

21 September 2026

Brian Mitchell MP
Committee Chair
Government Administration Committee A
By email: assemblygaa@parliament.tas.gov.au

Dear Mr Mitchell

Invitation to make a submission

Thank you for your correspondence of 18 August 2026 inviting TasNetworks to make a submission to the House of Assembly Government Administration Committee 'A' Inquiry into Artificial Intelligence (AI) Data Centres in Tasmania. TasNetworks welcomes this Inquiry and provides this submission with reference to Committee's Terms of Reference.

TasNetworks owns, operates and maintains the Tasmanian electricity transmission and distribution networks, delivering safe, cost-effective and reliable electricity to over 295,000 residential, commercial and industrial customers. TasNetworks exists to serve Tasmanians and every decision we make is anchored in our priorities of safety, reliability, lowest sustainable pricing, and preparing Tasmania for a stronger energy future whilst embracing change driven by our customers. Also, under our Shareholder Member's Statement of Expectations, TasNetworks is expected to support the attraction of new and expanded load in line with the State's economic priorities and in accordance with the National Electricity Law.

Tasmania's transmission network delivers electricity from generators to directly connected transmission customers and to the distribution network, and connects the Tasmanian power system to Basslink, the interconnector that links Tasmania with the Victorian electricity grid and the National Electricity Market (NEM).

TasNetworks' Role and Obligations

TasNetworks is the jurisdictional planning body in Tasmania, which means we are responsible for transmission system planning and development. Our planning activities are undertaken within the National Electricity Rules (**the Rules**) framework. Our network planning strategies consider and support the objectives of the Tasmanian Government's energy policies, including utilising renewable energy as a key economic driver in Tasmania.

As a Transmission Network Service Provider (TNSP), TasNetworks manages the connection process and is the main point of contact for transmission connection applicants. TasNetworks is agnostic to the type of connection, we will connect the new Marinus Link interconnector, new wind farm and solar farm generators, and other new major load customers, such as hydrogen and E-fuel customers, Artificial Intelligence (AI) factories and data centres, and battery energy storage systems to our transmission network.

TasNetworks must treat all connection applicants fairly and equitably to comply with its obligations under the Rules and competition law. All connection applications are assessed on their merits and progress through the same defined stages satisfying the Rules Chapter 5.3 process. TasNetworks cannot provide preferential treatment by guaranteeing a connection outcome, or reserving network capacity ahead of a project meeting the required criteria for commitment. A load project is considered to have reached committed status when the proponent has obtained all required planning and construction consents, land has been procured, financial close has been achieved, and the Chapter 5.3 process of the Rules is complete. The final required step being that there is a signed Connection Agreement that is either unconditional or all conditions within it are satisfied.

As part of the connection process, TasNetworks:

- is responsible for specifying the connection arrangement; existing network capability to support proposed connections; and any upstream or downstream network augmentation (where required) to increase capability and ensure continued reliable and secure power system operation;
- is responsible for undertaking independent technical due diligence of each connection application against the requirements of the Rules;
- is required to assess the impacts of new connections on the network, including on other network users and generators;
- works with new connecting parties to agree the performance standards that will apply to their connection, and to then ensure that those standards are achieved and maintained throughout the life of a project's development and operation; and
- works with the Australian Energy Market Operator (**AEMO**) to approve performance standards and enable market registration works.

Importantly, the NEM operates as an open access regime, and under the Rules, TasNetworks is obligated to connect any party that would like to (contingent upon all regulatory, technical, and commercial requirements being met).

From TasNetworks' perspective, the regulatory obligations provide a sufficient framework for connecting new large customers to our network, whilst protecting the interests of existing customers and ensures the network can operate in a safe and reliable way.

Tasmania's Resource Management and Planning System

TasNetworks has multiple touchpoints across Tasmania's land use planning process including as a proponent. TasNetworks is routinely consulted during the development approval stage, particularly in relation to larger scale projects and has opportunities to make submissions in relation to rezoning and development applications.

TasNetworks' primary role in this process is to assess and provide advice on whether a proposed development may impact TasNetworks' ability to deliver electricity transmission and distribution services to its customers. It is worth noting that proponents of energy generation or energy user projects are often engaged with TasNetworks during the project planning phase, with some having commenced the connection application process prior to lodging applications with the planning authority.

TasNetworks has also regularly been engaged in the review process for the three regional land use strategies and is routinely consulted with by the Tasmanian Government's State Planning Office in relation to proposed relevant amendments to the State Planning Provisions.

TasNetworks considers proximity to and involvement in the planning system provides sufficient opportunity for consultation to ensure risks can be identified and avoided or mitigated at the earliest opportunity.

Protecting customers

As mentioned above, TasNetworks is responsible for planning the electricity transmission network in Tasmania. This includes ensuring the network remains safe and reliable, complying with relevant laws, the Rules, good electricity industry practice, and other standards, and that the network remains adequate to accommodate changes in both generation and load.

Importantly, any dedicated connection assets that need to be constructed and installed for the purpose of connecting a single customer, must be paid for solely by that customer. This includes all stages of a customer's project, from the initial connection enquiry to design, and commissioning.

Where augmentation to our shared network is required to enable connection of a new customer to the transmission network, TasNetworks works to identify both network augmentations and non-network alternatives that will maximise net economic benefit to all customers in the NEM. Through our network planning process, we ensure the solutions implemented by TasNetworks balance both the economic and technical requirements of customers and the network.

