called, made the Statutory Declaration and was examined by the Committee in public via Webex.

At 10.02 a.m. the witness withdrew.

Hearing suspended until 10.05 a.m.

At 10.05 a.m. the hearing resumed.

At 10.05 a.m. Mr Cam Nelson, Chief Executive Officer, Mr Nick Sissons, Head of Energy, and Mr Luc van Duinen, Product Lead – Virtual Power, DAME, were called, made the Statutory

Declaration and were examined by the Committee in public.

At 11.06 a.m. the witnesses withdrew.

Hearing suspended until 11.31 a.m.

At 11.31 a.m. the hearing resumed.

At 11.31 a.m. Mr Ben Saward, Commercial Manager, and Mr Mark Lucadou-Wells, Commercial Accountant – Energy & Risk, Grange Resources, were called, made the Statutory Declaration and were examined by the Committee in public via Webex.

At 12.29 p.m. the witnesses withdrew.

At 12.29 p.m. Mr *Bayley* left the meeting.

Hearing suspended until 1.31 p.m.

At 1.31 p.m. the hearing resumed.

At 1.31 p.m. Mr Chris Clark, State Secretary, Communications, Electrical and Plumbing Union, was called, made the Statutory Declaration and was examined by the Committee in public via Webex.

At 2.19 p.m. the witness withdrew.

At 2.20 p.m. Mr Ben Bartl, Principal Solicitor, Tenants Union of Tasmania, was called, made the Statutory Declaration and was examined by the Committee in public.

At 2.54 p.m. the witness withdrew.

Hearing suspended until 3.15 p.m.

At 3.15 p.m. Mr Andrew Richards, Chief Executive Officer, and Dr Leigh Clemow, Policy Manager, Australian Energy Users Association, were called and examined by the Committee in public via Webex.

At 4.05 p.m. the witnesses withdrew.

**PRIVATE DELIBERATIVE MEETING
ANY OTHER MATTERS**

At 4.05 p.m. the deliberative meeting resumed.

The Committee noted the interest in the inquiry of Energy Consumers Australia (ECA) as advised by Ms *Finlay* and agreed for the secretariat to contact ECA regarding making a submission to the Committee.

The Committee agreed for the secretariat to contact National Electrical and Communications Association (NECA) regarding making a submission to the Committee.

NEXT MEETING

At 4.12 p.m. the Committee adjourned until 8.45 a.m. on 12 February 2025.

Confirmed,

WEDNESDAY, 12 February 2025

The Committee met in Committee Room 1, Parliament House, Hobart at 8.47 a.m.

Members Present:

Mr Bayley
Mr Edmunds
Ms *Finlay* (via Webex)

Ms Forrest
Mr Garland
Mr Harriss
Mr Shelton

Professor Magnus Soederberg, Specialist Advisor, was present for all proceedings as per a previous resolution of the Committee.

APOLOGIES

Ms *Thomas*

**PRIVATE DELIBERATIVE MEETING
MINUTES**

The Committee agreed that the minutes of the meeting of 11 February 2025 will be considered at the next meeting.

**SCHEDULE OF FURTHER PUBLIC
HEARINGS**

The Committee discussed further public hearings and prospective witnesses to be invited to give evidence.

At 8.59 a.m. the deliberative meeting was suspended.

PUBLIC HEARING

At 9.00 a.m. the public hearing commenced.

At 9.00 a.m. Mr Jack Redpath, Principal, Carbon Zero Initiative, was called, made the Statutory Declaration and was examined by the Committee in public via Webex.

At 9.46 a.m. Ms *Finlay* left the meeting.

At 9.50 a.m. the witness withdrew.

At 9.50 a.m. Mr *Shelton* left the meeting.

Hearing suspended until 10.00 a.m.

At 10.00 a.m. Ms *Finlay* joined the meeting.

At 10.00 a.m. Mr Steven Old, Chief Executive Officer, and Mr Peter Sheldon-Collins, Project Manager, Tasmanian Hospitality Association, were called, made the Statutory Declaration and were examined by the Committee in public.

At 10.05 a.m. Mr *Shelton* joined the meeting.

At 10.48 a.m. the witnesses withdrew.

At 10.49 a.m. Mr Jack Gilding was called, made the Statutory Declaration and was examined by the Committee in public.

At 11.39 a.m. the witness withdrew.

The Committee suspended until 12.49 p.m.

