

29 March 2019

Ms Bess Clark
General Manager – Project Marinus
TasNetworks Pty Ltd
PO Box 606
Moonah TAS 7009

Submitted via email: projectmarinus@tasnetworks.com.au

Dear Ms Clark,

Project Marinus Initial Feasibility Report

The Clean Energy Council (CEC) is the peak body for the clean energy industry in Australia. We represent and work with hundreds of leading businesses operating in renewable energy and energy storage, along with more than 6,000 solar and battery installers. We are committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner.

The CEC welcomes the opportunity to provide feedback on this important proposed project as the energy sector transforms to a low emissions future.

Question 1: Is there enough information in the Report to understand the value Marinus Link can provide? If not, what information would you like to see in future reports?

As outlined in our October 2018 response to the Project Specification Consultation Report (PSCR), the CEC considers the Feasibility Report process is a welcome addition to the National Electricity Rules obligations to conduct a Regulatory Investment Test – Transmission (RIT-T) and the accompanying consultation process requirements. This level of transparency and on-going consultation should be maintained throughout the consultation process. The report is comprehensive and has sufficient information to understand the costs and benefits of undertaking such an important project. Notwithstanding, the CEC continues to argue that any economic cost-benefit assessment needs to be robust and clearly demonstrate a net benefit to end users and consumers. As a result, there may be a need to undertake some further modelling scenarios.

Question 2: What aspects of the report need further explanation?

At this stage of the consultation process, the CEC considers the material is appropriate for an Initial Feasibility Report.

Question 3: Are there any fundamental concerns with our analysis in the Report? And if so, what are these concerns and how could we address them?

The CEC is relatively comfortable with the current level and scope of analyses. We would like to highlight the need for consistency and congruency with the Australian

Energy Market Operator's (AEMO's) analysis in its development of the next versions of the Integrated System Plan (ISP), and the development of Renewable Energy Zones (REZs).

Question 4: Do you agree with our assessment that it is prudent to continue Project Marinus through to the Definition and Approvals phase? Why is that?

Given the long lead times for significant transmission augmentations, early work to progress potential options is prudent to ensure these projects can be constructed when needed, particularly should that need be brought forward.

With appropriate market settings and investment signals, strengthened interconnection between regions can ensure efficient use and development of diverse regional resources. This includes Tasmania's storage opportunities and flexible generation, and its ability to assist the uptake of renewables in Victoria.

Question 5: If Marinus Link provides greater benefits than costs as part of efficient transition of Australia's NEM, then what principles should be taken into account when considering:

- a. who should pay to progress Marinus Link?*
- b. who should pay for the national energy market benefits Marinus Link provides?*
- c. who should pay for the broader benefits beyond the energy sector that Marinus Link provides?*

Instinctively, a 'beneficiary pays' regime should be one of the key options examined for funding this and other key NEM infrastructure projects.

The Australian Energy Market Commission (AEMC) is undertaking a concurrent consultation on access and charging arrangements, with submissions due to its consultation paper due on 26 April 2019.¹ We consider the AEMC's consultation the best national forum for interested stakeholders to engage on such issues around who pays for transmission projects, but we acknowledge the need for TasNetworks to clearly establish fundamental principles in progressing this core aspect of the project.

Question 6: Is there any other feedback that you would like to provide, to help us consider the feasibility and business case for a second Bass Strait interconnector?

It is likely that the eventual progress of key projects identified in AEMO's inaugural ISP, as well as the actual retirement of generators on the mainland, will have a significant impact on the viability and optimal timing of Marinus Link.

We understand that some scenarios with Snowy 2.0 in place have already been undertaken by TasNetworks in the Initial Feasibility Report, but it is critical that TasNetworks is cognisant of any milestone announcements by:

- the Federal Government as owner of Snowy Hydro (as indicated by further modelling options on page 15 of the full report)
- the Federal Government of any potential higher emissions target

¹ Available at: https://www.aemc.gov.au/sites/default/files/2019-03/Consultation%20paper_0.pdf.

- AEMO as the National Transmission Planner in producing the next versions of the ISP.

In addition, the ongoing establishment of relevant REZs, any significant changes to state-based energy targets and the issue of gas as a generation source for the Australian east coast are also worthy of further monitoring and potentially closer examination.

If you would like to discuss any of the issues raised in this submission, please contact me on the details below.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Lillian Patterson', written in a cursive style.

Lillian Patterson
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