

# SUBMISSION

PROJECT MARINUS PROJECT ASSESSMENT DRAFT REPORT  
6 APRIL 2020



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## Introduction

The Energy Users Association of Australia (EUAA) is the peak body representing Australian energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, materials and food processing industries. Combined they employ over 1 million Australians, pay billions in energy bills every year and expect to see all parts of the energy supply chain making their contribution to the National Electricity Objective. Our members are highly exposed to movements in both gas and electricity prices and have been under increasing stress due to escalating energy costs.

We welcome the opportunity to make a submission to the Project Marinus project Assessment Draft Report (PADR) and commend TasNetworks on their approach to stakeholder engagement to this point.

We are in a critical period of energy market transition. There is broad agreement we will continue to see significant changes in the structure of energy markets, the nature of its participants and the risks and costs that will need to be managed. To date this transition of our energy system has not been well managed, for a variety of reasons, which has resulted in a chaotic period for the energy industry, increased risk for investors and higher prices for consumers.

New investments in energy infrastructure such as Project Marinus are not immune from these risks but are still likely be required over the coming decades as an enabler of the transition to a near zero energy market . Many of these investments will be designed to link different, sometimes remote generation resources to the market and in particular are likely to be required to support the continued deployment of large scale solar and wind. In this regard, we can certainly see the potential for Project Marinus to deliver long-term, NEM wide benefits.

However, we caution that during this time of significant change and uncertainty it will be vital to remain flexible regarding project scope including capacity and timing. We also urge you to consider new approaches to cost recovery that seek to spread the cost and inevitable risks over a broader group of stakeholders, including generators, than is currently the case.

It will also be vital to maintain important consumer safeguards such as a robust Regulatory Investment Test for Transmission (RIT-T), rational reliability standards and strong, independent oversight by economic regulators. None of these safeguards should be ignored or weakened in the pursuit of loosely defined “strategic” assets where lasting and material financial benefits to consumers are likely to be at risk. We are encouraged that TasNetworks have begun to consider these issues in the PADR and look forward to continued dialogue as Project Marinus progresses.

## Key recent developments

We are pleased to see TasNetworks are keeping a close watch on the many market developments that are likely to have an impact on the timing, size and overall viability of Project Marinus. It is a highly challenging time for those tasked with making long-term decisions in such a changeable environment.

Consumers too are challenged by this situation. One of the key issues facing energy advocates like the EUAA is the sheer volume and technical complexity of the energy reform agenda. For example, following is a list of policy and regulatory reforms currently being pursued with the primary goal of system strength and reliability, which are also primary objectives of Marinus Link:

1. Federal Government UNGI program.
2. Potential for direct investment in new thermal generation in FNQ.
3. Snowy 2.0.
4. Retailer Reliability Obligation.
5. Potential changes to the reliability standard flagged by AEMO and COAG.
6. Enhanced AEMO RERT program.
7. AEMO strategic reserve/regulated capacity market.
8. AEMO ISP
9. Demand Response Market rule changes.
10. ESB Post 2025 market design program.

In addition to the above, we continue to observe additional policy being considered by state jurisdictions with the aim of assuring system strength and reliability within their region. While all of these initiatives have merit, it is a lack of coordination and an assessment of the impact each will have on the other that is troubling. In particular we are concerned that in pursuing multiple reforms we will ultimately end up duplicating cost for consumers.

This also presents is a significant risk to the cost benefit analysis of all projects including Marinus Link and the AEMO ISP. While we note that TasNetworks have modelled a number of key sensitivities we would encourage you to keep reviewing not only these sensitivities, as they can change in nature and impact, but also new risks and sensitivities as they emerge.

## AEMO Integrated System Plan

In our submission to the Draft 2020 ISP we stated that AEMO are engaged in a high stakes process that seeks to balance the risks of not acting quickly enough to enable a smooth transition of the energy market and acting too quickly or taking actions that may prove unnecessary where consumers may be forced to pay for under-utilized or stranded assets.

As with the AEMO ISP, TasNetworks is attempting to understand the myriad of issues associated with developing a 50-year asset such as Marinus Link which even under a relatively stable market environment would prove challenging. This task is made all the more difficult given the rapid and fundamental changes we are currently experiencing in our energy markets and the additional uncertainty impacting critical assumptions such as exchange rate variations made even more uncertain in a post COVID-19 environment.

