Tasmanian Public Finance Corporation

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18 November 2026

Hon Ruth Forrest MLC, Chair
Joint Select Committee on Energy Matters
Parliament House
Hobart TAS 7000

Dear Chair,

INQUIRY INTO ENERGY MATTERS – QUESTIONS ON NOTICE

I refer to your letter dated 16 November 2026 following TASCORP's appearance before the Committee on 26 October 2026. TASCORP's responses to the two questions on notice are set out below.

1a. Lending considerations for TasNetworks and NWTD

TASCORP assessed the North West Transmission Developments (NWTD) projected cash flows and funding requirements alongside TasNetworks' overall financial position and capacity to service and repay debt. The assessment considered a range of lending and credit factors, including interest cover, funds from operations and recurring cash flow relative to net debt, net debt relative to the regulated asset base (RAB), forecast regulatory revenue, liquidity, funding adequacy, and the alignment of the proposed borrowing repayment profile with the economic life of the assets.

TASCORP's internal credit assessment, applying rating agencies methodologies, indicated a credit profile consistent with an investment-grade rating. Sensitivity analysis demonstrated resilience under downside scenarios, including additional debt and no corresponding increase in regulatory revenue, while maintaining an investment-grade assessment. Scenario forecasts also indicated continued compliance with the interest coverage and material adverse change covenants under TASCORP's Master Loan Facility Agreement.

1b. Debt relative to the regulated asset base

At 30 June 2026, TasNetworks corporate net debt-to-RAB ratio was approximately 53 per cent. Under the base case forecast assessed by TASCORP, the ratio was expected to peak at approximately 63 per cent in FY28-FY29, before improving over time.

The 60 per cent benchmark discussed at the hearing is not a maximum lending threshold imposed by TASCORP. Gearing is assessed alongside cash flow, debt servicing capacity, liquidity and other credit factors.

The NTWD financial model provided for debt to fund approximately 84 per cent of project funding requirements at a highly concessional rate. This percentage measures debt funding relative to project funding requirements, it is not a debt-to-RAB ratio. TASCORP did not assess the proposal against a single debt-to-RAB threshold.

2. Treasurer approval of the increase to the borrowing limit

At the hearing, the reference to $2.5 billion related to TasNetworks core borrowing limit of $2.5 billion, approved in July 2023, and inadvertently excluded the more recently approved $100 million NWTD project cash flow facility.

At its March 2026 meeting, the TASCORP Board approved the establishment of a separate $100 million working capital facility for the NWTD project to support the management of construction-phase cash flow timing requirements. The increase did not reflect a change in the approved project cost. Rather, it provided additional liquidity to manage timing differences between project expenditure, debt drawdowns with Clean Energy Finance Corporation, grant receipts and equity contributions during the construction phase.

The Treasurer approved an increase in TasNetworks' maximum guaranteed borrowing limit from $2.5 billion to $2.6 billion on 23 April 2026. The revised maximum borrowing limit comprised of the:

- existing facility of $2.5 billion for core borrowings, established in July 2023; and
- new facility of $100 million for a dedicated NWTD cash flow facility

The dedicated NWTD cash flow facility was to be made available only once TasNetworks had satisfied the conditions precedent for full financial close on the NWTD project. TASCORP received confirmation on 8 October 2026 that the full financial close conditions had been satisfied, at which point the facility became available to TasNetworks.

TASCORP would be happy to clarify any details as required.

[redacted]

Gary Swain

Chair