PRIVATE DELIBERATIVE MEETING

At 12.49 p.m. the deliberative meeting resumed with a workshop with Professor Magnus Soderberg involving discussion of issues in evidence in the inquiry.

At 1.23 p.m. Mr *Edmunds* left the meeting.

At 1.26 p.m. Ms *Finlay* left the meeting.

At 1.29 p.m. the deliberative meeting was suspended.

PUBLIC HEARING

At 1.30 p.m. the public hearing resumed.

At 1.30 p.m. Ms *Finlay* and Mr *Edmunds* joined the meeting.

At 1.30 p.m. Ms Rochelle Godwin, Communications and Engagement Manager, Circular Head Aboriginal Corporation, was called, made the Statutory Declaration and was examined by the Committee in public via Webex.

At 1.54 p.m. Mr *Edmunds* left the meeting.

At 2.01 p.m. the witness withdrew.

Hearing suspended until 2.12 p.m.

At 2.12 p.m. Mr *Edmunds* joined the meeting.

At 2.12 p.m. Dr Jennifer Sanger, Lead Researcher, The Tree Projects, was called, made the Statutory Declaration and was examined by the Committee in public.

At 2.53 p.m. the witness withdrew.

The Committee suspended until 2.58 p.m.

PRIVATE DELIBERATIVE MEETING

At 2.58 p.m. the Committee resumed the private deliberative meeting and continued the workshop with Professor Soederberg.

SCHEDULE OF FURTHER PUBLIC HEARINGS

The Committee agreed to hold further public hearings on 29 April 2025 and 30 April 2025, in addition to the hearing on 20 March 2025.

The Committee agreed that the following be invited to appear at one of these hearings:

- Hon. Guy Barnett MP, Deputy Premier and Treasurer, accompanied by relevant Treasury or Renewable, Climate and Future Industries Tasmania (ReCFIT) representatives.
- TasCOSS
- RACT
- Norske Skog or David Marriner (new owner of Boyer Paper Mill)
- APA
- Energy Consumers Australia (if a submission is made)
- National Electrical and Communications Association (if a submission is made)

The Committee agreed that the following persons be invited to reappear for the specified time below:

- Hon. Nick Duigan MLC, Minister for Energy and Renewables – 2 hours
- Marinus Link – 1.5 hours
- Hydro Tasmania – 1.5 hours
- TasNetworks – 1.5 hours
- Aurora Energy – 1 hour

SITE VISITS

The Committee discussed the site visits to Bell Bay Advance Manufacturing

Zone, TasPorts – Bell Bay, and Connorville on 21 March 2025. The Committee agreed for the secretariat to arrange for an additional site visit to DAME's George Town site on 21 March 2025.

The Committee noted the previously postponed visit to TasNetworks' Lenah Valley site and agreed for the secretariat to arrange for a visit on a suitable date, with a preference for a Monday on a parliamentary sitting week.

NEXT MEETING

At 4.02 p.m. the Committee adjourned until 9.00 a.m. on 20 March 2025.

Confirmed,

THURSDAY, 20 March 2025

The Committee met in Committee Room 1, Parliament House, Hobart at 8.48 a.m.

Members Present:

*Mr Bayley
Mr Edmunds
Mr Ferguson
Ms Finlay (via Webex)
Ms Forrest
Mr Garland
Mr Harriss*

APOLOGIES

Ms Lovell

PRIVATE DELIBERATIVE MEETING MINUTES

Resolved, that the minutes of the 11 and 12 February 2025 meetings be confirmed. (Ms Forrest)

At 8.49 a.m. Ms *Finlay* joined the meeting.

CORRESPONDENCE

Resolved, that the following incoming correspondence be received:

Incoming

- a) Letter from Tracy White, Managing Director, Goanna Energy Consulting Pty Ltd, enclosing 15 reports and papers for the Committee's information.

(Ms *Forrest*)

SUBMISSIONS

Resolved, to receive supplementary submission no. 13a and publish the email to the Committee part with personal contact details redacted as standard but not publish the attachments, and that the Secretary advise the submission maker accordingly. (Ms *Forrest*)

Resolved, that the secretariat contact Mr Ian Brooksbank regarding an adverse comment in submission no.9 and offer an opportunity to make a written reply to the Committee. (Ms *Forrest*)

ANY OTHER MATTERS

The Committee discussed whether to publish an interim report regarding Marinus Link, with input from Professor Magnus Soederberg, Specialist Advisor.

