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THE JOINT SELECT COMMITTEE ON ENERGY MATTERS MET IN THE INVERESK RIVERS EDGE SEMINAR ROOM 204, UNIVERSITY OF TASMANIA, LAUNCESTON ON TUESDAY 1 OCTOBER 2024

The Committee met at 9.30 a.m.

CHAIR - Welcome, Neil. This is our first day of hearings for the Energy Matters inquiry. We appreciate you and your organisation providing the submission to the committee.

You may not know all members of the committee, so I will introduce everyone: Craig Garland, member for Braddon; Dean Harriss, member for Huon, upper House member Janie Finlay, member for Bass; Luke Edmunds, member for Pembroke, down south; I'm Ruth Forrest, member for Murchison; and Kerry Vincent, member for Prosser. We have Mark Shelton; he'll appear shortly, I assume.

Thank you for your submission. Just a few formalities, Neil, the information you provide to the committee is covered by parliamentary privilege. That may not extend once you leave this room, so if you repeat anything you say here that privilege may not extend beyond this room. If there's anything of a confidential nature you wish to say to the committee, you can make that request, otherwise it is all public where notionally members of the public could come in. We also have Hansard here, which is recording the hearing. The transcript will be made available and published.

We are using voice-to-text, so if you could try to speak fairly directly into the microphone, that'll help with the transcription.

Do you have any questions before we commence?

Mr GROSE - No.

CHAIR - No, that's fine. I'll ask you to take the statutory declaration and invite you to make an opening statement. Then the committee will have questions for you.

Mr NEIL GROSE, TASFARMERS, WAS CALLED, MADE THE STATUTORY DECLARATION, AND WAS EXAMINED.

TasFarmers' submission is quite simple in where we're coming from. TasFarmers as an organisation, and farmers in general, completely understand the importance of energy in this state and of the state's renewable energy status, particularly our green credentials around energy generation. We do have, however, a number of concerns around how the expansion of the energy development especially regarding wind farms on the north-west coast and, critically, transmission lines across farmland. We are deeply concerned about the way those transmission lines are being developed and designed, but, more importantly, about how farmers and TasNetworks in particular have engaged each other in arriving at a fair, decent, and just means of compensation and the arrangements around those.

We have a number of indirect concerns around other energy matters like offsetting and so on, which is probably more of a minor matter. Our key concern and what we think our key input to this committee is, is how those transmission lines are designed and how they will cross farmland and particularly the engagement with farmers on behalf of and with TasNetworks.

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We've had some instances in recent months where farmers have felt like they've been threatened with compulsory acquisition of their farmland. We have to remember that, while farmers in general are entirely supportive of expanding what we do with energy and what it means to Tasmania as a whole, farmers don't choose for powerlines to come across their farmlands. Their farmlands are often their family homes. They are their businesses, they're their life, so they're very passionate about their farmland. They're also very passionate about how they farm, the manner in which they choose to farm, and how they might farm into the future. What will be irrigated land this year might be dry-land farming next year; it might be a tree farm in years to come. These things will change.

Farmers feel that confidence to farm is taken away from them when they have transmission lines coming across their properties because, in many cases, that strongly impacts on how they can farm. It means they can't put pivot irrigators underneath transmission lines. It means that certain crops might not be able to be grown. It might even impact how their farms cope with wildfires as different types of firefighting capability might not be allowed around transmission lines, particularly with helicopters, and so on, dumping water.

We've spent a lot of time with our farming members and non-members and we must acknowledge that we don't represent every farmer, although we're quite happy to. TasFarmers has been discussing with TasNetworks two key ways of compensation. We have also developed the farm access code, which is a code of practice for how TasNetworks comes onto farmland and engages with farmers, in the right way, so farmers know who's on their land and what they're doing, and when TasNetworks do come on that land, they respect what farmers and their families are doing.

The two key ways - there is compensation available under the act, and you'll have to excuse me, I can't remember the name of the act. What we've also been working on with TasNetworks is a strategic benefits payment. The compensation under the act is for the land, but farmers are keen to see a benefit go to them for the commerce that goes through the powerlines across their land. We have been talking to TasNetworks about a strategic benefits payment, so that farmers derive some economic benefit from the power that goes through those powerlines. It's a similar model to the ones being negotiated, and in some cases agreed to, in New South Wales and Queensland.

Without going into the negotiation with TasNetworks we are a long way apart, but that's negotiations and we understand how that goes. Importantly, those negotiations have dragged on and on, which is causing some disquiet amongst farmers. Initially there was a great big rush to get it done. In recent months we've hardly had any discussion withal and we note that the state government has a rather ambitious second 100-day plan to have this sorted out by the end of October.

Noting that, but also noting that farmers won't be rushed or forced into something that is not be in their best interests, sums up where we are in the submission. There are other things in the submission, which are part of this as well, but to save me from rattling on for too long, you could ask some questions.

CHAIR - That's all right. Neil, could tell us how many members you have?

Mr GROSE - In total in Tasmania?

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CHAIR - Yes.

Mr GROSE - That's a very good question because we're upgrading our database at the moment. It's around about 1600 members across the state. We have different densities in different areas and we cover all commodities - cropping farmers and, as our president quite often says, food, pharmaceuticals, and fibre. We basically cover everything that's farmed in Tasmania, including private forestry.

CHAIR - Okay. If I could go to the strategic benefits payment first perhaps? I'm interested in when that started. You said it started with a bit of a flurry and now there's this slow period. Can you inform us more about when it started, who started it, and how was it initiated?

Mr GROSE - The key initiation was from, and I could stand corrected on this, was TasNetworks approaching farmers individually about how a transmission line may impact their farm. Those members got in touch with TasFarmers. We held a number of meetings, particularly in the north-west coast and that's where this is impacted -

CHAIR - When was this, do you remember, Neil?

Mr GROSE - This was four months ago.

CHAIR - So fairly recently.

Mr GROSE - Very recently. I've been working with TasFarmers now for about six months and, in my role as advocacy lead, I've been quite involved with this.

We had meetings with members who gave us a very clear direction around the issues they are facing. And we heard some of the horror stories about them feeling pressured that, if they didn't agree to something, their farmland would be compulsorily acquired, either the whole farm or corridors across it. We then spent quite a deal of time internally, working out what was the best and most equitable way to do this. We've been working with Goanna, which is an energy consultant, and have developed a strategic benefit payment model, which we negotiated quite actively with TasNetworks on a weekly basis for a number of weeks. Then everything just stopped. It coincided with TasNetworks having the industrial dispute with their lines people.

CHAIR - Then the storms probably, after that.

Mr GROSE - Understandably, when the tempest came through and blew everything from one end of the state to the other. We would expect things to pick up now, but there hasn't been that urgency. We haven't seen that urgency. I don't know what the reason is for that.

CHAIR - Have you initiated a conversation with them again at this point?

Mr GROSE - Our CEO, Nathan Calman, has been in touch with their CEO as recently as last week. There is no set date yet for when we'd recommence.

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CHAIR - I'll come to Luke. I want to ask you, Neil, if you have much vision of how the New South Wales and Queensland models work? I know New South Wales has had renewable energy zones for a lot longer, and legislation to back them.

Mr GROSE - There are two different issues around the renewable energy zone, which is the development of wind farms -

CHAIR - Not entirely, that's also to facilitate transmission as I understand it.

Mr GROSE - Correct. There are two issues around the wind towers, and that's probably to one side around the strategic benefit payment. The strategic benefit payment is basically a percentage of the dollar value of the power going through the lines.

CHAIR - Is that how the New South Wales model works?

Mr GROSE - Yes.

CHAIR - And the Queensland one?

Mr GROSE - Yes, more the New South Wales one, but again, I stand corrected. I won't talk dollars and figures in that model because that's part of the negotiation at the moment. That wouldn't be acting in good faith.

That's essentially the crux of the matter - farmers whose land this power crosses derive some benefit. One of the other issues that we faced with TasNetworks around that was that TasNetworks only wanted the compensation, whatever we agreed to, to only extend for 20 years, which they saw as the life of the infrastructure. It's clear to anyone in Tasmania that the life of the infrastructure, particularly transmission lines, can go into 20-, 40-, 60-year infrastructure. I lived in the Central Highlands for 10 years and there's a lot of infrastructure up there that's been operating quite successfully for 60 to 70 years, and will continue probably for a lot longer yet. Most farmers felt, not disenfranchised, that's probably the wrong word, but quite confused as to why the payment would stop after 20 years. There still is the inconvenience on the farm, there still is the impact on farming life and on everything.

The economic benefit to those transmission lines still continues. My understanding is that those transmission towers will be constructed and built in such a way, as they probably should be, which would enable upgrades over the years of cables and other new technology, but the physical engineering would still remain.

CHAIR - And the corridor.

Mr GROSE - The corridor. Thank you.

Mr EDMUNDS - On the same topic while we're here, can I get an understanding about the approach? Is it that the strategic benefit payment is preferred to selling land or the forcible acquisition, or - I'm assuming they're exclusive of each other?

Mr GROSE - No, they work together. There is that compensation for loss of using the land.

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Mr EDMUNDS - Plus the payment.

Mr GROSE - Plus the payment for the businesses going across the land.

Mr EDMUNDS - Thanks.

Ms FINLAY - For the benefit of the committee, I'll ask a clarifying question. The Chair asked about how long you've been in negotiations with TasNetworks. In regards to the strategic benefits payment, that has been months. In terms of the compensation part of the conversation, I know one of my first meetings was around that compensation piece. That conversation's been going on for years.

Mr GROSE - Correct, and not just limited to energy matters. There are some other issues around irrigation and so on, but that's not for today. The catalyst for the discontent within farmers is the manner in which TasNetworks has approached this on the ground. Someone would have turned up to the door and said, 'We want to do this', Farmer A has talked about, 'What does this mean?' and they say, 'Well, whatever you do, the fall-back position is we have the right to compulsory acquire'.

We would all know farmers in our daily lives, and that's the last thing anyone wants to hear. In many cases these farms are multi-generational farms which have been handed down through the family. There's a really deep and strong family and emotional connection to these properties. It's quite debilitating from an emotional and family point of view when someone comes on and says, 'Doesn't really matter what you think, we might be able to take your land away from you.'

CHAIR - Is it the case that they tend to use that line on the first meeting?

Mr GROSE - It has been in the past. That's essentially why we've got to this situation where, for whatever reason - and I'm not suggesting it's a corporate strategy, but it has been that fall-back, that this is where we could end up if we don't agree.

CHAIR - Which is a shame to start at that point.

Mr GROSE - It's not the best way to start, no. It puts people offside. Like I said right in the beginning, Tasmanian farmers truly understand and would be proud of Tasmania's reputation in developing renewable energy, the hydro scheme. It's part of our recent Tasmanian culture. Tasmanian farmers would be proud to see the energy system expanding, and the network expanding, and the economic and social benefit that brings, but not at the cost of their farm and them feeling like they can just be tipped out and have their farm or parts of their farm taken away from them.

Ms FINLAY - I had another clarifying question and then I've got a process question. I reflect back on some earlier conversations. It seemed to me that farmers were concerned about the inconsistency, where they might be hosting other assets and other assets provided a rental on the way through, whether it be telecommunication towers or other things. Is it fair to say that it's not that farmers are seeking to have the strategic benefits payments and the compensation because it's inconsistent with anything else; it's also about raising that consistency with how assets are managed on land?

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Mr GROSE - Yes, I think that's a really good point. If you think about telecommunications towers, often the arrangement that's struck with landholders around where those towers can be and the payment for those is wildly inconsistent with what TasNetworks was approaching. To be practical, a transmission tower is probably 200 square metres, where we're talking about sometimes kilometres of land.

The way that those arrangements were developed and agreed and so on, was in a much more open and consultative way. They came to the right conclusion knowing that that telecommunications tower would have a deep and ongoing economic benefit for a long time and therefore farmers should reap that benefit. But also acknowledging that there is some inconvenience to farmers over the years, while that tower is accessed for maintenance or upgrade or any of those sorts of things. The way that those arrangements have been reached is in stark contrast to where we have been in some instances with this.

CHAIR - I don't think they have compulsory acquisition powers though. I think they just have to go somewhere else.

Mr GROSE - Yes, which means that they find the right deal without reflecting -

CHAIR - And they negotiate up.

Mr GROSE - Well, they have to negotiate.

Ms FINLAY - So, unless there are other questions, I have two questions. One thing that I suppose I'm curious about in the process is that, while we don't have a final position on Marinus, while it's unclear around the potential or the approval process for Whaleback Ridge and for Robbins, while the pathway and the easement for the North West Transmission stage 1 is also a moving feast because in a previous iteration, it would have been redundant and they could take it down and put it back in the same easement. There are so many moving parts. It seems curious to me that the engagement with TasNetworks seeks to set an outcome when actually the project isn't fully understood yet. It seems a little bit horse and cart. How do TasFarmers and farmers who you're talking to, how does that feature in the conversations?

Mr GROSE - This has been part of the discussion internally. There was a rush to try to reach an agreement in principle on how we all did those things, which indicated to us that there was an imperative to get this thing on the move. Then when all of a sudden there's no imperative, you think, 'Okay, so what has changed?'

Normally in business, if part of your business plan is to get to x, y and z, once you're on that pathway, you want to achieve x, y and z, because you need your business plan to get up. All of a sudden, a critical piece of infrastructure which had to go across farmland, so therefore, there had to be discussions with farmers - it was going ahead. We had the whole team from TasNetworks in our boardroom. They were travelling up from Hobart to Longford to meet with us. Going to quite a level of effort to get this going, and then stopped.

Now, yes, there might have been focus on the industrial dispute. Yes, there was the wind tempest, but an organisation like TasNetworks should be able to walk and chew gum at the same time, one would think. It leads us to question what else is going on. Is Marinus a goer? Are all the other things like the HIF, the hydrogen development at the back of Surrey Hills - where's all that at? It raises more questions, we don't have those answers, of course.

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CHAIR - There are two aspects here. The HIF proposal would require the link between Hampshire and Burnie, which is part of where this proposed REZ is, so that may have been imperative at that point. I don't know, but we can ask these things from TasNetworks, obviously. But there has been significant change. First, we're having two cables with Marinus, now it's one, it's the North West Transmission Developments on the north. The most northern line has to be upgraded regardless, as I understand it. There are farmers in that area, but mostly in the current corridor. Are you hearing concerns from those farmers on the north-north part of it? The one right at the north of the state?

Mr GROSE - Yes, we are hearing concerns, probably not the direct - someone's knocked on my door and said they want to do this, but they're looking to the future. All farmers look beyond the spring into seasons going on and where trends are and where they want to take their farm, and if there is that cloud hanging over their farming business because they're not sure what this other uncontrolled impact will have, then it does raise concerns. How do you address those concerns? It's very difficult because you're dealing in things that we don't know. We don't know about HOF and whether that's going to proceed, we don't know all sorts of things.

Ms FINLAY - I suppose that's to the core of my question, where there are so many unknowns, yet there seems to be a desire for TasNetworks to lock in something when there are lots of moving parts. It seems that it's difficult to put one before the other.

Mr GROSE - It is difficult and it is difficult to work with farmers who are used to certainties. We know that summer follows spring, but in this case, we don't know what's following what. This might be the situation today, but we're uncertain about what might be the situation tomorrow. Is it going to come through straight through the middle of my farm and is it going to be 50 metres wide or is it not? Uncertainty breeds a lack of confidence in farming, which means a lack of investment, which has that ongoing economic impact as well as the social and family impact as well.

Ms FINLAY - I think that is one of my other questions. I have heard from time to time that TasNetworks is open to the route, like where actually this would go, and if there is some key infrastructure on some farmer properties that they might seek to move, where that easement is? Are you hearing from farmers a sense of confidence about those conversations?

Mr GROSE - Yeah, I was speaking to some cropping farmers near Deloraine two days ago. They have a transmission line that will come through their place. They've managed to negotiate with TasNetworks to lift the power lines up. I can't remember what the distance was. So, they can continue to do what they currently do underneath that power line. In some instances it's worked out really well - people have got around the table and said 'look, this is what needs to happen, what you want to do doesn't manifestly impact on my farm, we can make these changes, we're ready to go'. There are other farmers at the other end of the spectrum who are adamant that it's not coming through at any cost, and there are others who are imploring TasNetworks to investigate going underground, which creates other problems. There's a whole spectrum of different -

CHAIR - It still creates an easement that, doesn't it?

Mr GROSE - It still does, yes.

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CHAIR - The farmer would still be limited as to what they could do even if it was underground. Is that true?

Mr GROSE - Yes, that's correct. Even with irrigation works, irrigation works will be a metre underground, but that means you can grow potatoes, it probably means you can't grow olive trees.

CHAIR - Is there any other -

Mr EDMUNDS - It sounds like there's a fair bit of inconsistency in the way that the engagement's going between certain farmers and TasNetworks. Is that fair? Some sound like the negotiation's going okay and others - it's not very good at all.

Mr GROSE - Yes, that's fair. It's probably not general. There are patches like those farmers I was talking about earlier at Deloraine. They've got a great result; they're happy. There are others at other ends, down towards Sheffield and so on, who are quite disgruntled about the whole process.

Mr EDMUNDS - In terms of thinking about how it can be done better, is it the specific types of farming or personalities involved that's meant the better results have occurred? Is there - sort of - a model out of those negotiations that could be taken further? I'm just interested if you think that it's something that might need to be led, potentially, by a third party. I don't know if it's the coordinator-general or some other kind of position that can - because we've had this in other areas where government businesses, too, weren't talking to each other and we got a terrible result. Just wondering how, if these problems are emerging now, when we have to report to the community, whether there are ideas about how it could be done better?

Mr GROSE - The best way it could be done is, to be completely blunt, for TasNetworks to come to the table and negotiate in good faith. Farmers have a history of being price-takers. The price you get for your potatoes is what the processors give you. In this instance, they're not prepared to be price-takers because they understand the importance of what's going on. What we need is an open and transparent negotiation where TasNetworks and TasFarmers on behalf of the farms come together, reach that agreed point where we can both go as TasNetworks and TasFarmers to farmers and say 'this is the best possible deal we can get. This is what it means for your farm. This is what it means in terms of money'. This is the best possible outcome for something which may or may not happen.

Getting third parties involved would not add value at the moment. I think there's enough expertise from TasFarmers' point of view to take on any sort of negotiation. I mean our CEO Nathan is probably more experienced in this side of things than anyone from his previous history. TasNetworks clearly has the expertise in their team and they've just got to get in a room and sort it out. Stop fiddling around the edges and get to the crux of the matter. We all know about negotiations. We start here and you start there and then we end up here and then everyone's happy. When you stay out here and keep throwing rocks at each other, then no-one is happy. It's not constructive. We need a constructive process, which means we get a result and then just get on with it and we go back to growing potatoes and carrots and onions and fat lambs.

