

Submission into the Legislative Council Sessional Committee Government Administration 'A' – Inquiry into Energy prices in Tasmania.

This submission is from Mervin C Reed FAICD FCHFP, an interested party in Tasmanian energy generation, transmission, and sales.

Disclosures:

Mervin C Reed is a practicing Chartered Financial Adviser, and a practitioner member of the National Tax Practitioners Board of the Federal Government.

He has a Financial Advising practice with clients in Tasmania, Sydney, the United Kingdom, and Singapore. This is his 32nd year of practice.

I disclose to the committee, that I have no fiscal interest in any energy company.

I disclose to the committee that I was the President on the Heads of Agency and Senior Executive Service Association of the Tasmanian Public Service for 14 years.

My submission to the Inquiry:

This inquiry has been brought about by the meandering and disjointed policies of the present Government, in regard to Energy.

The resulting concerns of the Citizens of Tasmania to rapidly rising energy prices, has generated this Parliamentary inquiry as to why!

The signals emanating from the Government of Tasmania, are confusing to the market, and to investors, and as a result, there is no private sector investment presently underway in the sector in Tasmania.

None.

Not one dollar of investment is planned or committed.

There are no projects that have reached the stage of financial execution, and this is now more and more unlikely, given the policy settings of the present minority Government.

All projects are in the design, development or approvals stages.

It is highly unlikely, that any of these projects will come to financial execution, that is, actual cash being applied to a development project, within the next 24 months.

The creation of any generation assets is at least 36 months away and perhaps longer. There will be shortages of electrical energy in Tasmania.

The treatment by the government of UPC and other companies, wanting to build renewable energy wind farms and solar farms has been very disheartening.

There is no advice to the public that if we do not build these facilities, then the electricity that we will need in the future as a society, might have to be rationed.

There is no understanding given to the Citizens of Tasmania that their lifestyles, businesses and investments may be compromised by a failed government policy stance, that will probably see power being rationed in the short term.

There will be no investment, until the Government and its policies of using Energy generation and transmission as a tax collector, are changed.

Presently the capex programs of Tasnetworks and Hydro Tasmania do not even get near the level of depreciation expense impacted on the profit and loss account, and this results in the assets of those State owned companies slowly but surely degrading, and becoming less efficient.

Tasmania has no growth taxes to speak of, apart from Land tax, a punitive form of Taxation, that is about at the end of the road, with the next step being the taxation of the land upon which sits principal private residences of electors.

That proposal to tax homes would not be an election winner with any citizen, and would be rejected along with the Government that proposed it.

The taxing of Airbnb properties would however receive wide community agreement.

Instead of developing a competent balanced tax policy, the present Liberal Government has used compulsory dividends from the owned energy companies being Hydro Tasmania, Tasnetworks Pty Ltd and Aurora Energy Pty Ltd, as its growth tax collector.

The Minister for Energy has allowed this to happen, whilst appearing to be doing something with generation and industrial development.

In reality he has done nothing, achieved no investment commitments, and no generation assets have been built.

Some basic investigations and drilling at Tarraleah has been undertaken with Federal funds, but no approval to build the power station has been given, and no loan funds allocated to that project.

Nothing is happening – nothing!

The Green energy hub he has been talking up at Bell Bay is an illusion, with no electricity able to be committed to the projects, nor water available.

Without power and water the Green hydrogen options are nothing more than fantasies.

This has resulted in Tasmania now being short of base load electrical energy, with for example, the Hydro Electric Corporation, unable to supply a block of 33MW base load power to Norske Skog at Boyer in Southern Tasmania, to replace the coal fired boilers of that plant, now at the end of their useful life.

This policy to use the energy assets owned by the people of Tasmania and with whom they have monopoly market, to tax those same citizens, has been Liberal policy for many years, and was the fundamental reason why the then Minister for Energy, Mr Matthew Groom, presided over the emptying of the dams in order to jack up revenue coming to the Government.

The bet that was made (some would call it a judgement call) and fell on the wrong side of the weather patterns, and resulted in diesel generators being installed at Hydro dam sites, to bolster power production at an enormous cost.

The cost to the Hydro was many times the revenue generated by emptying the dams. It was a very well executed “own goal”!