The Committee also discussed holding an additional briefing by Professor Soederberg for the benefit of new

Members of the Committee, where potential input into an interim report can also be discussed.

Resolved, that the secretariat arrange for a one-hour briefing with Professor Magnus Soederberg, Specialist Advisor, on either 25 March 2025 at 4.00 p.m. or 7 April 2025 at 4.00 p.m. (Ms *Forrest*)

At 9.15 a.m. the deliberative meeting was suspended.

PUBLIC HEARING

At 9.15 a.m. the public hearing commenced.

At 9.15 a.m. Ms Adrienne Picone, Chief Executive Officer, Mr Stephen Durney, Senior Policy Officer, and Ms Kathryn Sykes, lived experience advocate, TasCOSS, were called, made the Statutory Declaration and were examined by the Committee in public.

At 10.04 a.m. the witnesses withdrew.

Hearing suspended until 10.15 a.m.

At 10.15 a.m. Ms Kirsten Long, Director, Mr Glenn Bounds, Assistant Director, Pricing, and Mr Tristan Patterson, Assistant Director, Regulatory, Compliance and Performance, Office of the Tasmanian Economic Regulator, were called, made the Statutory Declaration and were examined by the Committee in public.

At 10.58 a.m. the witnesses withdrew.

Hearing suspended until 11.32 a.m.

At 11.32 a.m. the Honourable Guy Barnett MP, Deputy Premier and Treasurer, and Mr Gary Swain, Secretary, Mr Anton Voss, Executive Director, Project Marinus Whole of State Business Case, and Mr Nick Merse, Deputy Director Energy, Department of Treasury and Finance were called, made the Statutory Declaration and were examined by the Committee in public.

At 12.05 p.m. Mr *Harriss* left the meeting.

At 12.09 p.m. Mr *Harriss* joined the meeting.

At 12.30 p.m. Mr *Edmunds* left the meeting.

At 12.33 p.m. Mr *Edmunds* joined the meeting.

At 12.59 p.m. the hearing concluded.

At 12.59 p.m. Mr *Edmunds* and Ms *Finlay* left the meeting.

PRIVATE DELIBERATIVE MEETING

At 1.00 p.m. the deliberative meeting resumed.

SITE VISITS

The Committee briefly discussed the site visits to be held on 21 March 2025 in central and northern Tasmania.

FUTURE PUBLIC HEARINGS

The Committee discussed the availability of prospective witnesses invited to the public hearings scheduled for 29 and 30 April 2025.

NEXT MEETING

At 1.14 p.m. the Committee adjourned until a date to be confirmed.

Confirmed,

TUESDAY, 25 March 2025

The Committee met in Committee Room 1, Parliament House, Hobart at 4.02 p.m.

Members Present:

Mr *Bayley*
Mr *Edmunds*
Mr *Ferguson* (via Webex)
Ms *Finlay* (via Webex)
Ms *Forrest*
Mr *Garland* (via Webex)
Mr *Harriss* (via Webex)
Ms *Lovell* (via Webex)

MINUTES

Resolved, that the minutes of the 20 March 2025 meeting be confirmed. (Ms *Forrest*)

At 4.07 p.m. Mr *Ferguson* and Mr *Garland* joined the meeting.

INTERIM AND FINAL REPORT

The Committee discussed whether to publish an interim report and a final report, and agreed to proceed with publishing a final report only.

Resolved, to hold deliberative meetings on the Chair's draft report on the following dates:

- Friday 1 August 2025 from 9.00 a.m. to 5.00 p.m.
- Wednesday 6 August 2025 from 9.00 a.m. to 5.00 p.m.

- Thursday 7 August 2025 from 9.00 a.m. to 5.00 p.m.
 - Tuesday 12 August 2025 from 9.00 a.m. to 5.00 p.m.
 - Wednesday 13 August 2025 from 9.00 a.m. to 5.00 p.m.
 - Friday 29 August 2025 from 9.45 a.m. to 1.00 p.m.
 - Tuesday 2 September 2025 from 9.30 a.m. to 2.00 p.m.
- (Ms Forrest)

At 4.26 p.m. Mr Edmunds left the meeting.

At 4.27 p.m. Mr Edmunds joined the meeting via Webex.

USE OF INFORMATION PROVIDED TO THE COMMITTEE BY SPECIALIST ADVISOR

The Committee noted the unavailability of Professor Magnus Soederberg, Specialist Advisor, to provide a one-hour briefing on 25 March 2025 or 4 April 2025.