One such area of risk and uncertainty involves capex assumptions that, based on what we are observing in all infrastructure sectors (i.e. road construction) are only going one way; up. By way of example, in our submission to the Draft 2020 ISP the only project identified where the specific capex number was sighted was Energy Connect where the capex of \$1.53b was used<sup>1</sup> with the following explanation:

*“This augmentation cost is aligned with the South Australia Energy Transformation RIT-T Project Assessment Conclusion Report (PACR).”*

We note that the AER 15.6.6 report on Energy Connect<sup>2</sup> accepted this estimate but did note (pp.10-11):

*“ElectraNet’s SAET RIT-T indicates that the estimated costs of the preferred option are subject to a high degree of uncertainty. We also understand that there is the potential for updated proposed costs in a contingent project application to diverge from the estimated costs in the SAET RIT-T.*

...

*“While our decision on this 5.16.6 application is that the preferred option satisfies the RIT-T, our assessment is that the costs and benefits of the preferred option may be more finely balanced than [Electranet] suggests. On this basis, any significant changes to the costs of the preferred option could have a material impact on the outcome of the RIT-T.”*

The AER continued (pp. 79-80):

*“Given the preliminary nature of the estimated costs, ElectraNet has identified the investment as being in line with a Class 4 estimate under the AACE International Recommended Practice and Estimate Classification. This implies that only 1 to 15 per cent of the scope of the project has been defined. ElectraNet stated that the accuracy range for this estimate is -15 to -30 per cent on the low side and +20 to +50 per cent on the high side. This would mean that the investment cost could reasonably be in the range of \$1.07 billion and \$2.23 billion.”*

Assuming the Energy Connect cost is the stated \$1.53b, then the following table summarises the significant capex range provided by AEMO<sup>3</sup> and how the upper range for Group 1, 2 and 3 projects is only slightly below current RAB for all TNSP’s.

	Total of lower bound estimates (\$19)	Total of upper bound estimates (\$19)	Current TNSP RAB (\$18)
<b>Group 1</b>	\$4.3b	\$6.6b	
<b>Group 2+3</b>	\$7.0b	\$12.8b	
<b>Total</b>	\$11.2b	\$19.4b	\$20.7b

<sup>1</sup> Appendix 6 p. 145

<sup>2</sup> See <https://www.aer.gov.au/system/files/AER%20-%20Determination%20-%20SAET%20RIT-T%20-%2024%20January%202020.pdf>

<sup>3</sup> Where the ISP provides capex estimates for a number of options, we have selected the highest cost option. The current TNSP RAB is the closing 2018 RAB from <https://www.aer.gov.au/system/files/TNSP%202018%20Data%20report%20-%2024%20July%202019%20-%20FINAL%20for%20publication.pdf>

Based on this assessment of project cost variability by the AER and applying the same assessment to all projects within the ISP results in the potential for significant capital cost overruns. Clearly the further out the project is to commencement the more uncertainty there is about all costs, made more complex in a potential post COVID-19 environment where the Australian dollar is suppressed for an extended period of time.

We would also note that the Energy Connect project is much further down the development and approval path than Project Marinus and is currently classified as a Group 2 project in the AEMO ISP. If a Group 2 ISP project has such uncertainty regarding capex then we can only assume similar or even greater uncertainty surrounds capex assumptions for Project Marinus.

Therefore, we strongly suggest that TasNetworks maintains a close watch on this situation and to take a conservative approach to Capex assumptions given they are highly likely to trend toward the upper boundary of expectations if not beyond.

### **Recent COAG Energy Council Outcomes**

It was decided at the March 2020 COAG Energy Ministers meeting that a number of interim measures to enhance system strength, reliability and security be pursued that may have a material impact on Project Marinus<sup>4</sup>. These measures are primarily designed to drive additional demand response and development of more dispatchable capacity, including the “firming” of renewable energy. While they are deemed as interim measures, given they have been recommended by the ESB it would suggest they are highly likely to feature as part of the 2025 market framework. If they have the desired effect, these measures could have significant impacts on the cost benefit analysis of Marinus Link.

