



Tasmanian Minerals, Manufacturing
& Energy Council

P.O. Box 393
Burnie Tas 7320
Phone: 03 6419 4122
Mobile: 0409 124 710
Email: ceo@tasminerals.com.au
Website: www.tasminerals.com.au

30 November 2020

Project Director
Marinus Link
TasNetworks
PO Box 606
MOONAH TAS 7009

Via email: projectmarinus@tasnetworks.com.au

Dear Sir,

RE: Marinus Link RIT-T Supplementary Analysis

The Tasmanian Minerals, Manufacturing and Energy Council (TMEC) represents the state's minerals, manufacturing and energy industries and provides leadership, effective issues management and cooperative action on behalf of its members. Our mission is to promote the development of sustainable exploration, mining, industrial processing and manufacturing sectors which add value to the Tasmanian people and communities.

TMEC is fully supportive of the transformative undertaking to create an entirely new export sector to contribute further economic and social benefits to the state of Tasmania for generations to come. To position the existing generation and transmission assets such that the fundamental utility needs of Tasmanian businesses and residents continue to be affordable and reliable, while overlaying the functional capacity to generate additional surplus energy for sale is a significant undertaking. Legislating the Tasmania Renewable Energy Target (TRET) at 200% makes a very clear decree as to the State's ambition. Tasmania will be a much more vibrant and self-sufficient State when the two needs from the energy assets are delivered.

The principles which TMEC has engaged to date in Marinus Link and will continue to frame future responses is based on:

1. Any changes and additions to the energy assets in Tasmania contribute to ensuring on-island users of energy are provided with internationally competitively priced¹ delivered² reliable³ energy, and
2. Any downside risks which occur with Marinus Link (and the subsequent additional generation capacity) are contained within the electricity export asset group (Marinus Link / Battery of the Nation / new generation assets).

TMEC refers to its submission dated 6 April 2020 for the first round of consultation and offers the following supplementary feedback.

TMEC would like to acknowledge TasNetworks for considering the feedback from the Draft Report and providing an updated report which includes the latest assumptions and published data from various authorities. The transparency with which TasNetworks applies counterarguments from submissions for Marinus Link and models the effects is to be commended. This will continue to be a complex business case and ensuring scenarios are kept to up to date is critical to build broad support.

¹ Internationally competitively priced – Expect to be no worse than second quartile on global wholesale energy price curve.

² Delivered – Price includes generation and transmission costs

³ Reliable – Available 24/7, throughout seasonal and weather variations and of a quality which avoids power quality events and disruptions.

TMEC's response is structured across two themes, financial and asset utilisation / life.

Consistent with the two principles noted above, TMEC acknowledges the national task which is underway via the ESB and the Energy National Cabinet Reform Committee (formerly the COAG Energy Council) to determine an appropriate "beneficiary pays" model. This model will impact on the economics of most if not all the proposed interconnectors in the NEM, none more so than Marinus Link. The advice TMEC has received to date indicate the final version will consider the fundamental shift in the design of the national energy market, and this will favour zero emission generation sources being located remotely from where the demand is. TMEC reserves the right to reconsider its position pending the expected decision in mid-2021.

TMEC supports the intent to reflect all expenditure associated with on-island augmentation of transmission assets as being attributed to Marinus Link.

Future financial modelling should consider the actual cost performance of major transmission asset upgrades from the NEM given there are examples where final costs were up to 50% greater than the planned amount. This would have a material impact on Marinus Link financials.

TMEC continues to support the multi-staged investment approach as a means of balancing the timeframes involved with having a functional asset in service and the accuracy of forecasting the multi-variants which feature in the business case.

The ever-increasing prospect of Tasmania becoming an exporter of hydrogen, in several forms as stored energy will be an on-island competitor for Marinus Link in the energy export market. Hydrogen is a globally traded commodity and therefore the input cost of energy will need to be globally competitive. TMEC believes the outlook for the cost of energy leaving Tasmania in the form of hydrogen or via Marinus Link will need to be competitive. Hence the context for TMEC using the term - internationally competitively priced delivered reliable energy, this needs to remain a target for the success of the sector.

TMEC takes some comfort from the recognition the updates contained in the 2020 ISP continue to align with the strategic assumptions which make up the Marinus Link business case.

The potential obsolescence of Marinus Link by "new technology" exists with all substantive infrastructure investments. While the Supplementary Report models a range of scenarios for batteries and still shows Marinus Link provides an unmet need of the NEM, one of the best protections for Marinus Link is to be the lowest cost interconnector in the NEM. As capital costs increase, Marinus Link's prospects reduce.

TMEC thanks TasNetworks for the opportunity to provide feedback and continues to consider itself as a constructive contributor to shaping the economic impacts of Marinus Link and welcomes ongoing discussions, both formal and informal.

Yours sincerely,



Ray Mostogl
Chief Executive Officer

CC: The Hon Guy Barnett MP
Minister for Energy

CC: Mr Leigh Darcy
Chair, TMEC Energy Committee