Any shared network augmentation required (above a threshold value) will only proceed following a Regulatory Investment Test (RIT), which is a public assessment overseen by the Australian Energy Regulator (AER). The purpose of a RIT is to substantiate the need for the investment and identify the preferred network (or non-network) option that delivers the greatest economic benefit to the electricity market. The RIT process also ensures investment decisions are only made in the long-term interests of customers, in line with the National Electricity Objective. It should also be noted that connecting parties can opt to fund shared network augmentations themselves. This approach may reduce augmentation timeframes and removes the burden on the broader customer base and the need for the RIT to be completed.

Importantly, for a TNSP to recover shared network augmentation costs from customers, it must be approved by the AER. Planned works are included in the TNSP's five-yearly revenue proposal (either as planned work or a contingent project) which is forensically examined by the AER. Capital expenditure that was genuinely unforeseen is assessed by the AER at the next determination, where it must be shown to have been prudent and efficient before it can be recovered. In all cases, customers only pay for investment the AER has approved. This assessment of TasNetworks' plans ensures it has the revenue it needs to operate prudently and efficiently, and maintain and invest in its networks, in the long-term interests of customers.

Benefits of new loads connecting to the transmission network

Put simply, connecting more load to the transmission network puts direct downward pressure on electricity prices for all Tasmanians. Under the AER's regulatory framework, the total

transmission revenue TasNetworks can recover over each five-year regulatory period is capped, meaning these network costs are effectively fixed. Given this, expanding the customer base spreads this shared cost across a broader volume of demand, lowering charges for existing customers. Crucially, this benefit extends beyond major industrial customer. With roughly 60 per cent of transmission costs recovered from distribution customers, adding large-scale load also directly reduces network charges for households and small businesses, delivering on TasNetworks' core commitment to provide the lowest sustainable prices for all customers.

New large loads can also deliver broader benefits, including:

- state wide economic investment and growth through by underwriting the construction of new renewable generation to power new loads,
- job creation through planning, design, construction, and operation of new industries,
- increased utilisation of existing transmission infrastructure, i.e. better value for our customers,
- a broader and more diversified customer base which can mitigate the risks of existing loads such as our Major Industrials exiting,
- The predictability of large load blocks and the flexibility that these can offer to respond to system issues and supporting stable network operation, and more large loads that can participate in transmission network protection schemes such as the Frequency Control System Protection Scheme to ensure there is sufficient transfer capability available on interconnectors, maximising the value of assets like Basslink and Marinus Link, and further supporting the state in reaching its legislated renewable energy target.

Further to the above, data centres and AI factories specifically introduce high-utilisation demand that can deliver material commercial and system benefits for the Tasmanian network. Commercially, their long-term power purchase agreements provide the certainty needed to underwrite new renewable generation, overcoming first-mover impasses while establishing capacity headroom for future industries.

Operationally, flexible computing workloads can ramp or curtail in real time to participate in frequency control and network protection schemes. When strategically located near generation hubs, these facilities absorb local power surpluses and can relieve export constraints. Integrating these flexible loads maximises the efficiency of existing grid infrastructure and broadens the customer base, reinforcing downward pressure on electricity prices across the state.

Further, the arrival of new generation, and new entrant generation, will not only help meet the increased demand for electricity in the future, but will also create a more diverse wholesale market, which is likely to have downstream benefits for Tasmania's retail market, as a result of greater wholesale competition and the increased availability of low-cost renewable electricity.

Along with TasNetworks' role described above, it has an integral role to play in meeting Tasmania's growing need for electricity, by delivering projects such as the North West Transmission Developments and connection of the proposed Marinus Link interconnector (together known as Project Marinus).

Project Marinus is a pre-requisite for doubling Tasmania's clean energy generation, boosting Tasmania's energy security and, in the longer term, keeping downward pressure on electricity prices for Tasmanian businesses and households. Project Marinus is key to unlocking the

investment in new renewable generation needed to meet the State's growing demand for electricity.

Opportunities for Future Regulatory Oversight and Obligations on Connecting Parties

Notwithstanding the extensive existing requirements on new connecting transmission load and generator customers must meet prior to connecting to the transmission network under the Rules and other applicable codes, TasNetworks notes the work underway both at a state and federal level regarding AI factories and data centres. This includes rule change requests submitted to the Australian Energy Market Commission and the state's draft Statement of Expectations for Data Centres that was released on 7 September 2026. TasNetworks intends to provide a submission to the draft Statement of Expectations and will consider a submission to the Rule change requests, once these are released for consultation.

It is noted that the proposed suite of expectations, and rule changes, extend beyond connection requirements alone and can include energy sourcing, emissions, water use, network costs, system reliability, demand flexibility and community impacts.

Proposed changes are expected to explore opportunities to further manage the risks associated with connecting large and rapidly developing loads. This may include flexible connection arrangements, which could allow large loads to vary or limit demand in response to network conditions, co-location of large loads with generation and storage, and more coordinated approaches to connecting clusters of load, generation and storage. These processes may also consider how associated network costs and investment risks should be appropriately allocated, including where significant augmentation is required. These matters will require careful consideration through the relevant consultation and rule change processes, including how any new arrangements interact with existing connection, system security and network planning obligations.

In summary, TasNetworks strongly supports the connection of new loads, including AI factories and data centres, where proponents meet their applicable regulatory and technical obligations. TasNetworks' role is to assess and facilitate each new individual proposed connection on its merits in accordance with the Rules, regardless of the industry driving these projects. TasNetworks is committed to ensuring that any investments in its networks are not only prudent and efficient, but that they contribute to delivering the lowest possible electricity prices, energy security for Tasmania and growth in clean energy-based economic activity.

Thank you for the opportunity to contribute to the Committee's Inquiry. If you have any questions or clarification regarding TasNetworks' submission please contact Aaron Vlahov, Leader Transmission Customers and Strategic Engagement, at

Yours sincerely

Renée Anderson
Interim Chief Executive Officer