Following is an overview of the measures announced post the 20 March meeting of energy ministers:

*“Ministers considered advice from the ESB and supported the recommendation to establish an out-of-market capacity reserve; and to amend the trigger for the Retailer Reliability Obligation (RRO). Both measures will be based on AEMO’s forecast exceeding 0.0006% unserved energy (USE) in any region in any year. This trigger level is intended to ensure that the electricity system remains reliable during a 1 in 10 year summer.*

*The out-of-market reserve is an interim measure ahead of the post-2025 market design project making more permanent recommendations, with the following features:*

- *The volume of reserve capacity to ensure expected USE is no more than 0.0006% in any region in any calendar year based on Electricity Statement of Opportunities (ESOO) modelling*
- *AEMO to procure the reserve*
- *At least part of the reserve to be procured through a reverse auction process*
- *Contract terms of up to 3 years*
- *Long notice RERT to be absorbed into the reserve (the short term RERT to remain in place)*
- *The last date AEMO can enter into a 3-year contract for reserve capacity will be 2022 for the 2024/25 summer.*

<sup>4</sup> <http://www.coagenergycouncil.gov.au/publications/energy-security-board-outcomes-23rd-energy-council-ministerial-meeting>

*The trigger for the RRO will also be amended so that it is based on the 0.0006% USE level and that the T-1 instrument will no longer require a T-3 trigger to first be made. Amending the T-3 and T-1 instruments will require law changes, which means the earliest possible date for making the T-1 instrument would be in 2021/22 for the following year.”*

*“The ESB and Market Bodies have identified a range of interim steps that could help to improve the visibility of and confidence in resources that are needed to operate the power system. These include:*

- *Requirements on scheduled generators to provide information on commitment timeframes, and cost and operating information that would assist potential intervention decisions.*
- *Requirements on semi-scheduled plant to provide ongoing information on restrictions to their available capacity.*
- *Requirements on large loads to provide information on their intent to respond to spot markets.*
- *Requirements on scheduled generators and timeframes on commitment and decommitment decisions.*
- *Requirements on semi-scheduled generators to follow dispatch targets.*
- *A review of compensation mechanisms following a short notice commitment or decommitment decision.”*

All of this points to an approach that will require more action to deploy dispatchable resources within jurisdictions while placing greater responsibility for renewable generators to improve physical dispatchability of their plant. These announcements also point to a continued maturation of demand side participation and the development of day ahead markets.

While some of these measures may enhance the benefits of Marinus Link it must also be considered that some measures are also in competition with the project, at least for a period of time. It should also be possible to develop a set of assumptions about the impact of these measures and therefore they should be included as part of an updated sensitivity analysis.

### **ESB Post 2025 Market Review and AEMC COGATI**

These two areas of reform have the potential to completely transform the National Energy Market. This is rightfully acknowledged by TasNetworks where it states on page 31 of the PADR<sup>5</sup>

*“By the end of 2020, the ESB is required to recommend any changes to the existing market design or recommend an alternative market design to enable the provision of the full range of services needed to deliver a secure, reliable, and lower emissions electricity system at least cost. The COAG Energy Council has also noted that:*

- *Any changes to the existing design or a recommendation to adopt a new market design would need to satisfy the National Electricity Objective; and*
- *Any significant changes to the electricity market design would need to be well considered and telegraphed well in advance of any change, to ensure there is minimal disruption to the forward contract markets for electricity.*

<sup>5</sup> <https://www.marinuslink.com.au/rit-t-process/>  
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*Similar to the AEMC’s CoGaTI reform program, we recognise that this reform program may have important implications for the future development of transmission and generation, and therefore, indirectly, the future market benefits provided by Marinus Link and supporting transmission. However, at this stage, it is not possible to assess what the reforms may be or their potential impact.*

*TasNetworks will therefore maintain a watching brief without making any particular assumptions or undertaking specific sensitivity analysis in relation to this potential reform. Our market modelling seeks to minimise the total system costs of meeting customers’ demand for electricity. In this regard, we expect the objective of any market reform to be aligned with our modelling approach.”*

While we understand the difficulties, the above statement does seem seems contradictory.

Unlike the recent COAG Energy Council announcements already discussed, we accept it is extremely difficult to come to an accurate conclusion of all the potential impacts that these broad reforms will have on the viability of Project Marinus. However, these reforms will have a significant impact on Marinus Link (negative or positive) and therefore should be included in the sensitivity analysis, to the extent possible in the circumstances. Given the risks energy users are being asked to take by underwriting this project for 50 years, all effort should be made to provide a high degree of comfort that all issues have been satisfactorily addressed.

One solution to this problem is partially addressed in Section 7 of the PADR where the question of “who pays for then link” is raised. We think this is a fundamental question that needs to be answered if projects link Marinus Link and many others that are included in the AEMO ISP, are to go ahead with energy consumer acceptance. We will discuss our views on this later in the submission.