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Mr EDMUNDS - One last one on this. Do you think if we could have that negotiation and it got to whatever the figures were that was consistently applied rather than sort of a deal here, another deal here and so on?

Mr GROSE - That should be the floor, if you like. If a farmer has a different set of requirements on an individual farm and they can do better, great. There will be farmers who won't be able to get to that point because they don't have that soil type or whatever. It really is about protecting that floor level. It's probably the wrong term, but I think you understand what I mean. The 'base' level. If others want to do better than that and can do better than that, great. That's life. We must look after and we must protect those farmers who aren't able to.

CHAIR - I would hope that TasNetworks would say to avoid our prime agricultural land anyway. I know they have been looking at Forico land in the north-west, which still has a value. Obviously, no land has no value.

Mr GROSE - This is one of the frustrations with this whole process. The state government has this very ambitious \$10 billion of agricultural productivity by 2050. Every farmer would say that's a great and lofty goal. However, every time we start to try to move towards that, there is something which holds us back from doing that. This is one of those things where some of these transmission lines are going, some of the best agricultural land in Australia. Some is valued at \$50,000 to \$60,000 a hectare. There's nowhere else in Australia which has that quality of land. We don't want to be tying that up for future generations of farm productivity because we're going to need it.

I mean if we look at the macro-economic situation in Tasmania, we've got a lot of major industries which are in their twilight years. Yet, agriculture is not in its twilight years. It's regenerative, it keeps growing, it's the engine room of the rural economy in Tasmania. I was talking to Simplot the other day and, and when you think about the productivity around Simplot and their potatoes, their peas and their beans, economically it's around the same as Bell Bay Aluminium in terms of economic benefit to the state. That regional dispersal of economic activity, which into the regions is so critical in Tasmania. We have to be very careful about impacting our agricultural capability to produce an ongoing productivity. Putting power lines over in the wrong place and under the wrong terms doesn't help. That drives us backwards.

Ms FINLAY - Following on from Luke's question, if you could design the process now with TasNetworks in terms of how you would come together and over what period of time to get a resolution, what would that look like?

Mr GROSE - We have to come together immediately and we have to come together without these preconceived notions of - we don't want to have a line in the sand where we won't cross. We have to come with good faith. That's on our side as well. We've put a set of propositions to TasNetworks. We think they're reasonable. TasNetworks has come back with a range of propositions which we don't think are reasonable.

At some stage we need to come in the middle and we need to do that reasonably soon, because, apart from all the other deadlines and all the other goals that are being set, what's really at stake here is confidence on the farm. It's families not being secure and not feeling secure in their family homes, which they might have occupied for generations.

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Ms FINLAY - You mentioned slowing down investment. They're not making investments while this uncertainty is around.

Mr GROSE - If you're a cropping farmer - cropping is machinery-intensive, and you don't know whether you're going to be able to grow potatoes or carrots or onions on that piece of land. Your tractor might be due for replacement in two years' time, but you're not going to replace it if you're not sure that you'll still be able to use it.

Ms FINLAY - Has TasFarmers put their mind to by when you think it would be reasonable for these negotiations to conclude?

Mr GROSE - I don't think we want an arbitrary time line. We just want a good process. We don't want it to drag on for years, but it's weeks, not months. Everything's on the table. Both TasNetworks and TasFarmers understand their respective positions. We understand the imperative behind the transmission line development and everything like that. We understand about renewable wind zones, wind energy, and those sort of things. Everyone understands the climate around it. We just have to come to a position in the middle which says, this is the right deal to work on, to move forward with. There should be no real reason why we can't get on with it. We shouldn't rush it for the sake of an arbitrary date like 30 October - bearing in mind that seems to be the government's set date - but we do need to get back to work and get it done.

Ms FINLAY - Do you think that date emboldens TasNetworks to hold their position because they need to achieve an outcome?

Mr GROSE - It's their date, not ours.

CHAIR - 'Their' being TasNetworks or 'their' being the government?

Ms FINLAY - 'Their' being TasNetworks.

CHAIR - You said the government has set the arbitrary date - is it them?

Mr GROSE - Yes, that's part of their 100-day plan - that there would be a resolution.

Ms FINLAY - Second 100-day plan.

Mr GROSE - Second 100-day plan, sorry.

CHAIR - The government set the date, but we don't know whether TasNetworks was engaged in that date?

Mr GROSE - Seeing as the two shareholders are government ministers in TasNetworks, you'd think there would be some communication.

CHAIR - You would think.

Mr GROSE - Far be it for me to come to that conclusion, Chair.

Mr VINCENT - Neil, you mentioned about some of the insecurities of the families. What is the easement on one of the powerlines - 60 or 80 metres, is it?

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Mr GROSE - Yes. It varies a little bit, but it's around 80 metres and, in some cases, 100 metres. This is where there's a little bit of inconsistency, because there is some uncertainty as to what that means. If you have an 80-metre strip through 50 hectares of good red dirt, that's a massive part of your farm.

Mr VINCENT - You mentioned still being able to grow crops under them or maybe not. You did say that they have negotiated to move heights.

Mr GROSE - Where it's possible, and if TasNetworks was able to negotiate that with respective farmers, that would be great. However, there's been a breakdown in trust with some farmers, where they're just not prepared to talk about it. It's either 'yes' or 'no', rather than looking at the nuances around how those powerlines can come through and where they could go.

Mr VINCENT - The restrictions of what you can grow underneath - has there been a lot of discussion on that?

Mr GROSE - It's not necessarily what you can grow underneath. Obviously, under a powerline we're not going to grow nitens - we're not going to grow trees. From a more commercial point of view, it's not the fact that you would grow potatoes or carrots or onions or peas or beans. It's the infrastructure you need to grow them, which is irrigation, principally.

Mr VINCENT - That was the next part of my question. It can be restrictive.

Mr GROSE - If you're farming a piece of land which has a five-span pivot irrigator and all of a sudden there's a transmission line coming through, apart from the issues around irrigating under powerlines - I don't know if you've ever stood underneath one of those transmission lines on a rainy day, but they make a lot of noise.

Mr VINCENT - They crackle.

Mr GROSE - They do. It's also the physical swing of the pivot. It presents a whole range of logistical challenges and changes to what, in most cases, are really solid business practices which work.

Ms FINLAY - Over generations, farmers have designed their infrastructure around the current easements.

CHAIR - I'll come back to one point before going on to a different area. Neil, you talked about the strategic benefits plan, and the fair and just compensation being concurrent, not separate, if I understood you correctly. Obviously the fair and just compensation is a one-off: 'We've limited the use of this part of your land; this is the amount that's offered for that.' In most farmers' view, is that being managed well, that part? Even with or without the strategic benefits payment?

Mr GROSE - That payment for the compensation for the land, I think most farmers have been offered either as a lump sum or paid monthly over 20 years. What farmers would do would be up to their individual circumstances. The strategic benefits payment would be a regular and

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ongoing payment, because that might vary according to the value of the power going through the line, so not on a daily basis. This is one of the things which is forming part of that discussion.

CHAIR - The compensation payment you mentioned, and which we've heard and read a bit about - this fair and just and decent compensation - where do you think that's at, in terms of negotiating what that actually looks like?

Mr GROSE - It's a long way away. Regarding the land component, that's probably closer. However, I've spent most of my time, or our time, focusing on the strategic benefits payment, and we are a significant way apart.

CHAIR - I haven't looked at the NSW model, but in terms of energy pricing, you probably know that it's stacked - there's a range of stacked components to the price. One of them is networking charges, which is one of the larger components of your electricity bill. If farmers had to be paid this benefit, where do you see that money coming from? Is that then added to the overall networking cost? The Australian Energy Regulator (AER) will have to consider it somehow.

Mr GROSE - We've had a lot of discussion around who pays, because obviously it's an added cost. It depends on where we end up, but it could be that for the average household it might mean \$10 a year extra power cost, but it depends on where we end up. So there is an extra cost.

CHAIR - You see that flying through to the energy component of your electricity bill.

Mr GROSE - Yes, I think so, because the strategic benefits payment is on the power going through, so it's the energy.

CHAIR - Is that how it works in NSW, do you know?

Mr GROSE - Now you're starting to cause some doubt in my mind, but yes, it is.

CHAIR - Okay. This is a matter for the AER, really. They determine the allowable price and has TasNetworks, or whoever it is in NSW-

Mr GROSE - This is one of the challenges for many farmers - determining the value and how everything is calculated in terms of cost and who pays what, is really complicated. Between network charges, and regulated assets and what that means, and if Marinus becomes a partially regulated asset, the impact of that. They're very difficult concepts to get your head around.

CHAIR - It's a matter that the AER determines as a whole, too.

Mr GROSE - Yes. The key principle is, though, on the strategic benefits payment it's fundamentally about the energy going through those powerlines.

CHAIR - Okay. I might go to the submission from TasFarmers. I'll read this section:

In many instances, bureaucratic obstacles and other delays in connecting to the electricity network and higher-than-expected costs have led to many

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irrigators installing diesel generators to pump water rather than connect to the electricity grid. For many farmers, the higher cost of diesel generators and the operating costs and inconvenience of refuelling and maintenance is preferable to the time and frustration of dealing with TasNetworks to enable appropriate connections to the power grid.

Now, I am a farm girl myself. I remember hooking up the diesel generators and things like that. A lot of these irrigation sites are not along the main road. You have to get power into them somehow. Can you talk us through why this is such a challenge? Really, if you're looking at a renewable future, diesel generators aren't really part of that.

Mr GROSE - Well, one wouldn't think so.

CHAIR - It would be interesting if you could give us more movement and light around that one.

Mr GROSE - Farmers are weighed down by the process of trying to get power from your main powerline along the main road, whether it's 100 metres across the paddock or a couple of kilometres across the paddock.

One farmer I spent some time with down the south-east - he grows lamb, supplies most of the restaurant trade in Hobart. He's actually got the main transmission line going not too far past him. Plus, also, lots of power. He runs his farm on diesel generators, because it just got too hard negotiating with TasNetworks to actually work out private poles and power and connections, and then the connection cost, and then the bureaucracy, and the challenges. You're just going, 'It's all too hard. I'm just going to put a diesel generator in and then I don't have to worry, because as long as it's full of diesel and it's going, I've got irrigation'.

Farmers in the north-east are the same. It just gets too hard dealing with the multi-layers of paperwork, of people, and of waiting. The period of time it can take for someone from just putting in an inquiry or an application to get a power connection to an irrigator can take months and months. Then they'll get to the point, and then someone will ask them a new question. Then they're back to square one.

I've said this in other different things. People talk about red tape and green tape within bureaucracy and government, but it's actually the aversion to risk, where no-one actually wants to make a decision in case they get it wrong. They handball it on to someone else, and then to someone else, and then the months have gone by, and there's still a pivot irrigator sitting in the paddock with no water going through it. So they just go, 'It's just too hard. I know I can go down to the servo and get diesel, and my generator's running tomorrow. They're noisy, they stink, they cost a lot of money, but it's reliable'.

CHAIR - You said that in terms of negotiators - I think someone asked the question, it was Kerry, I think - whether someone else should be brought in to try to butt heads, if you like - it might have been you, Luke, actually - with the government business. You said that TasNetworks has these people who are quite able to negotiate. What's going on here? I've heard this a lot, around in the rural area - that to get a power connection from the road into the paddock can take months, and becomes all too hard. What do you see as the method to actually fix this? It shouldn't be that hard.

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Mr GROSE - It should not be that hard. The Office of the Coordinator-General has had a red tape something-or-other.

CHAIR - Reduction person?

Unknown - Reduction officer.

Mr GROSE - Yes, you try to get through all of that. Despite the best efforts, nothing seems to ever happen.

CHAIR - Do you know why -

Mr GROSE - I know exactly what you mean, and the answer -

CHAIR - I'm trying to nail down, when you say TasNetworks - so what about this?

Mr GROSE - All it needs is a really simple process for a farmer who says, 'I've got an irrigator in the paddock. It's 500 metres away from the power line. Tell me what I need, when I can get it done, and how much it's going to cost'. If they know these three things, then you can make a decision and get it done. If you don't know how much it's going to ultimately cost, because you don't know how long it's going to take or what you need - sometimes farmers are saying there will be one regulation, they'll say they have to do this, and then all of a sudden, hang on, they have to do something different. It might be the size of the cable, it might be the height of the pole, it might be that they can't use the existing wooden pole anymore and they have to put a steel pole in. We go back to this uncertainty again. It's that uncertainty of the process. In the end it becomes, 'Let's just get a generator'.

CHAIR - When there's, 'This is going to take six months, or 12 months', if they are ever told that, is there any indication as to why? One of the things that floats into my mind is, is there limited capacity on the line they want to hook in or draw out of?

Mr GROSE - That can be an issue. As you know, we have the vision of a clean-green state and we have lots of power, but the reality is we don't have much at all where we need it. If you think about the Westbury Industrial Estate, it'd be a great place, but there's no power, so you can't actually do anything. For irrigators, that's not such an issue because there isn't such a massive drain on the power system.

It's just the uncertainty around the decision-making process. Someone will get the specifications, a farmer will fill it out, it'll go into an office, and someone's got to look at it, and someone's got to sign it off. Because it's got electricity flowing through it, there's another level of sign-off. No-one is suggesting that we get rid of safety and all those checks and balances; it's just the length of time.

CHAIR - I think there should be statutory time frames on some of these decision points, then.

Mr GROSE - It would put a lot more certainty into farmers' lives. If they're going to invest in a pivot irrigator - and they're not cheap pieces of equipment, a three-span pivot irrigator is over \$100,000 - there's a lot of infrastructure that goes with it. It's not just the water, because in some cases they're paying \$2500 a megalitre for water off new schemes. Down the

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south-east, Kerry, it's going to be \$3000 a megalitre. That's expensive infrastructure. It would be far more efficient if you could just plug into the power system and have it run. At the end of the day, it's just that inconsistency, that length of time. You have to order pivot irrigators a long time in advance. You have to order your water, or buy your water, in case of the south east, years in advance and you still haven't got it.

CHAIR - Tasmanian Irrigation are in later.

Ms FINLAY - Progressing from that line of questioning, there's the potential that it's an aversion to risk which is slowing the process down. I thought we're about to get onto it then when you talk about resource capacity or asset capacity in terms of the power that's going through the lines.

I wonder whether TasFarmers put their mind to some of the challenges that might be slowing these things down for farmers being actually the budget and the resourcing and the people numbers for TasNetworks. I know there's been a leaning of the organisation. I know in other GBEs, often a response - say, TasWater - in terms of their future capacity to deliver things that are needed - do you think that there is a resourcing limitation in terms of being able to deliver outcomes from TasNetworks?

Mr GROSE - Well, if you're not getting the output, then clearly it's the resource.

Ms FINLAY - People, budget, that sort of thing?

Mr GROSE - It's probably outside of our scope to know what goes on inside TasNetworks. We can only look what goes in and what comes out in the length of time it takes to get A to meet B.

Ms FINLAY - You made mention before of the \$10 billion by 2050 in terms of that farm gate value. It does seem that where there is an intention to get to an outcome, you also need to resource it along the way and not have those lack of resources being impediments to achieving that. There's alignment across all of those -

Mr GROSE - Yes. If you're a farming business in Tasmania - and typically they're family businesses - when you make a strategic decision to do something, you invest your money, your family's money. You want to be able to actually get that money working and delivering again, where you've got these ongoing delays and time delays and so on. For something which seem as simple as turning the power on, it does get frustrating. Like I say, the easiest thing is to just go and buy a generator.

Ms FINLAY - Interesting.

Mr EDMUNDS - One of the other things that the committee is looking at is the cost of energy, full stop. Putting aside -

Mr GROSE - It should be far cheaper.

Mr EDMUNDS - Yes. Without asking a complete Dorothy Dixer, what is the feedback you have from members around cost and what are the impacts of that, I suppose?

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Mr GROSE - Escalating cost in farm businesses is always challenging. It's one of those things which you can't control. Many inputs into farm businesses you can't control. You can't control fertiliser prices, you can't control land prices, water prices, you can't control the price of your rates, which is one of the other issues we've got at the moment. It's just one of those escalating prices which farmers are continually battling against.

As I said earlier, farmers are price takers; they are not price setters. If the price of power goes up, that doesn't mean that farmers can say, 'Righto, my lamb is now worth 50 cents a kilo more, because the power went up'. We are not a coffee shop, we're not retailers, we can't recoup that cost. Any cost rises impact directly on farm viability. It doesn't affect farm productivity, because it's still the same power, it's still the same outputs. It's the viability of farming.

Farmers will have good years, but they'll have a lot of bad years. In bad years, it can be those escalating and continually escalating costs which can drive farmers to do things they wouldn't normally do in the way they farm. It can cause all sorts of stresses family-wise and so on. I mean, that's why we've got organisations like Rural Alive & Well to deal with some of those stresses. It is those compounding price rises, it is that compounding pressure on rural and regional people which you can't recoup.

I rather facetiously said that power needs to be cheaper, but a lot of farming people and a lot of farming folk would say, 'Why isn't it cheaper? What can we do to make it cheaper?' We think about generating more power and more energy, but quite often we forget to focus on what we can do to make our use of power more efficient. What can we do to make things cheaper rather than just continually putting the price up? In some ways, and for some instrumentalities, it just seems like that's the easiest way to do it; 'We'll just put the price up'.

CHAIR - One thing that you haven't mentioned, and I wondered whether it is something that the people, the farmers that you speak to mention, is farmers, often, have lots of sheds and a lot of roof space for putting solar on to try to mitigate the costs of energy. Is that something that's on the radar of TasFarmers?

Mr GROSE - Not really. We don't hear much from farmers around it because solar panels, in a residential way, are easy because you hook the panels up and it goes back into the grid and you're not storing the power; the state's storing it for you. For farmers to fully take advantage of solar panels on roofs and all those sorts of things - the infrastructure needed to take advantage of the power is huge because you need to store it in batteries and you need the power systems that can switch from grid to battery power. It's all expensive and I don't know that farmers - I certainly haven't come across any who can see the value in doing it. Overall, they would probably sit down and work out if the infrastructure cost of doing all that would pay off in terms of cheaper and more reliable power, because it is a large investment. For some farmers, it's not what they understand, as well. There has been some micro-grid schemes of solar power in the state on the north-west coast. I don't know how successful they are, but I don't see a groundswell of farmers putting solar panels on the shearing shed.

CHAIR - I wondered if that was something that was being raised with your cohort. Any other questions? There was something you said and it's gone out of my head now, Neil, sorry.

Mr GROSE - Happens to me every day, Ruth.

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CHAIR - I'll come back. We have a few more minutes available to you. With the farm access code, if we could go back to that for a moment. When and how was that developed? I'm aware of it, but I just want -

Mr GROSE - It was launched at Agfest and TasNetworks signed up to it.

