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Tasmanian Government

6th November 2026

Craig Garland MP
Member for Braddon
via Clerk of the House of Assembly
haprocedure@parliament.tas.gov.au

Dear Mr Garland

Thank you for your question in Parliament on 27 October 2026 on behalf of your constituent Jan from North West Tasmania regarding the funding arrangements for Marinus Link.

Project Marinus is a once-in-a-generation investment that will strengthen Tasmania's energy security, support economic growth and help keep power prices lower than they would otherwise be. It will provide greater access to mainland electricity when Tasmania needs it, enable more renewable generation to be developed in our State, and help secure the reliable energy supply that households, businesses and major industries depend upon. The project will also attract investment, create jobs and ensure Tasmania is well placed to capture the economic opportunities of Australia's clean energy transition. As an island state, stronger interconnection delivers greater resilience and supports Tasmania's long-term prosperity.

The Tasmanian Government negotiated a cap of $103.5 million on its equity contribution to Marinus Link Pty Ltd (MLPL) to recognise Tasmania's historic investment in the project prior to the establishment of MLPL as a jointly owned company of the Tasmanian, Victorian and Commonwealth Governments. Having this investment recognised as equity at the time of the Final Investment Decision was an important part of Tasmania's decision to proceed. It ensured Tasmania would not be required to make further equity contributions under the agreed project arrangements that formed the basis of the Final Investment Decision and protected the State Budget from additional borrowings or equity calls associated with those arrangements. Additional equity contributions have been the responsibility of the other shareholder(s). Maintaining an equity share ensures Tasmania retains a direct ownership interest in the project and a seat at the table as key decisions are made.

Funding the initial capital investment in Marinus Link comes from a combination of shareholder equity and debt financing, with debt financing being provided by the Clean Energy Finance Corporation at concessional rates. As with other regulated transmission assets across Australia, Marinus Link will also incur ongoing financing, operating and asset renewal costs over its life. The State's equity share is therefore separate from the regulatory arrangements that determine how approved project costs are recovered from customers.

The costs of Marinus Link have always been intended to be recovered through the national regulatory framework, consistent with the treatment of regulated transmission assets across the National Electricity Market. The role of the Australian Energy Regulator (AER) is to independently assess which costs are prudent and efficient and therefore eligible for recovery.

The AER thoroughly scrutinised Marinus Link's proposed initial capital costs and approved a lower amount than that sought by MLPL. In its final decision, the AER approved construction expenditure of approximately $3.47 billion (2023 dollars) and established mechanisms that require Marinus Link to bear a share of cost overruns rather than automatically passing all additional costs through to electricity consumers. The AER's determination can be found here:

https://www.aer.gov.au/documents/aer-final-decision-marinus-link-stage-1-part-b-construction-costs-february-2026

Under the agreed cost allocation for Marinus Link, Victorian electricity consumers will be responsible for 72.4 per cent of approved costs, and Tasmanian electricity consumers the remaining 27.6 per cent. MLPL will only be able to start recovering those ongoing costs from customers once Marinus Link is commissioned and will make an application to the AER to recover those costs in the lead up to its 2030 to 2035 regulatory period and the AER will determine whether the costs applied for are prudent and efficient.

The Tasmanian Government was conscious of minimising the ongoing transmission costs associated with Marinus Link and sought to secure the best possible outcome for Tasmanian consumers through the Final Investment Decision negotiations. As part of those negotiations, the Government secured a $346 million Commonwealth grant specifically to reduce the amount that would otherwise need to be recovered from Tasmanian electricity consumers. This is expected to reduce costs on the Tasmanian network by around $15 million each year, with concessional financing arrangements from the Commonwealth's Clean Energy Finance Corporation further reducing costs to be recovered from Tasmanian electricity consumers compared to a fully commercial funding model.

The amount ultimately recovered from energy consumers will depend on the prudent and efficient costs approved by the Australian Energy Regulator over the life of the asset, including financing, operating and capital costs. Those costs are subject to ongoing regulatory oversight and are not determined by the Tasmanian Government's equity contribution to Marinus Link Pty Ltd.

Once again thank you for your interest in this matter. I trust this information is helpful to your constituent.

Yours sincerely



Hon Nick Duigan MLC
Minister for Energy and Renewables