## **Credible Options**

The EUAA have not sought specialist technical assistance to provide a critical assessment of the credible options provided in the PADR. However, on our reading of the PADR the credible options presented do not seem unreasonable (sensitivity analysis aside).

We find the following summary on page 56 of the PADR<sup>6</sup>

*“Table 4 provides a summary of the estimated capital, operating, and annualised total costs of each credible option. These costs are central estimates for Marinus Link and the required AC network upgrades and exclude accuracy and contingency allowances.<sup>40</sup> Our cost estimates will be subject to change as further information becomes available through the tender process. Appendix 2 provides further detail on our cost estimation methodology, which is regarded as appropriate for this stage of the RIT-T process. “*

<sup>6</sup> <https://www.marinuslink.com.au/rit-t-process/>  
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Table 4 Estimated costs of each option (in 2019 dollars) (\$ million)

Marinus Link Option	600 MW	750 MW	1200 MW	1500 MW
Capital cost (DC)	1,312	1,403	2,184	2,344
Capital cost (AC)	239	237	419	418
Annual operating cost	15	16	23	24
Annualised total cost	110	116	182	193

*“In the case of 1200 MW and 1500 MW options, which are built in two stages, the annualised costs show that the additional capacity can be provided at a lower cost per MW. This outcome reflects the economies of scale associated with increased capacity, as explained earlier. Similarly, efficiencies are also achieved in managing Marinus Link as a single project commissioned in two stages, rather than as two separate projects. The cost savings will arise principally in relation to environmental planning, tendering, and project management. ”*

We are in general agreement that if it proceeds, Marinus Link should be developed and commissioned in two stages. While the PADR appears to suggest development of the second 750MW would occur regardless we would urge consideration of the pragmatic approach taken by TransGrid to Powering Sydney’s Future where a staged approach was undertaken to manage stakeholder concerns that pursuing the original project scope in such a highly changeable environment could lead to stranded asset risk.

TransGrid are now pursuing a project of smaller scale and lower cost while making provision for future upgrades if needed. While it may not be the most theoretically economically efficient approach, it has reduced the up-front cost of the project, leading to lower consumer costs and broad acceptance of the project.

We would strongly recommend that TasNetworks consider adopting a similar pragmatic position that allows greater flexibility in project delivery whereby a plan is developed that allows a similar approach to that adopted by TransGrid. We would like to see a discussion of an approach where we plan for 1,500MW but only build 750MW in the first instance.

We see on Page 70 of the PADR<sup>7</sup> that TasNetworks have looked at a number of sensitivities that may impact the project.

*“Our sensitivity analysis has been informed by a combination of stakeholder feedback, the RIT-T Application Guidelines and experience gained during the Initial Feasibility Report analysis. Our sensitivity analysis has included:*

- **Retirement of South Australian gas units**, which is the assumption in the EnergyConnect RIT-T but is not reflected in our scenarios;
- **Earlier or later coal plant closures**, which enhances or weakens the case for storage and dispatchable generation;
- **Hydrogen development in Northern Tasmania**, in response to a request from a stakeholder;
- **Improvements in battery technology or cost reductions**, which potentially changes the value provided by the Tasmanian hydro system;

<sup>7</sup> <https://www.marinuslink.com.au/rit-t-process/>  
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- **Transmission projects not proceeding**, whilst the modelling assumes major transmission projects proceeding either as complementary or alternative options to Marinus Link and supporting transmission, it is useful to examine the impact if these projects do not proceed; and
- **Changes in cost assumptions**, our sensitivity analysis also examines the impact if the projects costs are higher or lower than our central estimates by +/- 30 per cent. “

We also note that on pages 80 and 81 of the PADR (table 13)<sup>8</sup> that a full list of sensitivities has been included, much of which seems reasonable. However, as we have already discussed, we believe a much broader set of sensitivities need to be considered including the most recent COAG Energy Council announcements, recent capex assessments of Energy Connect and potential lasting impacts of COVID-19 on the value of the Australian dollar and consumer demand.

## Market Benefits

Like any economic modelling exercise, the calculation of market benefits are reliant on the key assumptions being reasonably robust and that the expected market outcomes, expressed in the sensitivity analysis, come about. As we have discussed previously, while the assumptions seem reasonable in the current circumstances, we believe an expanded sensitivity analysis is warranted given significant recent changes.

As we have seen with the Energy Connect project, market benefits can dissolve very quickly when even one key assumption is proven incorrect. We highlight this issue in our supplementary submission to the ESB consultation on the Draft ISP Rules<sup>9</sup> where, after AER assessment revealed a number of errors and required alterations to key assumptions (including gas use assumptions), the project NPV fell from \$926M to \$265M.