CHAIR - Who launched it?

Mr GROSE - TasFarmers launched it. We did the work. A couple of our policy officers, Jasmine Chapple, did a huge amount of work on that internally, around having a code so farmers can be happy with people coming onto their property. There are some biosecurity issues in that as well. Biosecurity will be an ever-and-ongoing issue with farm access. But, to make sure that all parties understood that farms aren't paddocks you can walk across.

One of our members, his power was down with the recent storms and TasNetworks were coming out to fix his power. He has a big biosecurity sign and they stopped at the gate to ring him before they came on the farm. The access code does work and it is changing the behaviours of people around accessing farms, certainly with TasNetworks. It's a really important document and we hope to move that across all sorts of other instrumentalities that -

CHAIR - It's being respected then?

Mr GROSE - Yeah, absolutely.

CHAIR - It's, for want of a better term, a gentleman's agreement. There's nothing legislated around it?

Mr GROSE - No, there's nothing legislated, it's just a bit of mutual respect around, yes, there will be times that TasNetworks' workers need to get on farmland but they respect that farmers are doing things on their farmland that they need to control and they can't have people just randomly jumping fences and opening gates.

CHAIR - The other thing I was thinking about when we were talking about rooftop solar was on dairies. We know with the recent storms how many dairy farms were out. A lot of dairy farmers do have generators because you just know you need to. We used to back the tractor up and run the machine with a tractor - that was most environmentally friendly, I must say. This is not something that's been looked at, with that infrastructure?

Mr GROSE - Not really, because it's easy to go and buy a generator.

CHAIR - Pretty much every dairy farmer would have a generator, then, because you can't not milk your cows.

Mr GROSE - If they don't, they should. There were a few that were caught out without generators in the recent -. I had one conversation with a farmer about a generator and he said, 'They're expensive. New generators are about 50 grand'. I said, 'How much does it cost you if you miss the milking?' He said, 'About 50 grand'. So, there you go.

CHAIR - Yeah, exactly. That's right. What else happens to the cows anyway. Now, before we wrap up, is there anything else you think you'd like to cover that you haven't said?

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Mr GROSE - No, I don't think so. There are a few other points in the written submission that probably speak for themselves, but I think we've done rather well.

CHAIR - Thank you for your time. No other questions?

Mr GROSE - I'll thank the committee for their interest in this. It's important to farmers and we look forward to seeing what comes out of it.

CHAIR - Yes, sometimes farmers get forgotten in all of this big energy. People tend to think about the major industries and forget that farming is the major industry in its own right.

Mr GROSE - Yes, that's right, agriculture underpins Tasmania's social and economic culture.

CHAIR - Thank you for your time.

Mr GROSE - Thank you very much.

The witness withdrew.

The committee suspended at 10.25 a.m.

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The committee resumed at 10.30 a.m.

CHAIR - Thank you Jacob, for appearing before this committee on the first day of hearings, the Energy Matters Committee, that's combined both the pricing and other energy matters we had before the election. This is a public hearing. Everything you say will be transcribed and form part of our records. Everything you say is covered by parliamentary privilege before the committee. If there was anything of a confidential nature you wish to share with the committee you need to make that request and the committee would consider that. Otherwise, it's all public. Is there anything you want to ask before we start?

Mr GERKE - No.

CHAIR - Are you okay with all that? Have you given evidence to a committee before?

Mr GERKE - No, not evidence.

CHAIR - Feel free to ask questions if you're not sure about anything procedural at all. There is a statutory declaration there I'll get you to take. After you've done that, if you'd like to introduce yourself, including your title and then make some opening statements. We have received and read your submission. Thank you for that and look forward to hearing further thoughts and the members will have questions following that.

Mr JACOB GERKE, GENERAL MANAGER PROGRAM DEVELOPMENT AND DELIVERY, TASMANIAN IRRIGATION, WAS CALLED, MADE THE STATUTORY DECLARATION, AND WAS EXAMINED.

Mr GERKE - I am the General Manager of Program Development and Delivery at Tasmanian Irrigation.

CHAIR - Thank you.

Mr GERKE - I welcome the opportunity to make the submission but I am here today to further discuss the energy matters. Tasmanian Irrigation is really about delivering on the State Government target of \$10 billion by 2050 outcomes for the state. We've built and operate 19 operational schemes that operate on a full cost recovery basis. We're essentially passing any of our cost exposures onto our farmers or irrigators in that regard. We're also developing a further eight irrigation schemes around the state under tranche three. Our schemes have varying levels of exposure to energy prices both through energy costs through pumping of the water around, energy generation through three mini hydros throughout our network and we also purchase water from Hydro Tasmania through a foregone revenue basis on a number of our schemes around the state, particularly into tranche three.

We have a collaborative and quite a good working relationship with the other state-owned companies including TasNetworks and Hydro. However, we are all operating with our own remits. A committee like this to discuss the way that things could be developed and improved or that collaboration from a state level is a really important step. I won't go into the particular issues that we've raised in our paper other than there's varying things from the energy exposure but also river health that we've highlighted within the tariff nature of the irrigation tariff particularly around the state. Regarding Hydro Tasmania changing from a base energy provider to a market or energy firmer in the way that the water is priced around Tasmania that prevents

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significant exposure to our irrigators through that cost recovery basis. I welcome the opportunity to discuss further.

CHAIR - I might start with the one you were finishing with regarding the change and the redrawing of the Ministerial Statement of Expectations for Hydro. It seems that that has the potential risk of turning them into an organisation that is about making money as opposed to providing the cheapest energy they can. I want to understand more fully the connection between the prices that Tas Irrigation pays for water because of that change.

Mr GERKE - Hydro Tasmania is the largest holder of water entitlement in Tasmania. Any major resources of water now are held by Hydro. The rivers are predominantly mostly allocated around the state. Any water that Tas Irrigation takes in a hydro catchment, we pay an amount classed as foregone revenue. It's calculated based on, if that water had continued through a hydro power station or multiple power stations, they would have - on a rolling rearward looking 10-year average, the irrigators pay that foregone revenue and that's regardless of whether it's Tasmanian Irrigation or private irrigation around the state.

To speak in general terms, water that's coming down the South Esk and going through Trevallyn, at the moment, is about \$25 a megalitre. Water that hasn't gone through the Poatina Power Station, so out of Great Lake, is \$200 a megalitre. It vastly depends on what the opportunity cost essentially for hydro is. We pay that rolling 10-year average price for that and then pass it directly onto irrigators from there.

CHAIR - Does that then inform or impact your decisions about where you might place or not only place your irrigation scheme, but where you might draw your water from?

Mr GERKE - Yeah, absolutely. In the circumstances of the Midlands Irrigation Scheme, we take it out of Arthurs Lake. Out of there, the water is essentially priced at Great Lake prices out of Arthurs. We've installed a mini hydro power station there because we have to pay that \$200 a megalitre for water, and then we put a hydro generator to try and recover some of that cost for our irrigators, which in rough terms works out to be about \$150. We recover about three quarters of it, but our mini hydros are just based on a feed-in tariff to Aurora, like a fixed tariff. We don't play the energy market like Hydro Tasmania. They can generate more revenue from the water than what we can because we're an irrigator, so we're just irrigation demand-driven, where they essentially can play the market and generate more revenue from that.

For us, it is cheaper for our irrigators to essentially allow Hydro to generate the energy and then we repump the water, rather than take it at the highest point and then use that energy that's in the water because Hydro can essentially recover their cost and we will pay the smaller amount. Yes, it does directly affect.

CHAIR - With the south east scheme, that's more expensive than some of the others as I understand it. Is that by virtue of where you're taking the water?

Mr GERKE - No, the difference between our operational charges, which are the Hydro charges and our capital cost of building a scheme, the south east water for the purchase cost is \$3500 a megalitre, I heard in the previous submission. That is based on the capital cost of building the scheme and that's not directly related to where the Hydro water is. We're taking

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out of Lake Meadowbank there, but we're only paying around \$10 a megalitre, which is Hydro's essentially floor price for their water.

If we had taken the water from the Great Lake, we'd be paying that \$200 a megalitre, so it's a capital balance in that regard.

Ms FINLAY - I'm interested in the mini hydro scheme offsets for the cost of the water and you've got three mini schemes.

Has it been determined that it's not viable on other schemes? Or what makes the difference about where you would include a mini hydro scheme or not?

Mr GERKE - Essentially, if the water's coming from an elevated point, it potentially makes sense to put a mini hydro in. If we're pumping the water up to deliver it, it doesn't generally make sense because you are pumping it anyway.

The three schemes that we've got is Midlands, which I talked about; Meander Dam, there's one at the foot of Meander Dam, which essentially is generating the energy out of the dam; and one at Scottsdale, which is the water up on the Camden Plains and then it falls down into South Springfield there.

They're three that it makes sense. It's not to say we wouldn't have one in the future, but the costs of us as an irrigation business running a mini hydro potentially doesn't have a lot of the time stack up. And because we're not playing the market and irrigation demand can vary season to season, the business case for them potentially don't stack up.

Ms FINLAY - In your submission, you talk about the price of water and whether there might be an opportunity to enter into a different sort of structure and engagement with Hydro. Can you talk about that a little more?

Mr GERKE - Yeah. In going into the future Hydro's charter is that they're more of a market firmer and their profit and the revenue that they generate from that water is disproportionate to the National Energy Market. So, the National Energy Market prices might either stay stagnant or drop, but Hydro's value they're generating from the water will potentially increase a lot higher.

That leaves our irrigators really exposed in terms of that exposure from that energy price. We believe that because the irrigation water goes on, and remembering we're about economic output in the state, that if we take the water and then generate a further economic output, that is a good thing for Tasmania. If it becomes cost-prohibitive because of the cost of water from Hydro, then that will mean that doesn't happen.

Ms FINLAY - The way that you've described it in your submission, is that an active project for you at the moment or is that just a -

Mr GERKE - No, it's more of a thought process. We have looked at it and there has been previous work done in that space. I'm not overly familiar with that work. There has been some base level modelling to show that, rather than the foregone revenue, the actual economic output from that water through delivering irrigation is more beneficial. I don't have those to talk to here.

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Ms FINLAY - Is that a conversation that you've had outside the organisation and opened with Hydro, or is it just an internal conversation?

Mr GERKE - We've had that conversation with Hydro. As I mentioned earlier, Hydro are operating within their remit. We're a price taker, as all irrigators are across the state. There is no real negotiation on that pricing with Hydro. That would be a state-based decision.

Ms FINLAY - Yes.

Mr GERKE - It would be something that we don't get any special treatment in, in terms of the pricing of the water from our regard. It would be something that would probably have to come directed through the government.

CHAIR - You've both got a common shareholder minister, the Treasurer?

Mr GERKE - Yes.

CHAIR - You obviously have a different shareholder than Hydro has.

Mr GERKE - Yes.

CHAIR - Who is yours?

Mr GERKE - We have Ms Howlett and the Treasurer.

CHAIR - Being as the Treasurer is the common link between Hydro and Tasmanian Irrigation, is there a conversation that needs to be had around this? Acknowledging that if Hydro make less money, there's less dividends, less money for untied funding to the state coffers and the whole circuit. The government have got competing priorities here. What do you see the role of the shareholder ministers? I say both of them because the Treasurer seems to take a bit of a step back from some of this at times.

Mr GERKE - To not get involved in the political sort of manoeuvring, what I see is that that modelling is essential to show if it does have that economic benefit. Then it is a decision for potentially our shareholding ministers, but Cabinet more broadly around whether that is a direction they would like to go. It's an economic uplift in the state versus revenue directly back from Hydro. That would be something they'd need to weigh up.

CHAIR - Have there been these discussions?

Mr GERKE - No, there haven't been those discussions. At the moment, the levels - there would be various opinions around the state from irrigators on whether the cost level is too high. I think the exposure is the future. It's the potential for it to really outgrow -

CHAIR - The price of water to go higher.

Mr GERKE - Yeah, the price of water today - it's manageable. We're still delivering water, and irrigators are accepting that by going forward. They would obviously like to see it

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cheaper, but it's that exposure going forward that we really see. It's a worthwhile conversation to have. I believe one of our recommendations is to do the modelling.

CHAIR - As we see the energy transition continue and more renewables built on the mainland and potentially in the state as well, Hydro definitely would have the capacity - and we're seeing it already to a degree - to bank their water. They're only selling to the higher price market when the wind stops or the sun stops, on the mainland particularly. This is one of the side effect risks of the energy transition. As I see it, it is the price, from what you're saying, of Hydro water.

Wouldn't it be appropriate to have a conversation with the other minister, the Minister for Energy, from your perspective to at least engage with him to say, 'You're in charge of this area, Hydro, this is the potential impact', which I don't believe the Joe Public on the street would appreciate, the complexities of this.

Mr GERKE - I agree. It's a side issue - well, it's not, it's a real issue, but it's not up in the shining lights that it's an issue that people would see.

CHAIR - It's a component of the energy transition that's probably not - until I read your submission it hadn't really crossed my mind.

Mr GERKE - It's probably something that we've talked around. As the energy transition has really probably- only the people that are directly exposed to it over the last couple of years have started to realise that with Hydro, the way they're delivering their water - they are holding back the water in the times of low-cost renewables, and things like that. They're not delivering the water on that consistent basis. Around our development of our tranche three schemes, it has really come to the forefront in terms of those changing.

Ms FINLAY - I think that's interesting, because you could do the modelling and determine the benefits, but actually it's a layer above -

CHAIR - It is.

Ms FINLAY - Maybe not just the minister, either. In terms of your priority actions - that's priority action three that you recommended out of this - maybe we need a parliamentary secretary for GBE collaboration?

CHAIR - I think we need that for more than these two.

Ms FINLAY - Committee member. That would seem to me to be a higher-level recommendation, or something to support, in terms of that work. It's not just TI's modelling, is it? It's actually a collective -

Mr GERKE - No, it's an overall -

Ms FINLAY - It's collective modelling.

Mr GERKE - Although TI do deliver a large portion, we deliver about 10 per cent of the irrigation water in the state, there are a lot of others - Hydro deliver on a private basis to irrigators directly. It would take in that entire modelling of what they do, not just TI.

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CHAIR - If I can pick up on that one, you say the Commissioner's study into the revenue generated per megalitre. Who do you think is best placed to do that?

Mr GERKE - It would involve significant inputs from ourselves, people like TasFarmers, but Hydro as well, in terms of where the water is delivered. It's obviously a cost-type exercise. There's a number of consultants and things we use for our business case. The ones that have done the preliminary analysis for us could do it. Where it sits, whether it is a Treasury-type -

Ms FINLAY - You need a strategic Treasury.

CHAIR - There's ReCFIT, who's sitting in the Minister of Energy's domain, if you like. They originally were housed in Treasury. That was a political decision. Now they're in State Growth, under the Energy sector. There's a whole line item in the budget that talks about policy. Do you think this is the role of government, to do this? I'm trying to understand whether you think it should be someone over there, or it should be something the government should take the lead on.

Mr GERKE - I think it is a government thing, is my regard. It's a government policy type, but the modelling to support the policy. We'd welcome inputs and provide the data and things we can, but it's not just Tasmanian Irrigation, it's others around the state.

Mr GARLAND - With all this proposed hydrogen development and the demand for the water to do it, how will that affect your crowd?

Mr GERKE - The legislation was actually passed late last year to enable Tasmanian Irrigation to deliver water for hydrogen, in the event it supported an agricultural scheme. It was on the back of that. The actual volumes that hydrogen are talking are, compared to a Hydro volume, pretty insignificant, in what I would say the volumes that are being talked about at Bell Bay are probably. I don't have the exact numbers, but maybe around one per cent of what goes through Trevallyn Dam in a year.

Mr VINCENT - They quoted two, last week at Estimates.

Mr GERKE - In terms of, 'It's not a significant' - I would say that the Tamar scheme in total was probably two, the agriculture and the hydrogen combined. The hydrogen is probably only one per cent. I don't see it being a major impediment, the hydrogen production, for what we do. I think it would be potentially more supportive to bring schemes along the journey.

Ms FINLAY - Given that that's been raised, I'm very interested in that Tamar-Bell Bay scheme. We did move the legislation at the end of last year around that. Are you in a position to share anything with the committee regarding where that process is at and what's needed to complete approvals for that?

Mr GERKE - I'm trying to stay within the remit of what we're talking about here, in terms of energy. With the agricultural scheme, I think we talked around that we didn't get the water sales to support an agriculture only. We've been working with Renewables, Climate and Future Industries Tasmania (ReCFIT) under the Green Hydrogen Hub funding to come up with potential options around a joint scheme. There are some options on the table, but there are still

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further questions to be worked through, predominantly around proponents and things like that, in conjunction with ReCFIT and the government.

I'd say there's certainly a willingness between Tasmanian Irrigation and ReCFIT to work together on a joint solution there, so we're working through answering those questions, which potentially aren't going to be quick answers, but we're trying to work on how could the scheme be potentially progressed, and why those answers are worked out.

Ms FINLAY - Great. It's good to hear.

CHAIR - There are a couple of points you make around different energy tariffs. I'd just like to go to a couple of those. In your priorities for action section, just to summarise a number of these points, the first one was a review of the Tasmanian Irrigation Low Voltage Time of Use Tariff. You recommend a considered input from those who understand the review of that tariff with input from those who understand how this could be managed for the benefit of agricultural use, Tasmanian Irrigation, river health and to optimise the use of precious water.

Then you also talk about considering an agricultural production tariff in point 6 that encourages producers to utilise power at the time most appropriate for their industry, rather than offering cheap power overnight and the weekends.

There are two separate things, but it comes to the whole energy tariff arrangements. Could you talk in broad terms initially, then maybe more specifically about those two matters?

Mr GERKE - I'll deal with the Tas 75 and the irrigation tariff first. Essentially, the tariffs drive behaviours from irrigators and this is not just Tasmanian Irrigation where we deliver via what we call riparians or by river or run-of-the river schemes, but irrigators around the state that take their water licences under NREs entitlements, et cetera. Because it is a significant difference in the tariff and their costs if they pump at night or when the tariff is off-peak, it drives them turning on when it's cheap and turning it off as soon as it gets expensive. You do see this yo-yoing - you can see it on the weirs around Tasmania. We put an example within our submission.

What that does for the environmental impact is your banks, et cetera, of your rivers are drying out and it's not an efficient way to deliver water and also not great for the environment in terms of the way that works. Having that spread more consistently like a constant delivery is certainly the way to deliver water efficiently so you don't have losses through the environment, but it is also the most environmentally sustainably as well.

We see that as really important and the way that is driving behaviours in terms of irrigators and farmers having to work during the evening and all weekend to try and take advantage of these low-cost tariffs but it's also probably now the energy market has changed where renewables, sun shining during the day, the cost of energy is cheaper during the day.

