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26 October 2018

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Dear Stephen

Submission on Project Specification Consultation Report – Additional Interconnection between Victoria and Tasmania

Meridian Energy Australia (**MEA**) welcomes the opportunity to comment on the Regulatory Investment Test for Transmission (**RIT-T**) for Project Marinus, which concerns the interconnection between Victoria and Tasmania.

MEA owns and operates two wind farms and three hydro power stations in the National Electricity Market (**NEM**). MEA is also the 100% owner of Powershop, an innovative retailer that operates across the NEM states. With both retail and generation positions in the NEM, MEA is mindful of the challenges facing the electricity market and the need for a cohesive strategy incorporating new investment in generation and transmission to support renewables, and withdrawal of coal generation in the years ahead.

MEA acknowledges that there is a need for increased interconnection between the states as the generation mix across the NEM evolves over time. Understanding the value proposition of Project Marinus is important, as it offers unique interconnection benefits between two regions of the NEM and allows access to different demand patterns, generation assets and potential storage solutions across regions. Project Marinus will provide another reference point to measure against other prospective projects.

The assessment of Project Marinus and the RIT-T for new interconnection between Victoria and Tasmania is complex, and covers a range of future scenarios and assumptions that need to be tested.

MEA makes the following comments on the proposed project and approach:

- Tasmania has a unique set of customer demand, generation and storage resource characteristics which need to be assessed against the resources and characteristics in other parts of the NEM. Victoria has interconnection with SA and NSW, two states with their own unique storage resources. It should be a requirement of future modelling to consider the economics of all resources across regions.

- AEMO's integrated system plan (ISP) recommends immediate upgrades to interconnectors between Victoria and NSW. The impacts of these interconnection upgrades need to be considered carefully, as they may affect

the assumed benefits under this RIT-T process, while the costs of the project would still be paid for by customers.

- Hydro Tasmania's proposed "Battery of the Nation" project indicates that there is the potential for 4,800MW of pumped hydro energy storage. We would suggest that further details regarding the viability of this project and its costs would be useful in the context of Project Marinus. For example, it is possible that a Battery of the Nation Project in Tasmania could fund the costs of a new interconnector itself, avoiding cost recovery through a RIT-T process.

- Energy security and supply reliability are key elements of the NEM and the system of the future, and addressing both elements is of critical importance in any new investment decision. In consideration of this view, we observe that: a single interconnection between Victoria and Tasmania through Basslink has created energy security issues in peak periods; and, meeting system reliability standards through a range of new generation technologies and redundancy across regions is part of the solution for the system of the future.

Should you have any queries with any part of this submission please do not hesitate to contact me.

Yours sincerely

Justin Mulder
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