This should be a sobering lesson as while the table from Page 77 of the PADR<sup>10</sup> identifies the potential for Marinus Link to deliver significant market benefits, they can in no way be guaranteed.

Table 11 Optimal timing for the 1500 MW option (Option D)

Credible option (MW)	Commissioning year of each 750 MW stage	Net market benefit by scenario (\$ million)				
		Global slowdown	Status quo/ current policy	Sustained renewables uptake	Accelerated transition	Weighted average
1500 MW in two 750 MW stages	2026 and 2028	595	947	1,372	3,182	1,524
	2027 and 2028	627	953	1,353	3,166	1,525
	2028 and 2030	764	1,088	1,446	3,221	1,630
	2028 and 2032	851	1,147	1,451	3,246	1,674
	2030 and 2032	884	1,165	1,409	3,188	1,661

By way of example, a case could be reasonably made that due to the impacts of COVID-19 that the “Global Slowdown” scenario is likely to occur, significantly reducing net market benefits. When combined with higher capex and a weak Australian dollar, charging ahead with a 1,500MW link may be optimistic.

<sup>8</sup> <https://www.marinuslink.com.au/rit-t-process/>

<sup>9</sup> <https://euaa.com.au/policies-submissions/>

<sup>10</sup> <https://www.marinuslink.com.au/rit-t-process/>



As we have stated previously, a true staged approach may be the most appropriate pathway. We find the below statement on Page 71 of the PADR<sup>11</sup>.

*“All credible Marinus Link and supporting transmission options deliver net market benefits compared to the ‘without Marinus Link and supporting transmission’ base case under each of the four scenarios. The cost-benefit analysis therefore shows unequivocally that Marinus Link and supporting transmission should proceed. The challenge is to decide on its optimal capacity and timing, including whether Marinus Link should be staged.”*

We concur that, while in the long-term we may see these market benefits materialise, managing the challenges around optimal capacity, timing and staging of the project are paramount importance to energy users who at this stage are assumed to be paying for the entire link.

However, if an appropriate cost and risk sharing arrangement were put in place, energy users would be less anxious about the project proceeding under these challenging circumstances.

## Who pays for the link

It is a long held view of the EUAA that there are two categories of transmission customer being consumers and generators. As many of these generators are new to the NEM, they are creating a need for significant transmission capex either to reduce congestion on existing assets (as articulated in the AEMC COGATI) or require new assets to be built to realise their value (i.e. REZ).

The Marinus Link PADR seeks to broaden the scope of who pays from the energy users in the two jurisdictions the link connects to energy users in other jurisdictions that could also benefit.

We believe that if you are going to broaden the concept of who pays to go beyond consumers in the two regions connected by Marinus Link (because it argue that the benefits go beyond those jurisdictions) then the same rationale must hold true for the expansion of the concept of who is a beneficiary.

Marinus Link is being constructed for the benefit of consumers (as demonstrated in the Market Benefits section of the PADR) and simultaneously unlocks opportunities for further economic development and growth of new renewable energy that would not otherwise proceed. This being the case then surely all those who benefit should pay a portion of the cost.

The quantum of non-consumer beneficiaries are clearly identified via the Ernst & Young modelling. The following statement appears on Page 123 the PADR<sup>12</sup>.

*“Ernst & Young’s market modelling for a 1500 MW Marinus Link, including required AC transmission augmentations, indicates that new wind and pumped hydro developments will result from the establishment of a second interconnector, across the 30-year study period:<sup>86</sup>*

- North East Tasmania – 250 MW (wind);
- North West Tasmania – 1520 MW (wind) and 1200 MW pumped hydro; and
- Tasmania Midlands – 760 MW (wind).

<sup>11</sup> <https://www.marinuslink.com.au/rit-t-process/>

<sup>12</sup> <https://www.marinuslink.com.au/rit-t-process/>

*The market modelling, upon which this PADR is based, is therefore broadly consistent with actual developer interest. In order for the market benefits of Marinus Link to materialise, future connections of REZs to the Tasmanian transmission network will be required.”*

This represents significant and welcomed investment in Tasmania and should be encouraged. However, a good percentage of this investment will be made by non-government developers who should not expect a “free ride” into the NEM at the expense of consumers. Hydro Tasmania, and therefore the Tasmanian Government, are also set to profit handsomely from this consumer funded link and should therefore be prepared to make a reasonable financial contribution to its cost.