CHAIR - It's negative pricing.

Mr GERKE - Yes.

Mr EDMUNDS - But, you're still paying.

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Mr GERKE - The irrigation tariff is still the flip of that, that's peaked during the day and low during the night.

To have that smoothed out ultimately would be the best thing for river health and for consistent irrigation delivery. It would drive behaviours that they wouldn't need to be pumping of a night time so that is a consistent one.

CHAIR - It seems odd in many respects because we often hear the energy sector rhetoric to use your power in the middle of the day when it's roof-top solar and winds are often involved with negative prices coming into the state for energy but, as you say, it's the complete inverse.

Mr GERKE - Yes.

CHAIR - It seems to be directly contrary to what's being recommended for household users.

Mr GERKE - Yes, I would say it's historical, probably around the brown coal, like the overnight and you need people to use the energy. The tariff hasn't changed for a long time. I'd say it's more of a historical legacy that hasn't been potentially dealt with. That would be my take on it.

CHAIR - When was the Tas 75 tariff first brought in, do you know?

Mr GERKE - I don't know that, sorry.

CHAIR - Right.

Mr EDMUNDS - They do tariff reviews from time to time, but this obviously hasn't been captured in any of those.

Mr GERKE - No. We haven't escalated it up, the [inaudible] was essentially the tariff structure is not something that we've had input into. Yes, it hasn't been changed.

CHAIR - You haven't had any communication with the Office of Economic Regulator about this.

Mr GERKE - No, we haven't.

CHAIR - Because without checking their powers, I'm sure they have the power to look at these sorts of things. They do have the power to look at it, no pun intended, but for some reason it appears it hasn't actually crossed the radar.

Mr GERKE - I would say yeah, no. We've got a lot of other things that we're dealing with and we just haven't highlighted up the chain. Hopefully in this forum and others we can sort of get that focus on it.

CHAIR - Something we could ask OTA about.

Mr GERKE - Absolutely.

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CHAIR - The other one was the other tariffs you were talking about.

Mr GERKE - Yes, that's little bit not contrary, but they're around the tariff structures in driving in these times of negative power is about encouraging the uses of, and we don't want to see that the flip of the irrigation tariffs - everyone's pumping during the day and not at night. Well, we'd rather see that it's a consistent type tariff to drive the behaviours more consistently. This is one about just making the tariffs more suitable to the current energy market. That really is what we're saying, there is more along-

CHAIR - Just to make that clear as to how you see that is that you say 'smoothing' but you'd probably want to discourage people from irrigating at 7.00 a.m. in the morning when there's the big peak and then probably about six or seven in the evening when there's the other big peak.

Mr GERKE - Yes, potentially from it not being the whole energy grid focused but for agronomic outcomes, a consistent irrigation is the best way to irrigate not flood over a 12-hour period and then irrigate again in three days. An agronomist will tell you that consistent irrigation is the way to get that even consistent growth. From an agronomic output, consistent irrigation would be a good thing.

But also, the concept for running of rivers to not be - so they can consistently irrigate. They might irrigate one pivot circle and then go to another the next day, but it would be a constant sort of delivery. For river health and agronomic output, they would be beneficial to be consistent.

Ms FINLAY - The way you are describing it as well is also farmer health. It's all of those things, isn't it?

Mr GERKE - Agreed, health and safety, mental health, working of an evening or really hard from 10 till seven overnight and then during their jobs during the day and also the weekends. Yes, it's a farmer's mental health thing, it's a health and safety thing - working all hours of the night when it's not really a necessity. The tariff is driving those behaviours.

CHAIR - That's a TasNetworks tariff?

Mr GERKE - We see it through Aurora tariff.

CHAIR - Oh, it is through Aurora?

Mr GERKE - Yes.

Mr EDMUNDS - I was just interested in a couple of the comments in the submission, one sort of at the top and one at the end where you talk about your customers wanting to be able to market their products as carbon neutral. I'll just be interested to get a few more reflections from you on why that's so important and what pressures you face to deliver.

Mr GERKE - In terms of the pressures from our irrigators, obviously Tasmania's image and the markets that it opens up is significant, if we're bringing in potentially brown or dirty energy at the times when Hydro aren't developing that, I would say - I'll speak for the Tasmanian irrigation business, when we do our carbon accounting and things like that, we can't

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say that all our energy is completely green because it's not. The Tasmanian grid although we've on an overall basis developed on parallel, slightly more, we do import brown energy from interstate.

Will Marinus drive further development into that? It's Tasmanian Irrigation striving to be like our net zero, but also our customers and our irrigators. It's important to them. We're not seeing significant pressure in that regard from our irrigators, but it is certainly something there they're aware of and they would like to see it a green energy supply.

Mr EDMUNDS - For the benefit of the committee, there's quite strong economic benefit from it, if you could actually zip that up?

Mr GERKE - Yes. If they can be carbon neutral or carbon positive in terms of the markets that they can open and the marketing campaigns they can put around, that is significant.

Mr EDMUNDS - I asked the question before about cost, as in the cost of energy. Putting aside the irrigation, cost of energy and how that impacts on Tasmanian Irrigation and your customers?

Mr GERKE - Yes, as I said, we're cost recovery. Any price that we see, whether it's Aurora, TasNetworks or through Hydro, purchasing the water is directly passed back to the irrigators through their annual charges. Energies are a significant portion, either through buying the water through Hydro or our pumping costs is a significant portion of our annual charges. That's how it affects our irrigators per se.

It varies scheme to scheme. Some have natural field dams that are delivered via rivers, so that their exposures next to none on the energy prices. Others like the Midlands Scheme and the greater south east scheme that we're under development, that has quite significant energy exposure. It's a small purchase from Hydro, but we have significant pumping. We've got to pump it from about 70 metres above sea level to over 400 to deliver the water over the Pelham tiers.

The exposure there and energy price increases; our irrigators are quite exposed in that regard.

CHAIR - With that aspect of that cost, like you said, there's the cost for the water itself from Hydro and then the pumping costs, are they separately itemised on the accounts?

Mr GERKE - Yes. Some schemes don't have a Hydro. We have a NRE licence that we'll take the water under. They don't experience those charges. Some have a combination of Hydro and an NRE licence or they're purely reliant on Hydro. We itemise it as a water cost, or Hydro water cost and then the pumping cost because pumping cost is really the only cost on our schemes that vary depending where you are on the network.

If you're an irrigator and your water has to go through three pump stations, you'll pay that cost. If you only have to go through one, you only pay the cost for it to go through that one pump station. That's really the only charge that varies depending where you are located on our schemes.

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CHAIR - Regardless of where you are, what sort of price increases have you seen over the last five years?

Mr GERKE - That is the only information I think we've put as confidential within our submission was the Aurora, because that's in our agreement with Aurora. Three years ago, now, we struck what turned out to be a pretty good deal with Hydro at the time. It was just the cycle in the market. It was a two-year contract for pricing from energy. Then after that two years our energy prices rose on average about 45 per cent. That was last financial year that came into effect with farmers. It can fluctuate pretty significantly based on where we are in the cycle.

I would say, although we negotiate and it's listed as confidential, I wouldn't say we don't have a huge amount of bargaining power with the likes of Aurora. We're pretty much a cost taker in that regard.

CHAIR - Do you get much feedback from the farmers though? Suddenly, you see this portion of their bill, with the way they're getting both particularly. Do they come to you?

Mr GERKE - They certainly come to us. I suppose it's our role to explain why that cost increase is. We certainly get the feedback that they would prefer not to see it. I believe over the last three or four years we've done a good job of explaining where those costs are and being really transparent in what they are, although they certainly would prefer and don't like it, unfortunately, we don't have other revenue streams in our business. We're a cost recovery, so they understand that we have to pass them on.

Mr EDMUNDS - Would a review of that tariff structure potentially take some of the sting out of that, or would it just move it around?

Mr GERKE - Yes, I would say it will still go up by the same percentages in terms of that tariff structure. What we have done is successfully implemented things like energy on farms and things like that through state government funding for our irrigators. Putting solar panels on schemes to try to reduce the impact on our farmers in that regard. Although, the feed-in-

CHAIR - You have to have power there to get-

Mr GERKE - We do, yes. We have to, if we're pumping water, yeah. When we're developing schemes, we have to bring in mains power in some form to develop the pumping infrastructure, our pump station. We can put solar panels there, but over the nighttime we need that consistency to be able to pump 24/7.

CHAIR - You may have heard from TasFarmers about the challenges that an individual farmer can have getting power from the main road onto the property. Would this be similar for you?

Mr GERKE - I would say it's similar, but historically, under our Tranche 2 schemes, we would probably be bitten by that a little bit. We've changed our - and probably engaged with TasNetworks for our schemes over a long time in terms of development. We're fully aware of it within TI. We engage early, understand it, and we have a significant construction window to get the power connected. It does take time to work through TasNetworks and come up with the

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right solution. We're aware of it and can incorporate it within our time frame. It's not driving our time frames into our scheme development, if you like.

Ms FINLAY - I was going to ask about your priority action 4, which considers the master planning of all of these different things together. I was wondering if you imagined there was anything else within that that we haven't discussed yet?

Mr GERKE - Okay, so, river flow.

Ms FINLAY - That seems to me that it has woven together everything we've talked about, setting all these things up.

Mr GERKE - Probably something we haven't talked about is - and it's not for us to say, but it directly affects our reliability of delivering water to the schemes - is prudent dam levels within Hydro Tasmania. We haven't discussed that here today. I know they have their prudent storage levels. We see that because our schemes are directly reliant on that; not only for energy production and our ability to pump the water, but also to be able to deliver that water, if the prudent levels - and we get to levels where they can't or they're holding back water and not delivering it, then that's a really big exposure to us as a business, but also the irrigators in getting their water. We see that - as a state, whether that's something that could progressively be looked at over a period of time.

Ms FINLAY - Has that caused concern in recent years?

Mr GERKE - It has not recently but due to our exposure, we can see that if something was to eventuate that the exposure would be there.

CHAIR - I'm interested to see what impact climate change has on this because normally the levels in the dams fall in winter before the rains when it's probably not the time that most irrigators are irrigating - in the middle of winter as opposed to the level they would be in spring and summer.

Mr GERKE - Absolutely. Our predominant season is from October through. We do have schemes that are particularly dry, like Midlands is 365 days a year, but yes, the main water use is in the summer period. Hydro Tasmania - they predominantly will - a scheme like at Poatina - will deliver more in the summer and less in the winter when it's raining down the west coast. That's for them to say how they operate. That's sort of a typical model but as climate change is going to potentially change their modelling and the way they operate their business.

What I would say is, the way they're operating in relation to pricing, essentially maximising their revenue from that water potentially has the biggest impact because they're not delivering water down where they typically would. They're not consistently delivering that water. In the past, when there was a base load that consistently put water down streams or rivers that would have been there for irrigators to take. Now, if they're holding back for a few days at a time while there's negative power prices, that water is not available to irrigators.

CHAIR - This is where we need, and you made the point in 4.2 of your submission about state GBEs and state-owned company collaboration. Clearly, we have a government saying that \$10 billion of farmgate production by 2050. Then we've got Hydro being required to operate in a way that's commercial, that returns money to the taxpayers, and to the state et cetera. With changing patterns of behaviour because of a high density of renewable energy

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that's not Hydro, how do you ensure that you don't reach the point where there hasn't been enough water let go into the schemes below?

Mr GERKE - For our new agreements and going forward, for our schemes under development - to manage that exposure for our irrigators, we're putting in a clause where we can request them to operate or deliver the water, but we pay for that privilege additional to the water.

CHAIR - So, we being Tasmanian Irrigation?

Mr GERKE - Yes, Tasmanian Irrigation.

CHAIR - But then you pass that on.

Mr GERKE - Yes, it would be passed on to our irrigators. We don't have that in force at the moment. One of our schemes under development has that within it. It's to ensure that we can supply the water, but we'll be really transparent with our irrigators.

It's only in those times when they would be holding back, but it is driving us to build buffer storages and things like that to account for that. We've worked with Hydro Tasmania to do some modelling around that for schemes under development to ensure and it has driven us to develop infrastructure in that regard.

CHAIR - Which all adds cost to your scheme.

Mr GERKE - It adds cost to the capital cost, yes, but it's how we've sort of, I suppose, weaved our way through to continue to develop, but to also manage those exposures.

Ms FINLAY - That's sort of a demonstration of the impact of entities working in isolation a bit, isn't it? What's best for you, what's best for them, as opposed to what's best for Tasmania collectively.

Mr GERKE - Yes, I would say that, but without that modelling to show what is best, it's a really difficult argument to prosecute one way or another.

Ms FINLAY - In that way - it's probably too early to say this, but at risk of not remembering to say it at the end - in that way, your submission has been really useful in raising those issues and your priority actions are very clear about those. So, if I forget to say it later, thank you because that's really useful.

Mr GERKE - No, thank you.

Ms FINLAY - It's really good information.

Mr GERKE - It's good feedback. Thank you.

CHAIR - The thing is, this is such an interlinked sector. Whilst we think about energy as the poles and wires, and the dams and the wind farms, and everything else, but to think about the impact on irrigation and agriculture.

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When you think about that, you think about how much the farmers are going to complain about the energy cost of the irrigation scheme -

Ms FINLAY - And so many farmers get double-hammered. If you have a dairy and you're running all your energy costs into that, and into your irrigation - they just get hammered everywhere.

Mr GERKE - That was why we thought it was important to bring it to the fore and make a submission under this.

CHAIR - Do you think there's more capacity then for - whether it's TI or whether it's in collaboration with the irrigators themselves, to develop more on-farm renewables like the use of solar or wind on their own farms?

Mr GERKE - Potentially. We've looked at it from our scheme perspective. The business case or the way it's developed at times doesn't stack up from payback in terms of the infrastructure. The infrastructure is expensive. I imagine irrigators or farmers would be the same in that regard. By the time you pay back the cost of that, especially batteries, even at a household level, the rhetoric is around the warranties are 10 years and you pay it back after eight and a half, nine years. So, the business case is really difficult to stack up and it's similar for the farmers and us.

We've developed it for the energy on farms, as I mentioned earlier, and there's state government funding to do that, but if the business case was there in its own right for the irrigators, it wouldn't make sense for them to pay upfront because there's so much time when you're not directly using that energy. Then you're relying on feed-in tariffs and the feed-in tariffs from solar are very low in relation to what you actually pay. So, if you're utilising that energy at the time that you're generating it, it stacks up, like just solar panels and you can directly use it. But if you're trying to store it and use it over time, it doesn't stack up.

Ms FINLAY - Which is what Neil was saying earlier.

Mr GERKE - Yeah, it aligns with that.

CHAIR - Do you think this is something that the government should be looking at in a more comprehensive way? Rather than - as I think Janie said, you have TI sitting over here, you've got Hydro, you've got TasNetworks, you've got Aurora setting or utilising tariffs to try to determine the use in some respects ,or encourage use at a certain time. Whose job is this to bring it all together?

Mr GERKE - I probably don't have a comment on actually whose job it is. I do think it's an important piece to look at it, especially as we are going through this energy transition and we're making big investment decisions around Marinus and things like that, which is going to holistically change how Tasmanian energy is consumed and sold and marketed. I think the time is to develop it and have that holistic approach now. Who that best sits with, I probably don't have an opinion on whose role - it's obviously a government role, but where that actually sits within that, I'm not entirely sure. I would welcome the inputs and to be able to help develop that policy or framework around it.

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Mr VINCENT - Evaporation. You talk about storage areas and storage dams and that, have you ever looked at what the evaporation rates are that you lose. You can fight very hard to save 1 or 2 per cent on cost, but if you're losing 6 or 7 per cent through evaporation.

Mr GERKE - Evaporation in our storage dams, we account for. Some, not all, of our dams have an evaporation pan. We have a piece and it puts water in there and measures that evaporation rate. This then allows for how much water you've got in your dam, to be able to account for your storage level to make sure your passing environmental flows and things like that. We do have to deal with it in a dam level in that regard. We don't deal with the direct on-farm application evaporation in soil. I would say we don't deal in that regard because we're the supplier of the water. In our dams, methods around reducing that evaporation aren't easy to implement and aren't, probably, mainstream. That's a long way of saying we deal with it in a way that we have to, but we probably don't have massive mitigation strategies around it.

Mr VINCENT - Can be a cost if you have too many dams along the system, I suppose. I was also thinking about the evaporation rate from sunlight of irrigating during the day compared with early evening or early morning.

Mr GERKE - Although it's not directly within our remit, the agronomists will have an opinion on that. I think the benefits of keeping the moisture profile in the soil consistent outweigh the daylight/nighttime benefits. That is my understanding of it. It's probably for an agronomist or someone like that, probably better to talk around it.

CHAIR - Maybe we'll need to get the agronomists in.

Mr VINCENT - All the time, they're expensive though.

Mr EDMUND - I was really interested in the stuff about data centres and your view on how Tasmanian Irrigation could be part of that going forward. To ask a really stupid question, location-wise, are these things that we should be putting near run of the river or is it more about network strength?

Mr GERKE - I would say the data centres have the two things. The majority is cooling water and access to energy and things like that and, at the way it's going, green energy. Close to substations and those things are probably the locations that they would prefer with that access to cooling water and things like that. Close to our schemes, nearby substation or transmission network would be a location. That's the thinking around the data centre things. It's another point that we can, with Tasmania, with the green energy and what's there and the opportunity, that we see as a state.

Ms FINLAY - When I read that, that caused me to ask a question. Do you guys have - obviously you have land tenure in terms of easements and things, and where your infrastructure is - are you large landholders?

Mr GERKE - Not significantly. We have where our dams are located, but it's flooded land. We do have some that is around some of our offsets for our approvals for our projects. But, predominantly, we're not a significant landholder in Tasmania.

Ms FINLAY - I wondered with the data centres where you're imagining that you were co-locating or doing certain things, but then I wasn't sure about your land.

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Mr GERKE - I would say most of our land is pretty isolated forestry type like locations.

Ms FINLAY - You just mentioned offsets. It's not strictly an energy question, but are you finding it more difficult to access areas of offsets?

Mr GERKE - I would say through the EPBC act it is where we've most recently been required to have an offset. Yes, it's a difficult process to manage through. We managed to secure what we required in that space. I think going forward it will become more and more difficult.

Mr SHELTON - Apologies for being late. You may have already covered this, but the tariff and the irrigation - off-peak tariffs overnight - it's an energy inquiry, the decisions of other government institutions in setting up a tariff creates a situation for you guys where most of the water usage is at night. Trying to supply that, does that create an issue for you? From a farming perspective, better to irrigate overnight, but there's a lot of farmers who need to irrigate during the day too. They're paying significantly more to irrigate through the daytime than they are through the nighttime. It's mainly supply from it.