The Committee discussed matters regarding the use of information provided by the Specialist Advisor for the Committee's consideration for other purposes.

Resolved, to discuss use of the information provided by the Specialist Advisor with him at the scheduled meetings of 29 and 30 April 2025. (Ms Forrest)

NEXT MEETING

At 4.46 p.m. the Committee adjourned until 9.00 a.m. on 29 April 2025.

Confirmed,

TUESDAY, 29 April 2025

The Committee met in Committee Room 1, Parliament House, Hobart at 8.50 a.m.

Members Present:

Mr Bayley
Mr Edmunds
Mr Ferguson (via Webex)
Ms Finlay (via Webex)
Ms Forrest
Mr Garland
Mr Harriss
Ms Lovell

Professor Magnus Soederberg, Specialist Advisor, was present as per a previous resolution of the Committee.

APOLOGIES

There were no apologies.

PRIVATE DELIBERATIVE MEETING MINUTES

Resolved, that the minutes of the 25 March 2025 meeting be confirmed (Ms Forrest).

CORRESPONDENCE

Resolved, that the following incoming correspondence be received:

- Email and attachment from Ben Hansen, TasPorts, dated 24 March 2025.
- Responses to questions on notice from Grange Resources, dated 27 March 2025.
- Responses to questions on notice from Office of the Tasmanian Economic

- Regulator, dated 1 April 2025.
- iv. Response to questions on notice from Tasmanian Hospitality Association, dated 3 April 2025.
 - v. Responses to questions on notice from Tenants' Union of Tasmania, dated 3 April 2025.
 - vi. Email from Ian Brooksbank dated 14 April 2025.
 - vii. Responses to questions on notice from the Deputy Premier and Treasurer dated 16 April 2025.
 - viii. Email from Jack Gilding, dated 18 April 2025, with attached submission to the Australian Energy Regulator regarding Marinus Link.
(Ms Forrest)

Resolved, that the email and attachment from Ben Hansen, TasPorts, be treated as confidential (Ms Forrest).

Resolved, that responses to questions on notice from Grange Resources, be treated as confidential (Ms Forrest).

Mr *Edmunds* joined the meeting at 9.00 a.m.

Ms *Lovell* joined the meeting at 9.02 a.m.

Resolved, that responses to questions on notice from Office of the Tasmanian Economic Regulator, Tasmanian Hospitality Association, and Tenants' Union of Tasmania, be published with

personal contact details redacted (Ms Forrest).

Resolved, that responses to questions on notice from the Deputy Premier and Treasurer be published. (Ms Forrest)

Resolved, that the email and attachment from Jack Gilding, be published with personal contact details redacted (Ms Forrest)

ANY OTHER MATTERS

The Committee discussed the potential to seek additional information from witnesses following the hearings.

At 9.10 a.m. the deliberative meeting was suspended.

PUBLIC HEARING

At 9.15 a.m. the public hearing commenced.

At 9.15 a.m. Mr Richard Bolt, Chair, Ms Rachel Watson, Chief Executive Officer, and Ms Erin van Maanen, Executive General Manager Strategy, Hydro Tasmania, were called, made the Statutory Declaration and were examined by the Committee in public.

At 9.35 a.m. Mr *Edmunds* left the meeting.

At 9.37 a.m. Mr *Edmunds* joined the meeting.

At 10.46 a.m. the witnesses withdrew.

Hearing suspended until 10.58 a.m.

At 10.59 a.m. Mr *Edmunds* joined the meeting.

At 10.59 a.m. Mr Seán McGoldrick, Chief Executive Officer, Mr Michael Westenberg, Executive Finance and Regulation, and Ms Chantal Hopwood, Acting Executive Governance, TasNetworks, were called, made the Statutory Declaration and were examined by the Committee in public.

At 11.05 a.m. Mr *Edmunds* left the meeting.

At 11.15 a.m. Mr *Edmunds* joined the meeting.

At 12.14 p.m. Mr *Edmunds* left the meeting.

At 12.19 p.m. Mr *Edmunds* joined the meeting.

At 12.31 p.m. the witnesses withdrew.

Hearing suspended until 2.01 p.m.

PRIVATE DELIBERATIVE MEETING

At 2.01 p.m. the deliberative meeting resumed with a workshop with Professor Magnus Soderberg.

At 2.06 p.m. Mr *Bayley* left the meeting.

At 2.11 p.m. Mr *Bayley* joined the meeting.

At 2.25 p.m. Ms *Lovell* left the meeting.

