

# Final revenue decisions

## Marinus Link and the North West Transmission Developments - Stage 1

### What has happened?

The Australian Energy Regulator (AER) has published its final decisions on the construction costs proposals for Stage 1 of Marinus Link and the North West Transmission Developments (NWTD), collectively known as Project Marinus.

### The AER's final decision allows:

- ◇ **Marinus Link Pty Ltd** to recover the project's prudent and efficient construction costs for the 2025-2030 period, through transmission charges levied on Victorian and Tasmanian electricity customers, only once operations commence in 2030.
- ◇ **TasNetworks** to recover NWTD's prudent and efficient construction costs as a contingent project within its already approved 2024-2029 revenue framework, with charges levied on Tasmanian electricity consumers.

### Why is this important?

Today's final decision concludes the extensive analysis overseen by the independent regulator of Project Marinus' costs and benefits for the economy, the grid, the climate and electricity consumers across the National Electricity Market, including:

- ◇ [Feasibility of a second Tasmanian interconnector](#) (2017)
- ◇ [Initial Feasibility Report](#) (2019)
- ◇ [Regulatory Investment Test for Transmission](#) (2019 – 2025)
- ◇ [Economic contribution analysis](#) (2023)
- ◇ [Marinus Link Revenue Determination](#) (2023-2026)
- ◇ [Project Marinus: Analysis of NEM consumer benefits](#) (2020, 2023, 2025)
- ◇ [NWTD Contingent Project Application](#) (2024-2026)
- ◇ [AEMO Integrated System Plan](#) (2022, 2024, 2026)

Together, these tests have determined that investment in Project Marinus delivers strong net benefits for electricity consumers across Tasmania, Victoria and the broader National Electricity Market.

This has culminated in the AER's final decision to allow MLPL and TasNetworks to recover costs through levies on transmission charges.

# Why can Project Marinus recover costs from customers?

Commencing in June 2021, Project Marinus was subject to a test, overseen by the AER, comparing the costs against the benefits of progressing the project. This test, known as the regulatory investment test for transmission (RIT-T), found that Australians would have lower-priced, more reliable, and more secure electricity in a future with investment in Project Marinus than one without.

As Project Marinus has progressed through procurement and design, project costs have been further refined. These updated cost figures have been routinely re-tested through the RIT-T process, which continues to demonstrate that the projects deliver positive net market benefits.

Net market benefits are the overall resource cost savings in the electricity market as a result of Project Marinus proceeding. It compares the expenses for new generation and transmission assets, fuel, and other resources that would be needed to meet future electricity demand. Essentially, new assets will be needed to meet future electricity demand, and Project Marinus is the lower-cost solution.

With this net positive test result, Project Marinus is deemed a network investment that is in the long-term interests of energy consumers and can be considered a regulated asset. As such, its investment costs are shared amongst the electricity consumers who benefit from it.

# Who is the Australian Energy Regulator?

The **AER** exists to ensure consumers are better off now and in the future. It is responsible for ensuring energy consumers have access to a reliable and secure market and that they pay no more than necessary for energy to their homes and businesses, by:

- ◇ independently scrutinising project costs
- ◇ challenging assumptions
- ◇ consulting with consumers
- ◇ only allowing costs that are prudent, efficient and necessary.

The AER then sets the maximum amount of revenue that monopoly electricity networks and natural gas pipelines can earn from consumers. This ensures customers only pay for infrastructure that delivers value for money and system-wide benefits.

## Electricity Markets the AER oversees



Source: AER

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## More information

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