Mr GERKE - We have talked in depth. I'd rather just quickly summarise. Agronomists would probably not support just it's far better to irrigate at night. I think that the cost of the tariff is driving more of that behaviour than the benefits to the agronomic output. Where we're delivering water and it's got pressure and the irrigators don't require to pump, then we see consistent water usage throughout the day, because they don't have that tariff exposure.

It does mean that our operators, if we have do have ones where we're supplying by riparian, and the irrigators have to re-pump, we do see that peak usage of the nighttime. It means our scheme operators and our operations team are out in the night fixing issues that arrive during the night. It does drive that from our point of view. It also drives irrigators' and farmers' requirements to operate during the night, then be super flat-out during the day as well, and that mental health load, and work health and safety during the night.

Mr SHELTON - I'll read the *Hansard*.

CHAIR - Yes, it was a good summary though. I know you don't really have a particular opinion about Marinus Link. We already have Basslink obviously. Even if Marinus wasn't to go ahead, and for some reason Basslink wasn't operating, there's still an intention to build a lot more renewable on-island. Some of that is said to be relied on Marinus, for example, going ahead. Would these challenges persist regardless with the pricing, because of the other renewable energy that's not Hydro coming into the picture?

Mr GERKE - I would say if Marinus doesn't proceed, then the ability around the water pricing from Hydro, the ability for Hydro - I don't understand their business model, but I would say their ability to maximise revenue will be minimised if Marinus doesn't proceed. The risks will still be there. I would say if Marinus didn't proceed then that exposure from Hydro and their ability to maximise revenues probably reduced, potentially. That's just off the top of my head.

CHAIR - We know that the government is working on a whole-of-government business case. Have you had any input into that?

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Mr GERKE - No. We've had no discussions around Marinus that I'm aware of.

CHAIR - The time line for the whole-of-government business case has been pushed out because the final investment decision of Marinus has been pushed out a bit. Do you think it's worth you actually making some representation? This is a whole-state business case. You're in the state. You're a state-owned company.

Mr GERKE - I'll discuss that more broadly internally and absolutely -

CHAIR - Because when I go look, and I will be looking at the whole-of-state business case, I would hope that there'd be something in there about this. It actually is potentially a direct impact of the decision.

Ms FINLAY - It's interesting because when I said further - in case I forgot to say, the quality of the submission has been fantastic.

CHAIR - It is, fantastic.

Ms FINLAY - The other thing that I was thinking, quietly - this is my first committee, so I'm not really sure how this all works - but I was thinking that it would be useful, and I don't know if it's our place to encourage it, that you actually send this submission to the Treasurer.

CHAIR - No, you can't. The submission belongs to us. I'll just explain. The submission belongs to us. If you wanted to direct the government to it, they can go and look at it on our website, but acknowledging that some of this submission is confidential, so that part will not be part of it. I encourage Tasmanian Irrigation to interact with the government on this, because if it's not include in the whole-of-business case, then the whole-of-business case, I would suggest, is flawed.

Ms FINLAY - Yes. That's what I think - in some way bringing it to their attention, but if it's directing it to this, it's really valuable information.

CHAIR - I do appreciate the quality of the submission. I'm not sure whether you put it together or whether Andrew did. In any event, probably a collaborative effort?

Mr GERKE - It was collaborative. That's why we've put Pinion Advisory on there. They helped us, because they're an agribusiness who we work with as part of our design partnership. It was combined. We did full senior leadership, with Andrew included, pulling that together and then I worked with Pinion Advisory to detail it out and document it further.

CHAIR - The government and the minister continue to remind us, in our House particularly, that Marinus won't proceed unless it's good for Tasmania and the business case stacks up. You've got a fairly significant piece lacking that wouldn't be good. I will leave it with you.

Mr GERKE - Thank you.

CHAIR - Any other questions or comments from members? Is there anything you wish you had said that you haven't?

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Mr GERKE - No, other than to reiterate, thank you for the opportunity. It was great to have the discussion.

CHAIR - Thanks for your input and your contribution today, as well as the submission. We really appreciate that.

Mr GERKE - Thank you.

The witness withdrew.

The Committee suspended at 11.27 a.m.

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The committee resumed at 11.45 a.m.

CHAIR - Before we start, I'll introduce you to the members of the committee, because you probably don't know everyone. This is Craig Garland, member for Braddon, Dean Harriss, and Kerry Vincent, member for Prosser.

Thanks, Ben, for appearing before the committee. This is our first day of hearings for this committee inquiry. Everything you say today is covered by parliamentary privilege; that may not extend beyond the room.

We have your submission - appreciate that and have read that. If there's anything of a confidential nature you wish to share with the committee, you may wish to make that request, but if not, it's all public. It will be transcribed. I encourage you to speak into the microphone fairly well so we can pick up everything that you say, and members of the public may come in, but we haven't had anyone so far, so it'll just be you. The transcript will be made available later and be published on our website as part of our evidence.

Do you have any questions before we start?

Mr MARSHALL - No, I don't.

CHAIR - Could I ask you to take the statutory declaration and then introduce yourself and speak further to your submission, and make any other opening comments you'd like to make.

Mr BEN MARSHALL, CHAIR, SUPPORTING OUR LOONGANA VALLEY ENVIRONMENT (SOLVE), WAS CALLED, MADE THE STATUTORY DECLARATION, AND WAS EXAMINED.

Mr MARSHALL - I do have a brief opening statement.

CHAIR - That's fine.

Mr MARSHALL - It's not too painful. Shall I begin with that?

CHAIR - Yes, absolutely. Thank you.

Mr MARSHALL - It's to introduce us to you all, who may never have heard of us or you may have been briefed by TasNetworks about what a group we are.

As one of the communities most impacted by TasNetworks' plans, the Loongana Valley have been fighting for five years. Our forested valley north of Cradle Mountain is a magnet for international visitors wanting to experience Tasmanian wilderness.

TasNetworks' new grid would industrialise our valley on behalf of energy investors. It would kill local tourism, trash property values, pollute the catchment - the Leven river catchment - and worst of all, devastate our wild habitats.

Despite the millions spent by TasNetworks on 'PR and community engagement', our concerns have been treated with indifference and contempt. Worse, we've found TasNetworks'

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grid design to back Marinus in no way serves ordinary Tasmanians, let alone supports genuine action on climate, which we want.

Marinus prioritises the commercial interests of the privatised energy market, gold-plates TasNetworks' assets and provides our government with efficiency dividends - a sly tax imposed on us on top of the costs of the new transmission - about 1.6 just for the North West Transmission Development (NWT) alone - via our power bills.

In closing, current plans are unsustainable and ineffective on every metric, economically and environmentally. We need to start planning for Tasmanians, not the needs of global investors. Thank you.

CHAIR - Thanks, Ben. I'll open it up if you like. I know this has been going on a long time for the people up in your part of the world, and TasNetworks have been engaging with the community for some time.

The area that's impacted, your valley area, is it by that southern link that is part of the broader plans now?

Mr MARSHALL - They're calling it Stage 2. They've divided it up into the North West Transmission Developments, which is the second half of what they used to call Project Marinus, but we're not talking about that much now. So, there's the North West Transmission Developments, a vast new grid designed to ship energy offshore. There's the first stage that they're going to be dropping the DA for, we believe, at the end of this year. Then there's Stage 2, which comes south of Burnie, cuts through our valley, which TasNetworks is avoiding mentioning. They'll refer to the Hampshire Hills. If you hear the phrase Hampshire Hills, they're actually talking about Loongana Valley. Then it hooks back over to the grid to our east in Sheffield.

CHAIR - Since the decision's been made to only progress by way of the final investment decision, the Stage 1 of Marinus Link, what does that mean for you and your community? It seems like that's not part of the plan at this stage. We don't know what the time frame is. We don't even know if Stage 1 will go ahead. What's happening now?

Mr MARSHALL - It has meant more confusion and distress for our community. It's a bit hard to describe how much TasNetworks has put us through. It has been five years of hell. We're trapped in our valley. If we want to sell up and get out - and one of our tourism operators, Mountain Valley Cabins, Len and Pat, beautiful people, international visitors all through the year - they're in their late 70s, they've got health issues. They want to sell up. They can't. No-one will buy when they hear about the possibility of a transmission line going through our valley.

Directly to your question, more confusion, more distress, more of 'What is going to happen?' We just don't know. The politics behind all of this is disingenuous and frankly toxic and unhelpful on any metric. Whether you talk about the environment, action on climate, our economic state, it all adds to the distress of not knowing when or if a transmission line is going to go through our valley.

Can I just briefly say, in case I don't get a question directed to this - transmission line, you think it's a line on a map. You've seen the diagrams, you've been briefed by TasNetworks,

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it's a line on the map. It's not just a line on a map. I'd need half an hour to explain the width of the swathe, that it would go through our valley after industrialising it, turning our valley into an industrial site.

CHAIR - What's the width that they are proposing through the corridor there?

Mr MARSHALL - I'm sorry?

CHAIR - What is the width of the corridor they are proposing?

Mr MARSHALL - The technical width of the easement - the cleared space underneath the transmission line - is anywhere between 60 to 120 metres. It will mostly be about 60 to 90 metres. That includes the provision for a second transmission line. One of the many bits of withheld information amongst the half-truths and lies from TasNetworks is that we discovered by a bit of detective work and some whistleblowing that they were proposing to put a second high-voltage transmission line through the route that they've chosen through our valley.

If you're thinking a football field width is just the extent of the damage of a transmission line, unfortunately, that's not the case. There is a thing called the edge effect. I won't go into too long an explanation. The impacts of construction alone would be extensive - to the valley, to the people, to the community, to the jobs we have there, and to the ecosystems that bring tourists to the valley.

Once the bulldozers finally pull out after a couple of years, the damage will be ongoing from the easements. It extends deep into the forest on either side. Depending on the species and the types of effects that we're talking about, it can extend from 50 metres beyond the edge up to a kilometre for certain species. There's a lot more to say about the impacts of a transmission line, but believe me when I say, it is not just a line on a map, which is pretty much all you've been shown.

CHAIR - If I could ask about the interaction you had with TasNetworks to start with? We were talking about how perhaps, hearing from others, that sometimes that feels a little bit adversarial right up front. Is that how you found it? How did you find it initially?

Mr MARSHALL - No. TasNetworks always presents with a confident smile and a firm handshake. That's not the issue at all.

Our first approach was from a company called UPC, now ACEN, the people who want to build Robbins Island Wind Farm. Rumour went around the valley, they want to put a transmission line through the valley. We're like, 'Oh, okay. It's from a wind farm. Great. Boy, that would do some damage though'. Our first reaction was to contact UPC. We talked with one of their reps, lovely fella, charming. We started immediately offering the sorts of problems that the transmission line would cause. At the same time, we were thinking through solutions to those problems, and we were offering them. Their response was polite, our response was cooperative and willing to engage and talk. But there were other people in the region who were looking at having their properties forcibly acquired by a foreign company.

CHAIR - By Forico?

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Mr MARSHALL - No, by a foreign company, UPC.

CHAIR - Forico has land in this corridor, too.

Mr MARSHALL - UPC were originally going to build the entire transmission line from Robbins Island, Jim's Plains to Sheffield, right through our valley. Locals arced up, farmers. We're a mix in our valley, we're a typical Tasmanian mix of people and occupations. People arced up, got together, and there was a rowdy town hall meeting. UPC, the company, freaked out. Next thing we know, TasNetworks was instructed to step in as jurisdictional planners of the energy sector and take on the responsibility for all aspects of the line and the negotiation of line. This meant we, a small community, were now facing a much larger foe. We were facing the might of the state and media and both major parties and pretty much everybody. We had no chance.

CHAIR - As I understand, around that decision-making time, because I've been aware of this since it's been going on, originally, UPC as they were then, were part of their project, that TasNetworks required them to build or pay for, at least. They might not have done the building of the transmission line all the way from Robbins Island all the way through to Sheffield. Then there was a decision point that came, which you've alluded to, that they would only have to build to Hampshire, and then the Hampshire to Sheffield line would be constructed by TasNetworks as part of the whole Marinus Link project. Is that your understanding or have I got it wrong? Quite possible.

Mr MARSHALL - Broadly, but, with respect, all of that is of little interest to us. The reason I say that, Ruth, is because whoever builds this line, on the route that has been chosen long ago by a private company and has been doubled down by TasNetworks, massively hurts us, materially and psychologically. Whoever is responsible for any aspect of it, it's of little interest to us. I can't give you chapter and verse on that stuff, not least because TasNetworks has kept that stuff from us. They've withheld information and their engagement with us has been appalling.

CHAIR - As I understand it too, Ben, earlier on there was - you said you made suggestions, I assume it was to ACEN -

Mr MARSHALL - UPC at the time.

CHAIR - UPC, sorry - about the route. Is that when there was a suggestion that it go through the Vale of Belvoir? Was that then?

Mr MARSHALL - They say they looked at three routes. Really, they just did some desktop surveys and a bit of ground truthing. Does everybody know what those terms mean? Desktop surveying is what you do in your office as a corporation or a government department to look at whether you can put a development in a certain area, whether there's a big hill in the way or something. Ground truthing is when you all hop in the car and you go out to the site for the morning and you have a look and say, 'Yep, there's no big hill in the way. Let's do it.'

There were some alternative routes looked at, but really - and this is one of the things that happens when you're talking to TasNetworks - sometimes the truth slips out. They were looking for the 'least contentious route,' same as UPC. The 'least contentious route' means the least number of people we have to negotiate with. They avoid the farmers because they've got

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organisations with power and political clout, and go straight to the green bits; for Crown land and plantation forestry, which we have in our valley. That's kind of how they rolled with that. But again, we reject the choice of the route on every metric, including the metrics they claim prove it's the only economically viable route.

Ms FINLAY - I'm interested in the time around when they broke the project up into stages and announced that they were breaking it down into two parts and any ongoing engagement you have had with TasNetworks since then. Is there a sense that there is still activity and consideration of the Stage 2 part of the -

Mr MARSHALL - Engaging with TasNetworks has been like a sword fight fencing with them. They refuse to meet with us, our community. We had to virtually trick them into a meeting with three of us only with the former CEO and when he got into the meeting and realised that TasNetworks wasn't running it, and that we were there to brief them on our issues - the first time that they would have heard them - he spat the dummy and threatened to walk out at least half a dozen times. Subsequent to that, going to the new CEO, he also refuses to meet with our community, but he will have an informal meeting, 'with you, Ben. We'll have a chat, we'll go to a café, we'll sit down, we'll talk it through man-to-man.' I'm taking the piss, but I'm also paraphrasing him reasonably accurately.

That's the only way he would talk with us, off the record and face-to-face in crowded cafés.

The last time I met with him was one year ago, approximately, about 8-10 months ago, again, in a café. He assured me, he said, 'I want your community to know that Stage 2 is absolutely going to happen. No matter what you think about what's going on around all this, the politics and the Stage 1 and the Stage 2 and the FIDs and all the other boring minutiae of how to get the first 'dozer on site, it's going to happen no matter what.'

Ms FINLAY - That's interesting because that was the purpose of my question - whether you had any indications that there was still active consideration of Stage 2.

Mr MARSHALL - Yes, there is.

Ms FINLAY - In those conversations, do you feel like, despite being identified as broken into two stages, the project is continuing as a complete unit?

Mr MARSHALL - You're asking me about stuff that's well outside of my frame of reference.

Ms FINLAY - I am wondering whether there is physical evidence of surveys or people around or whatever?

Mr MARSHALL - Yes. We're tracking them as best we can. We don't have any conduit inside TasNetworks. We have to keep an eye on the valley, see who comes in and out, make guesswork, contact whistleblowers, and dig out any information we can on what is going on at any given time.

We know they're still doing some drilling and some environmental surveys. We track those surveys online by the i-net database, so we find out after the event. We say, 'okay, there's

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a whole series of dots where they've been looking. They might be looking at an alternative tower up in there.'

Bear in mind, our valley - and I'd like an opportunity to talk about this at some stage - is the wrong route. It's the wrong place to put a transmission line in terms of best practice transmission. It would be fantastic to talk about that.

CHAIR - Why do you say that?

Mr MARSHALL - Because the route selection of Stage 2 is completely inappropriate economically and environmentally. We have no resources and we're up against a company backed by governments and political parties who have tens of millions of dollars at their disposal to run continuous PR campaigns that they refer to as community engagement information sessions, community benefits programs, and the like.

We feel we're in - they are bad-faith players. We're in a situation where we are utterly powerless. This is the first time in five years that we've had an opportunity to speak to anyone in politics. It'd be great if the route selection itself was considered by this committee as being an exemplar of where not to put a transmission line. Just as Robbins Island is a global exemplar of where not to put a wind farm, the Loongana Valley is the exemplar of where not to put a transmission line.

The risk analysis on it must be close to zero. The impacts on the valley and outside the wider region are extensive. It is a bad plan and it'd be great if this committee could look at the realities of the conflict of interest of having TasNetworks as the jurisdictional planner of the energy sector and gold plating its network with a transmission line that does not include the vagaries of our changing climate as even a part of it or the damage to communities or the environment as part of any of the planning.

CHAIR - There's a point that I'd highlight in your submission where you suggest that TasNetworks should be removed as the jurisdictional planner. I mean the jurisdictional planner has a role of designing, building, and upgrading the network. If they don't do it, who would? How could you be sure that anyone else would do it in a more open, transparent, honest way, for example?

You made the point that TasNetworks won a gold-plate for their infrastructure. There was a time when they were doing that, because the AER smacked them down and stopped them doing that. They have to convince the AER, the Australian Energy Regulator, who determines their regulated asset base as to what cost they can pass on to the customer, so that stopped them. There was a period a number of years ago when that was a real issue. My questions to you are, if TasNetworks was to be removed as the jurisdictional planner then who would do it being as it is a pretty sophisticated task? Whoever does it, whether it's TasNetworks or somebody else has to convince the Australian Energy Regulator of the value of the project in all senses to enable it to have its regulated asset base determined and thus the price it can charge.

Mr MARSHALL - You could remove the minister as jurisdictional planner. Planning a grid is engineering; it's really not that hard. You have best practice transmission construction and you have worst practice. TasNetworks are going for cheap, nasty, worst practice. You are not ever going to listen to community as part of any of that. Planning a grid is more than just engineering; it's fitting it into the needs of the state and going forward too. For example,

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TasNetworks has a legitimate case when they say 'parts of our existing grid need upgrading,' that's one of the truths.

But, if we'd found in five years that the greater good of our state was served by their current planning, I wouldn't be here now. We have not found that any of TasNetworks' claims or the government's claims in supporting Project Marinus and the other half of Project Marinus, which is the North West Transmission Developments, is justified by what Tasmania needs. So, when you talk about who's going to plan a grid, I could get some bright 12-year-olds from the average high school to sit down, give them the information about what this state needs going forward, our businesses, our communities, future proofing and all that stuff and those 12-year-olds would take a few hours and by lunchtime they'd have a better plan than what we've got now.