Clearly, much of additional network investment, including on-island augmentation, is largely driven by a need of generators to gain access to the National Electricity Market, from which they will gain significant financial benefit. We firmly believe these commercial entities should make a reasonable co-contribution to the cost and maintenance of these assets.

We recognise that moving to a form of generator co-contribution could result in slightly higher contract prices (i.e. PPA’s) as project proponents seek to recover these additional costs. So yes, while the customer will always pay we should not continue to be asked to absorb aspects of project risks and costs that we have no control over or be faced with paying “full weight” for underutilised assets.

Further, we contend that that exposing more network costs to open markets and competition will drive better outcomes for consumers compared to a regulated environment that, despite good intentions to deliver a result that replicates a competitive market outcome, has not always proven to be so.

This is not just a Marinus Link issue but an issue for all new transmission investment (interconnectors and REZ) including those contemplated as part of the AEMO ISP.

There is a continuing debate as part of the AEMC CoGaTI discussion on how the costs should be shared between consumers and generators. Then there is the political discussion around potential levels of Commonwealth and State Government funding, whether by way of guarantees or direct funding. Obviously the more funding that comes from generators and Governments the less concerned consumers are concerned about stranded assets risk. We note that the AEMC recognise that the existing access and charging arrangements may no longer be fit for purpose.

*“...the current access regime needs to evolve to allow the risk and cost of generation investment to compliment planning and investment in transmission. Building transmission to benefit generators means that generators should pay for this transmission investment.”<sup>13</sup>*

*“While generators are able to underwrite transmission investment on the shared network to reduce congestion, doing so would improve the access of all generators. Each individual generator would prefer for other generators to underwrite transmission investment, to avoid the cost of doing so while enjoying the benefits that the transmission infrastructure provides to all generators: a free-rider problem. As a consequence, a regulated, centralised approach to transmission investment has been adopted to date, which may be poorly coordinated with the market-based approach to generation investment.*

<sup>13</sup> [https://www.aemc.gov.au/sites/default/files/2019-03/Consultation%20paper\\_0.pdf](https://www.aemc.gov.au/sites/default/files/2019-03/Consultation%20paper_0.pdf)  
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*As generators only pay the direct costs associated with facilitating their connection, the price they face does not fully reflect locational signals, and generators do not receive any guaranteed level of access to the transmission network.”<sup>14</sup>*

The EUAA agree and are of the view that the current arrangements do not fully serve the long-term interests of consumers, new entrant generators or networks.

To be clear, the EUAA are not opposed to new network assets being built to facilitate new generation or for interconnectors to be built that allow market participants and the market operator greater flexibility. Our concerns revolve around the assumption that a vast majority of the costs associated with these projects will be included in the Regulated Asset Base (RAB) of the network companies involved.

It must be recognised that consumers have no control over the financial viability or operation of these assets but are currently expected to carry the cost, volume and technology risks. While consumers may receive some benefit from new transmission assets, given the fluctuating nature of the energy market and the risks involved, these benefits may be fleeting at best. In any case, the principle of only paying for that benefit that is reliably received should guide future cost and risk allocation in this area.

## **Concluding Comments**

We acknowledge there are good reasons to support greater interconnection between jurisdictions, as Project Marinus will facilitate, as it allows market participants to move energy when and to where it is needed. We also acknowledge that interconnection between states can provide greater flexibility for market participants and the system operator and could foster more competitive markets. We trust that a robust RIT-T process will ensure that only those assets that are in the long-term benefit for consumers are built.

However, we are concerned that the rapid rate of change in technology, fundamental changes in end user behaviour and significant political and regulatory uncertainty make the benefits from future investments such as Project Marinus difficult to assess from a consumer perspective. The EUAA are of the view that where there are multiple beneficiaries of new energy assets like Project Marinus then the costs and risks should be equitably shared.

Once again, the EUAA welcomes this opportunity to make a contribution to the Project Marinus PADR and again commends TasNetworks on their approach to stakeholder engagement and commitment to transparency. We look forward to further dialogue with TasNetworks and would be pleased to continue to facilitate engagement with our members should it be desired.



Andrew Richards

CEO

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<sup>14</sup> [https://www.aemc.gov.au/sites/default/files/2019-03/Consultation%20paper\\_0.pdf](https://www.aemc.gov.au/sites/default/files/2019-03/Consultation%20paper_0.pdf)  
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