

18 October 2018

Stephen Clark
Technical and economic lead
Project Marinus
TasNetworks
1-7 Maria Street,
Lenah Valley, 7008

projectmarinus@tasnetworks.com.au

COTA Tasmania

Submission in response to Project Marinus Consultation Report

Dear Mr Clark,

COTA Tasmania is the peak body advocating for the rights and understanding the needs of Tasmanians as they age, particular those aged over 50 years. We appreciate the opportunity to ensure that the concerns and voices of older Tasmanians can be heard by providing feedback to the TasNetworks Project Marinus Consultation Report.

COTA understands that at present, TasNetworks is hoping to install a 1200MW bipolar HVDC link across Bass Strait to connect to the National Electricity Market (NEM) through Victoria. We are concerned about how Project Marinus will affect older Tasmanians, particularly those on low, fixed incomes such as the Age Pension, Disability Support Pension or Newstart Allowance.

The current electricity market is difficult for consumers to afford and understand. Electricity prices have increased dramatically across Australia, and Tasmanian residential electricity bills have increased the greatest in the last ten years to be the highest in Australia¹. Many Tasmanians are having to choose between electricity, medical care, food and appropriate, comfortable housing. Efforts must be made by government and the electricity industry not only to stop prices from increasing, but to actively and significantly reduce them.

¹ Restoring electricity affordability and Australia's competitive advantage: Retail Electricity Pricing Inquiry – Final Report (2018) *Australian Competition and Consumer Commission*

The ACCC has reported that significant over-investment in Tasmanian networks has driven electricity bills up, to the advantage of network owners and the expense of consumers². In the current market where consumers are struggling to afford the cost of living, investment in Tasmania's electricity market must not be allowed to occur simply because it can. While projects to expand Tasmania's energy capacity may be suitable during times when consumers are financially comfortable, the current energy market does not support any project that will burden consumers even further.

Before COTA can support the development and implementation of Project Marinus, we request the following information to ensure that we, and the Tasmanian community, have a clear understanding of the short and long-term impacts of installing the Marinus Link.

1. How much will Project Marinus cost, including its development, installation and maintenance?

Project Marinus will not be a cheap project. Costs of developing, installing and maintaining the Marinus Link must be presented. How these costs will be funded must also be provided, including what Tasmanian consumers will be expected to pay in electricity bills short-term and long-term.

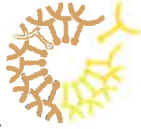
COTA notes that TasNetworks would like to install a 1200MW bipolar link, rather than the one 600MW monopole link as was used with Basslink. If this bipolar link is the more expensive option, clear reasoning must be provided about what this was chosen over the cheaper monopole link. This should include evidence of the installation and maintenance costs of the current Basslink cable over at least the last five years for comparison.

2. How is the current Basslink operating currently?

Current projects should always be assessed before proceeding with new ones to determine how future projects may perform. COTA would like to see a full (and relatively easy to understand) analysis of the current Basslink's operation to gauge how essential and effective an additional interconnector would be. This should include:

- The cost to build, operate and maintain Basslink, as a gauge of similar costs to be associated with Marinus.

² Ibid.



- Whether Basslink has ever operated at peak capacity, and if it has, how often and the reasons for reaching capacity.
- Annual energy and dollar flow through Basslink for the last five years, both from the mainland and to the mainland.
- The annual profit/loss for Tasmania from the use of Basslink since its installation.

TasNetworks is proposing the construction of new wind, solar and hydro systems to produce more energy to be sold to the NEM. It argues that *'Tasmania's significant potential to assist in the transformation of the NEM cannot be realised unless there is an increased ability to export its energy to other NEM regions'* (Page 3, Project Specification Consultation Report Summary). If the current Basslink interconnector rarely reaches peak capacity, there could be potential to build some of these systems before installing a new interconnector.

One of the key questions for the Marinus Link is: does Tasmania really need it at the current time? Increasing renewable energy production in Tasmania to sell to the NEM could be a very worthwhile initiative, but with Tasmanian consumers struggling to afford cost of living, now may not be the right time to do this. If Basslink does not provide significant economic profit to Tasmania, then there are serious questions as to what a Marinus Link will bring the State.

3. Who will fund Project Marinus and associated projects?

As a TasNetworks project, COTA understands that the cost of funding Project Marinus may fall to Tasmanian consumers through increases in electricity bills, namely in the network charges that consumers will pay. COTA does not believe that this would be a fair way to fund the project.

It is true that in the long-term, Tasmanian consumers could benefit from installation of a second interconnector if electricity is sold to the NEM at a net profit and this profit can be used to off-set electricity bills. COTA Tasmania would expect a full outline about what this benefit would look like short-term and long-term from TasNetworks during consultation on Project Marinus.

However, COTA believes that addition of another interconnector will benefit the NEM and mainland much more than it would benefit Tasmanian consumers. TasNetworks itself states that *'The primary benefit we see from increased interconnection between Tasmania and Victoria is to provide energy arbitrage for mainland NEM regions'* (Page 4, Project



Specification Consultation Report Summary). Therefore, COTA would only support Project Marinus if the majority of its cost was borne by mainland NEM regions.

COTA understands that a number of wind, solar and hydro stations will need to be built for an additional interconnector to be of optimal use. Again, the cost of these systems should not be placed solely on Tasmanian consumers.

4. What will be the financial benefits for Tasmanian consumers if the Marinus Link is installed?

Consumers must be considered first a foremost with all projects and policies that TasNetworks develops. TasNetworks must provide evidence using multiple statistical models that Project Marinus will significantly benefit Tasmanian consumers with reduced electricity bills over the short- and long-term before COTA will support development of the project. If installation of the Marinus Link will increase Tasmanian electricity bills, then the project must be delayed until a time when financial pressures have eased for consumers.

5. What will be the short- and long-term economic impact on Tasmanian consumers if we do not install Marinus Link?

It is useful to understand the benefits and disadvantages of installing the Marinus Link short- and long-term, but COTA would like to understand the impacts of leaving implementation of Project Marinus for several years. If there would be little impact on consumers regarding electricity bills in the next five or ten years without the Marinus Link, then COTA would recommend that the project be stalled until a time when financial pressures on consumers have eased. If TasNetworks can prove definitively using multiple models that Project Marinus would significantly benefit consumers with reduced electricity bills in the next five or ten years, then COTA would take this into account this when considering whether it will support the project.



6. How will Tasmania sell into the NEM if it leaves the Market?

The Tasmanian Government intends to leave the NEM by mid-2021³. It is unclear to COTA how energy could be sold from Tasmania to the NEM if this were to occur. TasNetworks needs to provide evidence that energy would continue to be sold at profit into the Market through interconnectors if Tasmania were to leave the NEM.

A key question that COTA would ask TasNetworks to ask itself during initial planning for Project Marinus is: *What is the primary reason that TasNetworks want to see Project Marinus implemented?* Unless this can be emphatically answered as “to reduce the current electricity price burden on Tasmanian consumers”, COTA would strongly urge against implementation of the project at the current time.

COTA recognises the effort that TasNetworks continually makes to consult with the community to receive feedback and address issues that Tasmanian electricity consumers face. We appreciate the opportunity to respond to the Project Marinus Consultation Report on behalf of older Tasmanians and will remain keenly interested in how the project progresses.

Yours sincerely,

Sue Leitch

CEO COTA

³ Lowest regulated electricity prices in the nation, *Tasmanian Liberals*:
<https://www.tas.liberal.org.au/sites/default/files/Lowest%20Energy%20Prices.pdf>