At 2.29 p.m. Ms *Lovell* joined the meeting.

At 2.40 p.m. Mr *Edmunds* left the meeting.

At 3.12 p.m. the deliberative meeting was suspended.

PUBLIC HEARING

At 3.29 p.m. the public hearing resumed.

At 3.29 p.m. Mr. Nigel Clark, Chief Executive Officer, Mr James Chisholm, Chief Financial Officer, and Mr Alistair Burke, Chief Operating Officer, Aurora Energy, were called, made the Statutory Declaration and were examined by the Committee in public.

At 4.29 p.m. the witnesses withdrew.

At 4.29 p.m. the public hearing concluded.

PRIVATE DELIBERATIVE MEETING

At 4.30 p.m. the deliberative meeting resumed.

ANY OTHER MATTERS

The Committee discussed the schedule for a public hearing on Wednesday 30 April 2025.

NEXT MEETING

At 4.31 p.m. the Committee adjourned until 9.00 a.m. Wednesday 30 April 2025.

Confirmed,

WEDNESDAY, 30 April 2025

The Committee met in Committee Room 1, Parliament House, Hobart at 9.00 a.m.

Members Present:

Mr *Bayley*

Mr Edmunds (via Webex)
Mr Ferguson (via Webex)
Ms Finlay (via Webex)
Ms Forrest
Mr Garland
Mr Harriss
Ms Lovell

Professor Magnus Soederberg, Specialist Advisor, was present as per a previous resolution of the Committee.

PRIVATE DELIBERATIVE MEETING APOLOGIES

There were no apologies.

CORRESPONDENCE

Resolved, that correspondence from Neil Meadows, Terrapix, dated 26 March 2025 and 17 April 2025, be received and not published, and Mr Meadows notified (Ms Forrest).

Resolved, to receive the incoming correspondence from the Deputy Premier and Treasurer, dated 29 April 2025. (Ms Forrest)

The committee discussed correspondence from the Deputy Premier and Treasurer, the Honourable Guy Barnett MP, offering a briefing on the Project Marinus Whole-of-State Business Case.

At 9.11 a.m. the deliberative meeting was suspended.

PUBLIC HEARING

At 9.15 a.m. the public hearing commenced.

At 9.15 a.m. Dr Collette Burke, Interim Chief Executive Officer, Mr Prajit

Parameswar, Chief Commercial Officer, and Ms Clare Gleghorn, Director Corporate Affairs, Marinus Link Pty Ltd, were called, made the Statutory Declaration and were examined by the Committee in public.

At 10.46 a.m. the witnesses withdrew.

Hearing suspended until 11.01 a.m.

At 11.01 a.m. the Honourable Nick Duigan MLC, Minister for Energy and Renewables; and Mr Craig Limkin, Secretary, Ms Vanessa Pinto, Acting Chief Executive Officer, Renewables, Energy, Climate and Future Industries (ReCFIT), Mr Sean Terry, Executive Director, ReCFIT, and Mr Adrian Christian, Director, ReCFIT, Department of State Growth, were called, made the Statutory Declaration and were examined by the Committee in public.

At 1.02 p.m. the witnesses withdrew.

At 1.02 p.m. the public hearing concluded.

PRIVATE DELIBERATIVE MEETING

At 1.22 p.m. the deliberative meeting resumed.

SEEKING ADDITIONAL INFORMATION

The Committee discussed the seeking of further information from witnesses.

REPORT OF THE COMMITTEE

The Committee discussed the structure and content to be used in the drafting of the report.

At 1.35 p.m. Mr Edmunds left the meeting.

At 1.36 p.m. Mr *Edmunds* joined the meeting.

At 1.52 p.m. Ms *Lovell* left the meeting.

At 1.58 p.m. Ms *Lovell* joined the meeting.

ANY OTHER MATTERS

The Committee resumed discussion of the incoming correspondence from the Deputy Premier and Treasurer and agreed to seek a briefing on the Project Marinus Whole-of-State Business Case.

Resolved, the Chair to send correspondence to the Deputy Premier and Treasurer to arrange a briefing on the Project Marinus Whole-of-State Business. (Ms *Forrest*)

Resolved, to receive the documents tabled at the public hearing by Marinus Link Pty Ltd and publish them on the Committee's website. (Ms *Forrest*)

Next Meeting

At 2.27 p.m. the Committee adjourned until a date to be determined.

Confirmed,

Appendix E – Transcripts of Evidence