So a grid is not just a grid. A grid fits into the economy, it fits into action on climate, which is often claimed after the fact. All of this was decided and planned on and then as part of the massive PR program, it was action on climate. It wasn't just jobs and growth and billions of investment. It was action on climate and helping the mainland transition.

Now, we haven't found any of the claims made in regard to Project Marinus and this grid to be substantiated by any evidence whatsoever. There's been no risk and very poor risk analysis; there's been no genuine business case put. AEMO has basically said early on in the piece to commissioned studies from/paid by TasNetworks: essentially 'build it and they will probably come. There's a renewables boom; we need more transmission to connect renewables. So build it and they will probably come. You can sell the excess to the mainland; they need renewables too'. That's the extent of the business plan.

There's been no cost-benefits analysis on any part or the whole of the project being proposed in the energy sector at the moment. When you're briefed by the select professional engagement people in any of the companies and TasNetworks and so forth everything you're hearing is a half-truth in service of a lie that the greater good is being served by TasNetworks' plans to build a vast new grid and for a new Bass Strait link to industrialise the north with solar, wind farms, whatever and ship all the excess to the mainland.

We've become experts on PR. We've been up close and personal to corporate and government PR for five years and the best lies are true and TasNetworks are expert at that. They'll tell you something that's a half-truth and you have to accept it but in the wider context, and this goes back to what you were saying before, just looking too closely at the grid, it needs to be taken in the wider context of what this state and the people of this state actually need, and that includes action on climate and biodiversity.

Ms FINLAY - In reading the submission as a matter of interest, just for context, how many people are in the valley or are included in the group?

Mr MARSHALL - It's a small number and it varies. There are about 20 of us and that increases with holidays and breaks. But again, we're a snapshot of Tasmania; we've got a mix of political leanings. Some of us are rusted on Liberal voters, some of us rusted on Labor, Greenies, independents, farms, plant investment plantation, land for wildlife, covenant properties and tourism businesses.

Ms FINLAY - It was more just out of interest for myself.

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Mr MARSHALL - So, it's small and scattered.

Ms FINLAY - My next question is in terms of the group identifying that it's not the right place for the transmission infrastructure. Have you put your mind to where, if that needs to transit somewhere, it is good - like, are there better -

Mr MARSHALL - Very early on, TasNetworks encourages you to think along those lines. Or where should we put it? They say, smiling confidently. That's nothing to do with us.

Ms FINLAY - It was more of just a question to see whether you had considered it.

Mr MARSHALL - I just want to explain that point: we have applied ourselves to that. Some of us react in the moment and go 'well, put it in the Vale of Belvoir. There's already a big transmission line going through there'. I won't go into why that's not such a great idea but when you get chased down that rabbit hole of where should they put it instead, they've got you, and you concern yourself with that issue rather than whether the transmission line itself is a good idea or we can tell you and this document is what we've compiled in five years of research to submit against when TasNetworks drop their DA. We can show on every metric it's the wrong route through the Loongana Valley.

Ms FINLAY - Thank you.

CHAIR - Focused on that's the wrong route, I'm sure we'll hear evidence of a need to strengthen the network, not just because of its age, but there are areas that are very dependent on single loop areas. I live on one, so I know. If anyone's power goes out in my area, it's me. You're probably on the same loop, I reckon.

They're more sort of singular things. This is a much bigger -

Mr MARSHALL - That's distribution lines.

CHAIR - bigger picture. The argument's been put and it's for TasNetworks on behalf of the state, I guess, to make the case that they need to have that redundancy built into a circular loop because it doesn't go around. There's also the link between Hampshire and Burnie that's not there at the moment - that is creating an issue for HIF up at Hampshire.

So, there are a number of conversations going on about what is needed for the future. When we hear those things, I'm not a technical expert in these things but I do know that you have to have transmission lines to actually get energy from one point to the other.

So, are you saying that they don't need another one at all or are you saying it's just the wrong place? I'm just a bit unclear, Ben, as to what you're saying.

Mr MARSHALL - Okay. Just to be clear to those who don't know, there are two types of electricity distribution: your local lines, which is your poles and wires, distribution lines; and high-voltage transmission.

The grid that they are proposing to build is a high-voltage overhead transmission line and it's designed to ship new renewable energy to the National Energy Market. It's nothing to do

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with Tasmania other than it involves us paying for it and a GBE like Hydro Tasmania basically entering into PPA arrangements with new renewables generators to buy at a guaranteed profit and then ship across the Bass and then buy back when we need it and when it's not too unaffordable.

So we're not talking about a system that you and I and Craig depend on.

CHAIR - There are some limitations in that, but they're also saying there are limitations in the transmission network, which -

Mr MARSHALL - But the redundancy they're talking about - this extra loop, they really - again, it's a half-truth in service of a lie, that they need this extra redundancy.

They've got plenty of transmission capability along the coast already and there are other ways of upgrading the line other than building an entirely new line, which is what they are proposing to do in stage 1. They don't need to do stage 1 even to accommodate new renewables entrance into the market.

They're promoting a narrative to you who are not expert in these things that these things are technical. They're technical. We need to do them. Here's an engineer to talk about redundancy, but they also talk about grid resilience and redundancy is part of a resilient grid.

Well, let me tell you, there's no transmission expert on the planet who will say you increase grid resilience by running it through a forest like the Loongana Valley. You decrease grid resilience by doing that. By putting overhead transmission through a forest, you introduce hundreds of points of failure. Single points of failure into a system which engineers can tell you about. It's not smart. It's not cheaper to do it that way. One of the messages that I've only got seconds to put across is that there are positive pathways forward to get all the things that people need. Upgraded transmission - it could be done and staged affordably and realistically to bring a new entrance, to ship the excess offshore, to bring it back. There are multiple options of how to futureproof Tasmania's grid for the benefit of all Tasmanians, and to include it as part of action on climate biodiversity. What they're proposing to do through our valley - and I haven't had time to talk about any of the impacts on our valley, our water catchment and fire risk and all the other stuff such as threatened and endangered species. They don't need to do any of that. Please be aware that there are other options. They just don't want you to talk about them or find out the other option.

Ms FINLAY - Are you open to listing some of those?

Mr MARSHALL - Yes.

CHAIR - What are the other options? We've got 10 more minutes.

Mr MARSHALL - Upgrading the coastal line. It's buried in here somewhere, but there's a couple of terms which I can take on notice and send you. You can use off-the-shelf tech to upgrade those lines to increase the capacity and efficiency of those lines. You don't need to build an entirely new grid. You can genuinely upgrade your existing lines with off-the-shelf tech. That won't cost \$1.6 billion, but you can still hook it up to Marinus if you want. It won't get in the way of having a second Marinus Link or a third or a fourth as they have planned. You can do a whole pile of stuff with a different set of plans.

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If you were to sit down with an independent energy sector economist, a few of them, and people who have expertise in climate biodiversity, and look at the economic needs of our state into the future, you could come up with an entirely different plan. Not Project Marinus, which is essentially just branding for the original UPC line from Robbins Island to Sheffield.

CHAIR - Could one of the possible reasons be that - you might upgrade the North West Transmission line, the one that's already there? I understand that it does need upgrading regardless. That's why that's being done. There're still limitations with it. Everything has limits on these things. Also, it's subject to severe weather events. We saw what happened in South Australia when they had their blackout. There was a massive storm. A big hurricane went through all. A typhoon, I think they said it was, went through and you have the cascade of failures that led to the complete blackout. It was there to there to there, and then blackout in Adelaide. Wouldn't having a second line that's part of a loop reduce some of that risk of failure, the cascade of failure, because they can isolate areas?

Mr MARSHALL - If they were genuine about that, they'd be factoring in extreme weather events from climate. They're not doing that. The loop through Loongana Valley is an exemplar of ignoring our rapidly changing climate with extreme weather events, just as you've outlined. You don't run overhead transmission through a high wind valley like ours. It's wild weather up there. It's crazy. By putting overhead poles and wires, you introduce so many points of failure into the system. You reduce the grid resilience, not increase it.

CHAIR - Let's not focus much on Loongana. That's the second line there. Whether through the valley is wrong or right, you were saying they don't need that second line. You just upgrade the northern line, but part of that is that it is exposed there too on the coast. We've seen some pretty fierce weather of late, and long power outages, mostly in the distribution network, not in the transmission network necessarily. From that perspective, doesn't it make sense to have some redundancy in the system by a second transmission line that's part of a loop?

Mr MARSHALL - A crazy idea, one that they call economically unviable, is to bury it. You would have heard that undergrounding transmission costs eight to 10 times more than overhead. 'Economically unviable'. When they say economically unviable, they mean that they are not going to get a profit or pass on efficiency dividends anytime soon. They're not looking at the cost they're imposing on other parts of the system, community and the environment. If you redesign your grid - and there are options here, including more undergrounding - yes, it is hella expensive, but in terms of resilience, it's vastly more efficient in shipping electrons more efficiently. Your points of failure are close to zero. You can futureproof your grid by doing a smaller, more direct, more compact grid that is not only futureproofed but climate-proofed. It eliminates virtually all the problems that overhead transmission causes, and avoids imposing all the costs that they're currently ignoring put onto communities.

CHAIR - The full cost, you're talking about the full cost. You're suggesting that you could put it underground through Loongana Valley?

Mr MARSHALL - No, I'm not.

CHAIR - I didn't think you would be.

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Mr MARSHALL - Not at all. That's not economically viable or engineering viable. They don't need to do that, at all. The route through the Loongana Valley -

CHAIR - So where should they put it?

Mr MARSHALL - I don't know. That's not my job. It's probably along existing easements. One of the beauties of new, undergrounding VSC technology is that you can use existing easements that are not 60 metres wide. They can be 15 metres wide. You can run them along the side of railways, motorways, existing power line easements, and then take down the power lines.

There are all sorts of technical options you can take that will give you your engineering redundancy, that will give you genuine good resilience, and that won't impose the kind of massive costs they're seeking to impose on communities like ours. There are options. They're just not talking about them. They don't want to talk about them. TasNetworks is an old power poles and wire company, a former public utility dragged and corporatised into this century. Their only plan is to double down on UPC's plan to build more poles and wires. It's not good enough. It's 19th century technology in the 21st century - one that is rapidly changing. This is old tech. It's not a good upgrade. It's not legitimate.

Mr EDMUNDS - I was taking some notes and, obviously, later in this inquiry we'll be able to talk to TasNetworks. Some of the issues that we can put to them are very - your suggestions around upgrading existing lines and undergrounding. I was wondering what other - and I'm conscious of time and our next witness - things we can put to them when they're a witness and seek an explanation around some of that stuff? It might be something you could correspond to the committee, considering the time, but I was just making sure that we got the high-level issues, outside of the evidence that stands as part of the inquiry, around things that we can also raise with them. I mean, route selection is probably another one.

Mr MARSHALL - Regarding route selection, our submission will show very clearly that it hasn't been assessed properly, it's not legitimate, it's a bad choice. If anyone wants some cut through on what to do, independent cost-benefits analysis on any part of this project will very quickly show the flaws and point in the directions of a better grid design and better options. Without independent cost-benefits analysis on any of this stuff, it's just business as usual. It's railroading communities like ours for the benefit of corporate investors.

I know we're running out of time. I've been asked by our community to say so many things I haven't had a chance to say. This is hurting us materially and socially and every which way. This is costing us a lot. We've invested so much hard work in all of this and citizen science and a whole bunch of other stuff to show why this route is completely wrong, even if you take the most hard-nosed economic viewpoint.

Should I finish up with my final comments?

CHAIR - Yes.

Mr MARSHALL - I probably sound incredibly negative to you. No, no, no - we're actually really positive people; we're problem solvers. We want to have a discussion where we start to talk about positive pathways forward. We really want that. However, the first step to good planning, equitable planning and future-proofing is to remove TasNetworks as a

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jurisdictional planner of the energy sector. It's a complete conflict of interest for a poles and wire company to direct its own corporate growth for the benefit of its shareholder. Then, consult community, environmental experts and economists, and apply genuine cost benefits analysis to all plans, so that all needs - environmental and economic - can be properly assessed and affordably served.

The bill for Stage 1 and Stage 2 is massive, and again, it's not for us. Put community and climate at the foundation of decision-making. Then, set legislated targets as guardrails for action on climate, including energy transition. After all, what is all this for again? Isn't it supposed to be about action on climate, and all that? Well, put climate in the beginning of your decision-making and discussions.

Socialising the cost of infrastructure for private investors, while ignoring climate, biodiversity and the needs of community, isn't action on climate. Just creating investment opportunities, which is what government and TasNetworks say they're doing, won't fix climate. A bunch of new renewables won't fix climate, nor will using our energy GBAs as ATMs, or hiding behind commercial-in-confidence deals. Collaborate widely to rebuild trust and forge better plans.

Finally, a message - a cheerier one: come and visit our valley. It's beautiful. We'll make you welcome and you can see for yourselves what a truly high-risk, high-cost idea it is to run a transmission line through it. If you want to, at any stage, work with people who are in the community and want to strategise good, equitable and fairer planning, let us know and we'll offer our help

CHAIR - Thanks for your time, Ben, today and the community for putting together your submission as well.

Mr MARSHALL - You're welcome.

The witness withdrew.

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CHAIR - I know you've appeared before committees, Ray, but I'll just do the half-time address, if you like.

Welcome to the committee, Ray - on behalf of Tasmanian Minerals and Energy Council. This is a public hearing. As you'll be aware, everything you say is being transcribed and forms part of our records. Everything you say is covered by parliamentary privilege while you are before the committee, but that may not extend beyond that. If you have anything of a confidential nature you wish to share with the committee, please make that request and the committee will consider it. Otherwise, it is all public. Do you have any questions?

Mr MOSTOGL - No. I'm good to go.

CHAIR - I will get you to do the statutory declaration and introduce yourself and then speak to your submission.

Mr RAYMOND MOSTOGL, CHIEF EXECUTIVE OFFICER, TMEC, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

Mr MOSTOGL - Perhaps some opening comments: I really appreciate the opportunity and I'm really glad that parliament carried this through from the last parliament.

I think electricity in Tasmania is often taken for granted, and it's been the backbone of our economy and our social fabric for a long time. We're at a really important junction and we have a great opportunity. The fact that this attention has been brought to the opportunity is pivotal. Without this type of approach, and if it's just left to market forces and existing regulations and legislation, I suspect we're going to miss the boat, and we'll suffer that for decades. So, this is really important work. I certainly encourage you to continue with the rigour that you are.

From my point of view, the submission that we've made is premised around two key features. All of the specifics, and any questions you might have, will really come under one of these two things.

One is that we need to lower the existing price of energy for all Tasmanians. Energy poverty, cost-of-living crisis, and all those things, are part of that reason. The reality is that we're capable of lowering the price. We own the assets, they're publicly owned. We have choices that other states and other jurisdictions around the world don't have. It's really critical that we are solving some of today's issues.

I also believe that if we are going to decarbonise the economy at the rate that society expects, it will be dictated by the price of electricity. Whether it's charging cars or getting induction cooktops - at the end of the day, it's the price of electricity that will dictate how quickly we change. The more expensive - it doesn't matter - we've seen that already. I think the data shows that climate change has dropped to number five or six on the list of important things in Australia, with cost of living and health and a whole lot of other things in front. We have an opportunity in Tasmania that I don't think the other states have, and I'll talk about some of those things.

The second thing is, which plays into that space, we need to bring forward more affordable renewable energy, and we need to fast-track that. We are currently in a state of

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deficit. I think governments will argue that we're finally balanced, although the rhetoric is starting to change. We are in a deficit. We are importing energy - net energy - every year and have done for a while, and that's only going to increase. We are also saying no to business, to new businesses, new opportunities, and existing businesses to grow, because we don't have that energy.

Our submission is framed around a number of areas where we believe that there are levers that the state can pull that could bring forward that new affordable renewable energy.

If I go back to the first one, lowering the existing prices, or the cost for everybody, there are probably two areas in our submission - the GBEs, so the Government Business Enterprises, from the utility organisations. We have long advocated for that to remain in public ownership. That's not a philosophical argument - it's purely that the market isn't big enough to bring competitors in here. We just swap a government-run organisation with a monopoly that's privately run. I don't see any value in that. In fact, that will likely just see more profits generated than is necessary.

It is about, how do we leverage the GBEs to do a better job? The area that is missing from the way they're operated now is that they're not driven anywhere near as hard as they could be. When I say that, a lot of people go, 'Yes, but the state needs the dividends' - and we do. I'm not suggesting for one moment that we cut the dividend. What I'm suggesting is that the bit that says, this is what it costs to operate Hydro or TasNetworks, that actually shrinks, through efficiency. Keep the margin the way it is. In fact, you might even be able to grow it. You might split the difference and say -

CHAIR - There's already a 90 per cent dividend policy.

Mr MOSTOGL - It is. The thing is, we could lower the overall price of energy by driving that more efficiently, keep the same margin. It actually comes down, so every consumer pays less. Now, that's a win-win. Hydro, TasNetworks would have to run a tougher business. Therefore, the shareholder ministers would need to be a lot more stringent and set more stretching expectations on the boards to do that.

We were half-pleased when the charter for Hydro was changed when parliament recommenced. What we were disappointed with was the other part of our submission, and we asked for some benchmarking. We feel that if those government business enterprises had benchmarking - and yet there's a bit of work to do to find the right benchmarks because you can't just go and say, 'Oh, we'll pick a jurisdiction in the US and compare them', and go, 'Oh, there's a price difference'. You need to find somebody who's operating in a similar-sized market, similar type of assets. They're out there. I think that if we were able to as a state get to see how our GBEs are performing against a benchmark, I think it would give us all a level of confidence that they actually have a plan to get better.

It might be an ugly comparison to start with but the reality is, what are you going to do to close the gap? What's the plan for the next three years, five years for Hydro, TasNetworks to close that gap? That's just how any business approaches a viability issue. Set the target, what's the gap, how am I going to close it? That's missing. I don't see that in any of the shareholder ministers' priorities to the various GBEs. We were disappointed that the charters didn't reflect that. I've been advised that that doesn't need to be in a charter to drive that, but I

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would have thought being in the charter secured that. I think that's an area that we need to work with.

I'm talking about Hydro a lot, but my experience is being part of an organisation that owned its own Hydro assets. From Rio Tinto I know what the price of energy generation is for Hydro. I know what it can be. I don't know what Hydro's costs are. I'm not privy to that. That's commercially sensitive and I accept that. For what they charge and what they should be able to generate it for, there's a huge gap and the dividend should be a lot bigger, alright? The dividend should be a lot bigger if they were running a harder business. All the prices should come down for everybody.

I think the first area is to drive a lot more rigour into the way the GBE targets are set for them. I appreciate that sort of information is commercial-in-confidence. I understand that, but you can have an index. You can have an index that says, 'Well, this is what the ratio is between your number and this number'. All we want to do is see that index improve. We don't need to know what the absolute number is. We just need to know as business owners, as citizens, as residents, that Tasmania is actually closing that gap.

The benchmarking is important as well because, as we have seen with the hydrogen proponents, we are not competing with the other states, we are competing with the world. Our commodities that we produce here are sold to the world. They're sold at global prices. It galls me - and the energy ministers know this - it galls me when they talk about being the cheapest in Australia. Australia's energy market is so dysfunctional now. You shouldn't be comparing it at all with that. We need to compare with international benchmarks. That's where the investment and capital's coming from. That's the sort of business that we need to sustain for the long term.

If you bring somebody in here on a wing and a promise and they have a really high cost, they're going to go out of business, or they'll be a white elephant, or they'll be propped up. You need to have competitive businesses that can stand on their own two feet for 20, 30, 40 years. Energy is really key for that. I believe the GBEs' performance is a real key.

The other one which is a bit of smoke and mirrors - and I'll be honest, I actually don't even fully understand it - is the Wholesale Contract Regulatory Instrument. This is the formula that is used to determine the retail price for energy in Tasmania. The Office of the Tasmanian Economic Regulator, OTTER, has just completed a review. That snuck through. I talked to them about the process they were going to use. I accept responsibility for that. In the next minute I see that determination's being made. They made very few changes. That formula was put in, in 2012, when it was realised that Tasmania could not have a competitive marketplace with multiple generators. That formula was created to peg us to a competitive market. This was deemed Victoria at the time, because they had competitive - I think they had three generators, so that was seen as a competitive market. That made perfect sense. If you can't attract retail competition then at least peg yourself to something that has got competition.

Unfortunately, as you all know, the NEM has just gone absolutely crazy, in terms of issues going on with the coal-fired coming out, gas going in, not enough energy, et cetera, et cetera. It's an absolute diabolical mess.

We're still pegged to that. That formula holds Tasmania into that quagmire. It doesn't need to be. I would really like to see this committee recommending some sort of action around

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putting a spotlight on that algorithm again and just pulling it apart. I've spoken to people that have retired out of the energy industry in Tasmania. All they've said is that you just need to have a look at it a lot closer. There's stuff in there that shouldn't be there.

CHAIR - In the actual algorithm itself?

Mr MOSTOGL - In the algorithm, yes. It made sense at the time. I'm not casting any aspersions on how it was created. What I'm saying is it shouldn't be kept. It's out of date. The market has moved on. Tasmania is being held back to that. I think that works as a bit of a security blanket for our generators and that, to say if we can charge this, therefore we don't need to be efficient.

The two things go hand in hand. If we're going to drive the businesses to be more efficient, we need to address that instrument. That's what affects the prices that mums and dads and small businesses pay. Those are the two areas that I think are opportunities to reduce the costs. Do you want take questions on that now before we move to the other?

CHAIR - In 2012, what happened that led to that?

Mr MOSTOGL - Well, this is all parliament, alright? I think Kim Booth actually was the instigator.

CHAIR - That's his fault, yes.

Mr MOSTOGL - There was a parliamentary panel put together, an expert panel. This is the thing that I wish Mr Bayley was here for. The expert panel had the authority to look at the energy contracts of the major industrials, because the speculation was that these guys were getting a subsidised deal. That expert panel had the ability to look at it. I was running Bell Bay at the time. I had to sign a whole lot of documents, and there was some reluctance to have that made available to people other than in the organisation.

But anyway, the parliamentary act was quite clear, we needed to do that. They reported back. This is on public record, as part of their report back, the expert panel -

CHAIR - This is the expert panel?

Mr MOSTOGL - The expert panel said if a major industrial was to close, the power prices for every Tasmanian would increase, because they were actually subsidising part of the costs. Yes, major industrials buy energy at a lower cost than a residential and a small commercial. That's to do with scale. That's just bulk. You can buy anything in bulk, you'll get a different price to something if you just go to the shop. They pay less, but they don't pay a subsidised amount. They don't pay less than what it cost to generate. There's still a profit there for those businesses.

That panel was created to look at how to introduce competition. They looked at whether they should break hydro up. How do they look at the different organisations with Aurora and TasNetworks? One of their findings was that - and actually the recommendation was to try to attract retail competition; this was not successful. Then the algorithm came in.

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CHAIR - They also gave the poles and wires to TasNetworks. It was Transend before then. Then they changed to TasNetworks to go poles and wires and Aurora was cut free.

Mr MOSTOGL - That's right. That was all part of that rationalisation. It was really good work. It was a huge exercise. Very esteemed people were involved with it, that were from Australia, from the rest of the country, experts in that field.

CHAIR - To be clear then: the algorithm was determined at a point in time when they had made Aurora a standalone retailer, took all the distribution off it, made it a standalone retailer and -

Mr MOSTOGL - And could not attract other retailers to come to the market with scale. That's when that algorithm got created as an alternative.

CHAIR - Why wasn't it - well we say OTTER looked at -

Mr MOSTOGL - OTTER had a 10-year statutory review, which they just finished doing.

CHAIR - In spite of the fact that, not that we have many, but there are new retailers in the Tasmanian market. Solstice is pushing itself into the market, for example. Even in spite of that, OTTER didn't look at it? It wasn't tasked with looking at it?

Mr MOSTOGL - OTTER, I think, made - but it's interesting, the only submissions that came, in the end, were from Hydro, so, from vested interests, no surprise. As I said, we were disappointed that we thought we were in the communication loop and next minute we found out that it's all done and dusted, here are your findings, and we missed it. I just think there's an opportunity to go back into that algorithm and put it into plain speak and just understand which of the bits that do not make sense in this current climate. But, I think, if you drive the GBEs and don't touch that, you won't actually get a result. You actually have to do both. Efficiency needs to come from the formula and from the GBEs.

Ms FINLAY - My question was, in your recommendation that we open this up and have a look at that algorithm, I wondered whether you had any recommendations on who might be best placed to do that type of work, because it seems very specific, but also quite a hype -

Mr MOSTOGL - Not Treasury, because that's where it came from. I don't want to be disrespectful -

Ms FINLAY - Have you got any helpful comments to make?

Mr MOSTOGL - You actually need somebody who really understands the maths and somebody who understands the energy market because they're accessing various instruments in the energy market to act as a proxy for what competition would look like. Just for example, in that algorithm is depreciating a new gas-fired power station being built in Tasmania, because that's what a competitor, at the time, would have had to do to generate extra energy. At the time, they would have had to build a gas-fired power station. That's in the formula. We're not having a gas-fired power station, not another one built.

Ms FINLAY - Not a new one, no.

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Mr MOSTOGL - That's just an example of the sort of stuff that's buried in there, which made sense in 2012, does not make sense today. I think energy market knowledge, deep energy market, because it's all about forwards and swaps and there's quite a lot of references in there. It's all available. You can dig into this thing if you're really bored -

CHAIR - I'm not sure any of us are quite that bored.

Mr MOSTOGL - Yes, I've tried. Just understand what would be a better alternative or whether that particular variable should come out. It is complicated, but as I said -

Ms FINLAY - I think you mentioned, when you opened up this conversation, that it is possible, but are you aware of any legislative or regulatory impediments to opening that up?

Mr MOSTOGL - No.

Ms FINLAY - There wouldn't need to be any changes to anything to do it?

Mr MOSTOGL - You'd probably be better placed, because they've just completed the statutory 10-year review. I'm not sure whether that means it's locked for 10 years or whether you can actually, by parliament, call it to be opened again.

CHAIR - Matters can be referred to OTTER.

Mr MOSTOGL - Well, I'm not sure about the mechanism, but you'd like to think that something - and even if the inquiry is just to better explain it and understand it, then you make the case to whether you change it.

Ms FINLAY - Yes. Great. Thank you.

CHAIR - If I just go back, Ray, to holding the GBEs to account for this, it's a devil's own job, as you might know.

Mr MOSTOGL - Yes.

CHAIR - Previously, they just turn up for GBE hearings in December. They know they're there for two or three hours max, and they know that's the end of it for that year and off they go. Except, perhaps, when you're TasPorts and you get called back.

Mr MOSTOGL - Yes, I saw that.

CHAIR - which can happen to any of them, quite frankly. In terms of understanding the benchmarking suggestion, which makes sense if you want to improve performance, who do you think is best placed to actually establish those benchmarks?

Mr MOSTOGL - I think if I was in private enterprise, so benchmark, we use McKinsey. McKinsey did a world view of aluminium smelters and said, 'here's some benchmarks, this is where you need to perform to, here are your gaps'. Then you look at practically, what can you do, what can't you do, because international jurisdictions might have different rules. I would have thought that any of the large consultancies could, potentially, provide that global view.

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Now, there may be people that are experts in the energy field that would be better placed, but, typically, those large organisations have sections within it, that it specialises in energy or smelters or whatever. That's where I think you'd get it from. I think you do need to have it done externally and keep that as pure as you can until - because at some point in time you have to actually bring it into the GBEs and that's where they'll see what they can do to either offset, reduce or make it a little bit softer on them. Having somebody there with the knowledge to carry that through is important.

CHAIR - When you say that the NEMs a complete mess for TasNetworks - and we know you've made representation to previous committees in the past about the gold plating of infrastructure and the AER did rein them in, which is, you know -

Mr MOSTOGL - To TasNetworks' credit, I believe that Tasmania is actually probably one of the leading transmission companies in trying to pull back the expenditure that others have been less willing to do. They're on a highly regulated asset base as a result of the gold plating. Holding their own on an inflated number is still a big number.

CHAIR - Let's say since those, the AER took a hard line on those requests. They've had to cut their expenditure to a degree. Otherwise the prices they're passing on will be astronomical, which is where they were headed previously until there was action taken. What questions should we ask TasNetworks, for example, and Hydro about where the fat is in their business because TasNetworks told us last year at GBEs that things were really tough and they had to cut 200 staff and all this sort of stuff, which may or may not be the entire story. What should we ask them to really ascertain where that bit of padding is in the business that should be perhaps pulled back?

Mr MOSTOGL - The biggest driver of their costs is that they've got control over the value of their assets. One of the things I have been doing in recent years is actually driving their assets harder. Rather than replace something, they've gone 'actually we can squeeze this for another 1 per cent or 2 per cent.' That is a great example showing that they have actually increased the capacity of the network and you're just driving your asset harder. Yes, there's a level of risk with that. They're professionals and they have to understand that. That's what private enterprises do all the time. How do you squeeze that last drop out of the lemon? It's keeping their capital program down that drives the size of the regulated asset base.

CHAIR - which is going to be next to impossible with their Marinus Link proposal.

Mr MOSTOGL - Well, it's going to be difficult and I'll talk about that with the load with the new line, because I think that it does play into this space. Some of the options which I think should be considered are how much some of the new proponents, the new generators, should fund the transmission network? Keep it on their books and not on Tasmania's books. Could the transmission line be built by a third party and TasNetworks leases it and just pays a user fee so that it doesn't go on to the regulated asset base? We're going to need more transmission to connect new generation. We have to be smart about how we do it because if we just whack it in like what happened between 2009 to 2012, we will see this massive escalation of prices. That's sort of where I think unfortunately other states are heading with their huge plans for transmission lines. From Tasmania's point of view, the mere fact that we're a smaller state, means shorter distances should give us an advantage.

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CHAIR - An example of that was when UPC at the time was proposing - and still right now ACEN are - the Robbins Island wind farm, part of the requirement was they built the transmission line all the way from Robbins Island right through to Sheffield. I don't know what happened exactly but there was a decision made which said that 'you just have to go to Hampshire and then we'll do the rest'.

Mr MOSTOGL - TasNetworks will make more money if they own that asset. I don't know if there's a technical reason -

CHAIR - Even though they might build the one for ACEN? Can you just explain that to me?

Mr MOSTOGL - What I'm saying is that if it's an asset that's on TasNetworks' books, then it drives up the regulated asset base, which is what drives their costs. If the cost of building that is on someone else's books or it's part of the sunk cost of a wind farm, then that doesn't go onto those books. That means the generator has to recover those costs and the generator has an option there to say that's where the scale starts to come in. One of the points I will make is that you need larger scale wind farms so that you can have those sunk costs distributed across more megawatts which keeps the unit cost down. You have to spend the same on a transmission line for a 100-megawatt wind farm as for a 500-megawatt wind farm, but the costs are considerably different if you've got 500 megawatts of generation. We need scale, and I know that sort of sounds ugly from a point of view of looking at lots and lots of - but what will keep the cost down, is going up in scale. Then you can afford to have fewer transmission lines per wind farm because you'll have fewer wind farms. That's how I'd do it.

CHAIR - If a new generator builds the transmission line, sinks the cost in their business, then leases it back?

Mr MOSTOGL - It depends on how you'd do that commercially.

CHAIR - Or sell it.

Mr MOSTOGL - Whether they recover that cost through the sale of electricity and they say, 'That's the cost of doing business, alright'. We don't see any of that cost come across to the transmission side, but it's in their generation cost. Someone has to pay for it somewhere. It's just that, the way the network businesses run their formulas, and, again, it's a lovely algorithm, but the regulated asset base, so the value of their assets, is what drives effectively 50, 60, 70 per cent of their cost base. Every time they go up in capital, that base gets bigger and it becomes more expensive for every Tasmanian.

CHAIR - If the government decided they were going to direct Hydro perhaps to enter into a power purchase agreement that included the cost of the transmission line, then wouldn't we be paying for it anyway?

Mr MOSTOGL - You'd get the generation cost. My hypothesis is that if you're recovering those costs as part of your generation, the consumer will spend less than if they recover that cost through the transmission because of the way the transmission costs are escalated on top of that asset base.

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Ms FINLAY - Can I ask a question in the middle of that? At the point where the transmission assets went from UPC or ACEN to TasNetworks saying they were going to deliver it, do you know what the trigger for that decision was?

Mr MOSTOGL - No. I'd speculate that it was to do with revenue for the state, but -

Ms FINLAY - Revenue for the state, but not price for the consumer?

Mr MOSTOGL - That's right.

Ms FINLAY - Yeah, interesting.

Mr MOSTOGL - Again, this is veering over to one side, but the other issue around the new transmission lines is, I think, it's important that we protect existing consumers who don't need the new generation.

The parallel I use when I'm trying to describe this to people is putting a new tollway in a city. A private enterprise comes in, builds a 20-kilometre tollway, you pay your \$10 to go on the tollway. But, if you don't want to use it, you don't, you just drive the old way. That's the model that we should use. I would argue that the new generation that's been put into the state purely for generating new business, whether it's sales via Marinus or sales to Tasmanian businesses that want to set up here, that cost of all that should feature just in there and it shouldn't be distributed across every other Tasmanian.

That's where part of this discussion gets into who pays for those transmission lines because if it goes into the TasNetworks thing, then every Tasmanian pays for it. Whether they want the extra electricity or not, their bill will go up. They'll all pay for it and, as I said in the tollway scenario, that is like saying, 'it doesn't matter if you use a tollway or not, you're going to pay for it.' That wouldn't stand.

Ms FINLAY - On that, some organisations in Tasmania quote regularly, and I haven't been able to find the source, that that's how the system works, the more assets, the more we pay. There's been a suggestion that the Marinus part of it will actually garner a price reduction for Tasmanians and the increase of the asset will be offset by the reduction -

Mr MOSTOGL - By the reduction in wholesale price.

Ms FINLAY - Yes, is that -

Mr MOSTOGL - Tell 'em they're dreaming.

Ms FINLAY - Yeah, great. As long as it's on the record.

Mr MOSTOGL - Everybody's up in arms. There are moments when wholesale price is zero or a negative and we make a song and dance about that, but when you look at the 24-hour price for when you have to bring firmed energy back in or you have to fire up a gas turbine somewhere because you haven't got the - I don't think the overall wholesale price will go down. Therefore, that argument about Marinus driving the transmission part of your bill up, but the wholesale down - the wholesale is not going to come down by much. This will definitely go up. You're going to end up paying the same or more for electricity.

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Ms FINLAY - Are there other jurisdictions you're aware of in Australia or elsewhere where they are regularly using off-book assets and leasing them so that's not on there too? Is that something that's happening somewhere else?

Mr MOSTOGL - I'm not sure, I mean that notion - I mean ports - we have so much infrastructure in Australia and around the world that's gone from government-run to private enterprise. Infrastructure is a huge part of the whole investment community, superannuation funds look for that. You would think that it's just a deal that needs to be done, but I don't know who you could -

Ms FINLAY - I'm a beginner in this space, so can I ask this question for the benefit of learning? For instance, Granville Harbour has transmission, as I understand it, that currently is their asset, so it's an unregulated asset that they paid for and are using, therefore that's not on our books?

Mr MOSTOGL - I'm not sure how much of the Granville Harbour extension -

Ms FINLAY - That's an example. I suppose the question is: there mustn't be an impediment to that happening in Tasmania because as I understand it they are already -

Mr MOSTOGL - If that's what's happened then they've already done it.

CHAIR - That's what ACEN were going to have to do.

Ms FINLAY - They lease now to Hampshire Hills but, as you said, it could have been -

CHAIR - Still a long way

Mr EDMUND - We've talked around what I'm about to ask but, a bit like Janie, I'll try to ask something that might make me sound stupid, but it's an answer I'm trying to find. With your overall point about lowering existing prices for businesses and households, and the concerns in your submission about the 2024-30 window, but then also Marinus going forward - what impact does that whole mix of things have on, particularly households but also established businesses in Tasmania, on trying to keep that price low?

I guess what I'm asking is, what is the best way to explain the benefits, in both the short- and long-term, to people who are already established in this state?

Mr MOSTOGL - I think everybody, in terms of being as a resident, you make your own call. From a business point of view, there's a number in terms of your energy costs, which is: 'This is not viable to continue'. The higher that number is, the more businesses are at that point. When it's like that, it starts a vicious cycle in business.

When a business is just breaking even, guess what? It can't attract capital to grow, so it slowly, slowly goes downhill and you might get a few little injections and typically by law they'll spend money on statutory type things if they have to do, but they won't do any sort of production improvements, or capacity increases. You start to basically starve the business of capital that they would normally reinvest. Ultimately, it leads to a reduction of existing businesses, but that price also becomes a barrier for new ones, so the whole side of the economy

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that can produce a product or provide a service from electricity slowly gets weaned off and, from a Tasmanian point of view, it's a big part of our economy.

Mr EDMUNDS - Thank you. The growth is important for every customer in Tasmania not -

Mr MOSTOGL - The only way businesses like the smelters and that have been in business for so long is that they keep finding the half per cent improvement year on year on year. They're up against new technologies that start so far in front of them, but they stay competitive because of that approach. Once you start losing that, then the books get shut on capital and you just see that slow, slow decline.

Mr EDMUNDS - Thank you, appreciate it.

Mr MOSTOGL - Hope that helps.

Ms FINLAY - In that line questioning, - Thank you for your submission. It's very honest and it says it as it is and I appreciate that. That capacity of current action to meet that interim target, in these years 2024-30, what does TMEC need to see happen specifically -

Mr MOSTOGL - To drive that?

Ms FINLAY - Yes.

Mr MOSTOGL - There are some good signals. REAP, the process to try to walk the renewable energy processes through the planning assessment process is overdue, but great that that's been announced. The attempt to try to get REZs (renewable energy zone) defined and where they are and what they do and don't include is a good move. I appreciate that's contested by some. This is all about trying to provide some certainty. We've already talked about minimising transmission lines, because the reality is that if somebody comes in and builds a great big wind farm and has full transmission costs, no-one's going to buy their electricity. We need it to be affordable. The transmission line minimisation, and scale, need to be important.

The other point that I didn't make earlier about scale is, against the national backdrop you have massive wind farms and solar farms being built across the country. Tasmania will struggle to attract a competitive bid to build those things if we're only talking about a 50-megawatt or a 100-megawatt little pittance. We have to be an attractive destination for some of those big construction companies and investors to come here to say, 'This is a significant investment, and therefore we're going to get in behind it.'

The super funds are all looking for the dollars. They've been told to get out of fossil fuels. They need to find something to invest in. Wind farms and solar farms basically meet their environmental, social and governance (ESG) requirements. I believe scale is really important. We actually need Marinus and Battery of the Nation as part of that mix. It is not going to come in the next five years, but we need to be able to transfer energy in and out of the island, even just to manage the flow of electrons, let alone the flow of dollars, that will come from being able to sell at peak prices. I don't know if Marinus will last 20 years after it's built. I'm not sure of the life of it, depending on technology and batteries-

CHAIR - Basslink is supposed to last 40 years.

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Mr MOSTOGL - I'm talking about more technological developments. Will there be a replacement?

Mr SHELTON - We will see what overtakes it in time.

Mr MOSTOGL - You can probably make that project work based on just the transition that the rest of the country is going through between now and, say, 2040.

CHAIR - It is a big insurance policy though, Ray?

Mr MOSTOGL - It is, and that's important. There's data that comes with that as well. There are a whole lot of other benefits for Tasmania that come from that. Those are the sorts of things we need to get the energy flowing faster - getting them started, getting the approvals processes and those things worked through.

We're in a deficit now. This well-publicised Norske Skog case, that they would potentially - and that media story got ahead of itself a bit - they haven't yet determined whether the technical solutions for their problem are viable. They are still working on that, but even if they said yes, there's no energy. They can't do it. That is the canary in the cage. There's a whole bunch of others sitting behind that saying, 'We want to decarbonise our vehicle fleet, we want to do this, we want to do that.' They're going to need energy, and it's not there at the moment.

CHAIR - We're not just talking about a new big industry coming in, for example, like a data storage facility or anything? It's just the decarbonisation of existing industries?

Mr MOSTOGL - It is the decarbonisation of existing industries.

CHAIR - And the transport sector.

Mr MOSTOGL - That's right, and the incremental growth that they need. Between now and 2030, most of that is required by existing businesses to stay in business and to decarbonise as the technology becomes available.

CHAIR - Regarding some of the other points you've made, Ray, in the submission, you talk about the challenge with the Hydro water storage, page 11: 'Increase the transparency and broaden options deemed suitable as stored energy to ensure Tasmania's risk profile matched its electricity consumption profile.' If you could just talk on that.

Mr MOSTOGL - What do I mean by that? I'm a novice when it comes to this, but we're going to increase the amount of energy that's being used on island. For the last 10-20 years, that amount of energy has been pretty constant. It's grown as more population have come here, but we have used those dams to manage that. All I'm flagging is that when we double the amount of energy that's being moved around the State, what does that mean for water levels? We've got prudent levels in place. I'd hate to think that they stay the same because that's where they've always been as opposed to-

CHAIR - They weren't always there, Ray. They were put up after the Basslink.

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Mr MOSTOGL - They only came there after we ran out of power. It's a bit like the algorithm. It made sense at the time, but the numbers need to change to reflect the context that we're operating in. All I'm really flagging is - and I feel embarrassed talking about this because I'm sure Hydro have the computer models that run all this and have got it covered. It would be nice to make sure that that side of the equation means that we have got that energy.

CHAIR - It's avoiding a 'set and forget' approach-

Mr MOSTOGL - It is, or leaving one thing unchanged and we've changed the operating environment.

CHAIR - Sorry to go back to the dysfunctional NEM. What needs to change, in your view? I know it's a small question.

Mr MOSTOGL - This is directed to Chris Bowen, probably.

CHAIR - Yes, correct. In his absence, what would you say?

Mr MOSTOGL - We're starting to see it, where now they're saying we actually need gas. We need to go into this transition in an orderly, controlled fashion - not let market forces - because market forces have distorted this thing terribly. There are organisations that are financially benefiting from that process. We need to have an adult conversation, as a nation, that says, 'Yes, in here, we'd like to decarbonise by this date, but this is the practical reality of achieving that. This is what we have to construct.' Don't start with an end point in mind, saying, 'We will be at this level of renewable energy by this date'. That's great aspiration, but show me the plan that gets us there. I believe that will de-risk a lot of the moves and will lower the costs of it.

At the moment we have construction companies competing against each other, we have people that move into a location, do their work, disappear, and then six months later someone else is coming back in to do a similar piece of work. It's a really inefficient way to let those things happen.

Communities are up in arms, because they're being hit left, right and centre with proponents and all sorts of issues. It's chaos and, at the end of the day, that chaos is transferred into your electricity bill. We all pay for that chaos. We complain about electricity prices going up as they have. A lot of it is because of the chaos in the transition. I'm not arguing that the transition isn't required. It just needs to be planned and organised. At a micro scale, Tasmania has to do that as well. The REZ potentially drive people to say, this is where we'll set the locations up. A wind farm proponent, left alone, will just pick the highest wind resource and the lowest cost for them to set it up - which may not help the consumer, because it might be the longest transmission line.

CHAIR - Then they have to pay for the transmission.

Mr MOSTOGL - That's right. You have to drive the levers which say, 'What's the best result for the consumer?' Then make the decisions through their lens, not through the developer's lens.

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CHAIR - Regarding the price setting, the way that the AEMO set the prices. Is that problematic or is that still pretty much fit for purpose?

Mr MOSTOGL - There was a lot of gaming when the rules changed. They'd basically withdraw capacity and drive the price up so that everybody else got a div, and then it was almost like somebody else then withdrew their capacity and everywhere else.

CHAIR - A bit like team racing.

Mr MOSTOGL - They're onto that one. They'll probably be finding the next one that they can do. What is a little bit of a concern is the fact that they've put the threshold price up. The maximum you used to be able to charge was, for example, \$12,000 a megawatt. Now it's \$14,500. They've moved it up. Hydro will go, 'That's great, because we can now sell at \$14,500 at that peak time, where there's a shortfall of energy and we know that we'll get top dollar and we're capped at that'.

CHAIR - It was \$15,000 up to \$17,500.

Mr MOSTOGL - That's good for the state, but those costs will come back to us as well. Some of that is to try and justify the generation projects to actually get up, because they need more at those peaks. I'm not the NEM expert. I know a few people who claim they are. I think an orderly transition is what the rest of the nation needs, but Tasmania needs, and can influence that transition here, and I think that's, obviously, the key thing for us is to do the best deal possible for our state.

CHAIR - We've sort of talked about this a bit, Ray, but I just wondered if - I had a little note to ask a bit more about it. 'The parliament should establish a panel or committee to evaluate the benefits and risks of running the state if Hydro Tasmania's role in the electricity market diminishes'. Is this 'diminishes' because there's a whole heap of other renewables in the state or because of Marinus?

Mr MOSTOGL - The issue is Hydro's our primary generator of energy. They provide energy 24/7 and that's what we've known for the last 50 years. We're now going to be bringing in other generators who have to work with Hydro because they need the firming side, but the state government's ability to direct Hydro to do something, which has a big impact on the state, will be different because the state government probably can't direct the private owners of the wind farms to do something. I think we just need to go into that space and understand, what does it actually mean if the direct hand on the lever that the government's currently got with Hydro changes so that you can only pull that lever half as much as you currently do. What are the circumstances that you can do now, with Hydro, that affect how the states, either electricity or the price or whatever, that you won't be able to do when Hydro is only a provider of firming energy, not of the intermittent energy?

Now, it might, again, evaporate and to go, 'Well, there's actually no change'. But it's one of those things we're changing. We need to understand, whether that actually change our risk profile. What does it mean from the state's perspective? Now, maybe somebody's done this work. You'd like to think Hydro has at least done the work in terms of what it means for them. But I think we haven't yet, as a state, had the benefit of that discussion to say, 'Well, do you realise that when Hydro are doing this, they won't be able to do this anymore?'. Well, I'd like to know that. You won't be able to pick every scenario, but what are the scenarios that you can

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predict? Have a conversation about it. Say, 'If that was to happen, this is what that future would look like'.

Now, that might drive contracts and what's in contracts with private generators, because maybe the government will want to exercise something that they can do. It's a bit like the Basslink. When the Basslink failed, Hydro was bringing in diesel generators, and all sorts of things were going on. Will that still be the case under this new world where Hydro isn't the dominant provider of energy?

CHAIR - It's a bit like Aurora being the retailer of a last resort. It's an interesting question you've raised there, Ray. Do you have a view on Hydro Tasmania becoming, basically, a firming company rather than an energy producer or electricity producer?

Mr MOSTOGL -I would imagine their modelling shows they'll make more money.

CHAIR - I'm sure it does.

Mr MOSTOGL - Just letting it go when it's at peak times and then letting it build, so they'll buy it low and sell it high.

CHAIR - But as a government owned business, do they have -

Mr MOSTOGL -That's not a bad thing from a point of view of - is that going to result in more dividends? Going back to my point, if they're running efficiently and they're churning out more dividends for the state, then we all benefit, don't we?

CHAIR - Would you expect to see some detailed analysis of this aspect of it in the whole-of-government business case of Marinus?

Mr MOSTOGL -I would have thought so, absolutely. We talked earlier about how do you reduce the prices of the - one of the other ways you can do it is to provide people with a rebate. We're sort of doing that now with a plus 100 million, but you actually hard wire that in a bit differently to say, 'Well, the state is going to make more money as a result of going down the Marinus route, and to actually share that benefit, we're going to provide every household in Tasmania with this quarterly rebate as a result of having that'.

CHAIR - We saw the big profits that Hydro made in their carbon tax years. It had a huge profitability jump for those two years and then back down again.

Mr MOSTOGL -As you would expect, they were smart enough to work out that that was coming, so they built the water levels up and sold it when they could get more for the water, effectively.

CHAIR - They already know how to operate that -

Mr MOSTOGL -That's right.

CHAIR - They were being run by a trader then.

Mr MOSTOGL -You can only do that once, kind of thing. You can't keep doing that.

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CHAIR - That's right.

Mr MOSTOGL - As I said, I'm sure they've done the numbers around this and I would expect that the whole-of-state business case for Marinus should show what that looks like and then you have a debate and say, 'Well, how do you share that profit with those who don't need it, or how do you shield people from the expense?'

CHAIR - One of the submissions we have - you probably haven't read the other submissions, Ray -

Mr MOSTOGL - I've read one or two. I'm curious.

CHAIR - Probably not the one I'm going to talk about - Tasmanian Irrigation?

Mr MOSTOGL - No.

CHAIR - The interesting thing they brought to the committee's attention was that in this situation where Hydro is acting more like a firming provider rather than just generating as they have since their inception, it means that the price of the water goes up.

Mr MOSTOGL - Yes; it's worth more.

CHAIR - They buy the water from Hydro so that's then passed on to the customer who are farmers who are paying to irrigate their paddocks at a higher price for the water, so it all gets passed through.

Mr MOSTOGL - That's an example of that change and we just need to understand what that looks like and I think that's the whole estate business case. It needs to understand - well, how does it affect the other sectors and then how do you shield them from it? How do you offset it because the farmers are going, 'Well, I shouldn't have to pay more? Why is this? Because these organisations are making a motza out of selling the energy'. That's great, but that should be shielded and distributed to protect those that shouldn't have to pay for it, because they're not using more energy, they're not using more water. They're using what they've always used so their business model has not changed. You can't just drive some variables up because you want to make a difference over here. That's the reality and the beauty of a state-owned entity that you have the ability to do something with that. If that was private, you'd have to build it, bake it into the contract and they'd probably find a way to get out of it.

CHAIR - Does the Tasmanian Minerals, Manufacturing and Energy Council (TMEC) as an organisation have any other concerns about Marinus Link, or the proposal or things that we really should be asking about?

Mr MOSTOGL - I believe the whole-of-state business case is the key thing, and that's been our conditional support which is we just need to understand what does this actually look like?

The reality from a TMEC point of view, and this will be unique to four major industrials, is that they will only see a cost increase with Marinus because they are directly connected. They already access the wholesale market. They will not be able to buy cheaper electricity

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when Marinus is connected because they're already accessing the wholesale price but their transmission costs will go up.

The point you are making about there being a movement - and we'll debate about what's coming up or how far that goes up, how far this comes down - there's no debate for the major industrials; they will just see a significant cost increase - tens of millions of dollars probably.

CHAIR - Which could make them unviable in our state.

Mr MOSTOGL - It could. Again, that's why you'd have to look and say, 'Well, how do you shield them because they don't need that? How do you shield them from that?' It's like the consumers at home. How do you shield them from cost increases for extra energy that they don't need? If you're a new business and you're setting up or you're an existing business and you need new electricity, you have to pay the new price. But you should be able to say to everybody else the grandfather clause, 'Well, if you don't need it, you should be able to be shielded from it', and we just need to find a way to do it.

Taking transmission off the books is one way. Leasing, paying rebates through profits; there are multiple ways.

CHAIR - The perverse outcome though could be, 'We're not going to decarbonise our business then'. We need a new load to do it.

Mr MOSTOGL - Yes. The consequence of it is that businesses will have the technology, they'll have the board approval to spend the money but they won't have any electricity to do it, and it will sit there.

CHAIR - Because the electricity is at a much higher price.

Mr MOSTOGL - Again, that's the whole thing. My opening comment was, 'The price of electricity will dictate how quickly we change'. Those businesses might have to wait 5-10 years for the technology price to come down, to say, 'Now we can afford to do it with this higher energy price', but it pushes everything out.

Ms FINLAY - Can I ask questions before we hit time back onto the whole-of-state business case and the timing? That whole-of-state business case, we're hoping when we spoke to TI earlier, they weren't clear that they would be considered in that, but they've got a very critical thing to contribute. I've always been curious why it's only 30 days prior to FID that they're releasing that and would there not be useful information in there for us to all go -

Mr MOSTOGL - Absolutely.

Ms FINLAY - Wouldn't it be better to be released? Would TMEC have an opinion about whether that's -

Mr MOSTOGL - Yes. We're obviously very keen to see it, because we want to understand the impacts.

Ms FINLAY - It just seems to keep getting pushed down.

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Mr MOSTOGL - I can't say why that's - there's only a 30-day window.

Ms FINLAY - That also seems quite short in terms of -

Mr MOSTOGL - Just to digest it because it will be complicated. Then you'll be looking to say, 'Alright, if that's the impact, how do you offset that?'. Unless this whole business case comes out and says, 'Well, this is what the water users will see, this is how we're going to do it'. Every solution is provided in the business case, which would be -

CHAIR - I'm not sure that's what they're aiming to do though.

Mr MOSTOGL - Which would be a phenomenal document. It'll be rare because I don't think anybody would do that.

Ms FINLAY - Well, it's a critical piece of work.

CHAIR - Yeah, it will be. That's not how they usually look.

Ms FINLAY - Despite Marinus, that would be a critical piece of work, how all these GBEs are offsetting, and they're operating in their silos ,and how they can work for Tasmania's interests.

Mr MOSTOGL - That's right. Absolutely. To have 30 days to digest that seems very unrealistic.

CHAIR - Could it get pushed out till Christmas Eve, do you think?

Mr MOSTOGL - Sorry?

CHAIR - I'm just being a bit facetious. That's what happens.

Mr MOSTOGL - Yeah, it could be. Or the Easter bunny.

Ms FINLAY - Okay. Thank you.

CHAIR - We are out of time. Has anyone got any pressing questions?

Mr SHELTON - Just one point. You made the point that scale as far as wind farms in the future go, and to keep the price down, and the difficulty with that is the more money that someone out there has to invest. Then the certainty around how can we sell our production into the state without Marinus and having the ability to sell it across the Strait, then you can't get the scale that you need in order to manage. Have you got any comments around that?

Mr MOSTOGL - It's a very astute observation. That is the issue that they've got. They'll have to be thinking about how they ride through that first three or four years before Marinus is operation. The thing is if they're not first in, they may not even get a chance to put theirs in. You've got to be there to start the race, and then you've got to find out how do I - it's a bit like a startup business, 'How do I survive until I've actually got my customer base built?' Every startup has to go through that.

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They'll be looking for ways of offsetting that risk, because the state wants them to start. There'll be some sort of financial shielding. Once the loads come on in the state - because it is chicken and egg. We've got people that will probably start a business but can't get the electricity now. Someone's got to go first. The generator's got to be here first because then the other person will say, 'Right, I can now build and go'.

It's a valid comment. What it means is that first three to five years for those generators, it's going to be a bit ugly. There will be needing to be some support or incentives in there to keep them going until we've ratcheted up to that other level of operation, and we've got good base load contracts and all those sorts of things are in place, where they now know that they've got a good steady return because they've got a 10-year contract with an industrial or commercial load. It's like having a lease for 10 years where you're guaranteed whether there's a tenant there or not, they'll pay. That's what most of those big contracts say. If you don't use it, you still pay. They're lucrative, but if you're the third or fourth wind farm in line for that, you may not have those opportunities. There is a bit of an incentive to go soon rather than wait.

CHAIR - We're out of time, but is there anything you wished you'd said and you haven't?

Mr MOSTOGL - No. I think you've grilled me quite well. I don't think there's anything there that we didn't talk about that I was hopeful that we would cover.

Ms FINLAY - The submission was great.

CHAIR - Yeah, I appreciated it, and well set out.

Mr MOSTOGL - Thank you.

CHAIR - Thank you and your team. Tell Leigh we're sorry we didn't hear from him.

Mr MOSTOGL - Yes. If he could have, he would have been here. I can assure you.

CHAIR - Thanks very much.

Mr MOSTOGL - Thank you very much.

The witness withdrew.

The committee adjourned at 1.33 p.m.