Consequently, the Parliament placed minimum conditions on water storages by Hydro Tasmania, so that this disaster could not reoccur.

It was a close-run thing with only an unseasonal downpour saving the economy of Tasmania from a disaster.

Thus, the idea that you can use the Energy companies as an unlimited tax collector has two major flaws.

The first one is that Public Servants have no understanding of the cost of money or time, in business, and simply see the imposition of increased prices as their share of the profit of any particular company.

They have little understanding of how that profit was generated in the first place, or how profit can change with market conditions from year to year.

This distorts the economy, and Tasmania has gone from a low-cost producer to a higher cost producer with these energy taxes.

The second flaw, not understood at all well by the Department of Treasury and Finance, is that as you control the balance sheet of the company, and you starve it of capital that is used to increase the efficiency of the operating assets, the longer term outlook of revenue, falls.

You ask it to borrow more funds against its assets (that are diminishing in value) as you wish to strip more cash out of the businesses to bolster the vague impression that your good economic managers.

Your overmilking the cow to the point where it is stressed, and then you wonder why revenue from the energy companies flat-lines as forecast in the government's 2023 budget documents!

We have lower returns from energy companies in a rising energy market! This is the result of the Treasury program of profit stripping.

The result is the capital programs to keep assets running are stretched and pushed further out, and the assets are in effect run into the ground, with no thought to future rectification costs, and the price of such rectification on the Tasmania economy.

Those questions of future rectification costs are seen by the Department of Treasury and Finance as of not any interest to them.

Job losses and the unreal world of the Department of Treasury and Finance:

When a Hydro Station has to be rectified or upgraded, it is taken out of service for those upgrading and rectification works, and the revenue it would have generated is not generated. Now power is forthcoming.

The Treasury folk seem to not understand the real world of engineering and time and costs. They certainly do not understand this concept.

If you explain it to them by saying that "to rectify this asset you have to stop collecting the tax", you would be more likely to get a response.

We now have a situation where there are **no available new blocks of power** to convert existing fossil fuel industries to electrical energy industries, and this will see some of those large employers probably close.

Real people and electors will lose their jobs when they need not have.

This will cost the Tasmanian Government considerable revenue from that lost generation opportunity.

The first example of this may well be Norske Skog at Boyer in Tasmania and it will take with it a large forestry industry, and use of plantation softwoods designed entirely for pulp and paper.

Over 1,000 direct and indirect jobs are involved in the Lyons electorate.

This could be considered to be another own goal by the Energy Minister, Guy Barnett whose electorate this is in.

This change from fossil fuel to renewable energy has been flagged for years, so it's not something that has suddenly appeared.

The way forward here would be to run the gas fired combined cycle unit at Bell Bay to supply 33MW of base load to Norske Skog.

The overall baseload energy production costs would be higher, but not markedly so with a mix of Hydro, wind, PV, and fossil fuel generation.

No loss of tax revenue or jobs, but it appears that the sale of the take or pay contracted gas volumes into Melbourne by Hydro Tasmania, are more appealing to the Treasury and the Minister, than keeping 1,000 jobs in place.

This is the sort of dysfunctional thinking, that permeates the Government, who have no real skill sets in these areas, and to whom change, is not able to be considered.

The whole issue is that the Energy companies are run at tax collectors and not as energy companies. The impact of the Treasury and the Government is all budget-to-budget stuff with no other thought given to the longer-term impacts.

Change is now imperative and needs to be fast:

This committee of Inquiry was formed for the reason that the people of Tasmania were being told a series of lies, to cover up the true position with the Electricity Assets, owned by the State.

Firstly, it has come as a shock to the business world, that a major and immovable constraint, is the lack of electricity.

They have now realised that that constraint will now not be lifted for at least 4 years, and perhaps longer, as no construction of generating assets is underway.

The energy minister, the honorable Guy Barnett has failed to deliver anything in the way of generation assets, and has fiddle around with the politics rather than the projects.

Lastly, the government has now also realised that conversion to Electric Vehicles in Tasmania is now not going to happen, as the major constraint will be charging of the EV batteries.

To charge batteries in electric vehicles, you need generation, and it does not exist. To convert fossil fueled vehicles to electric vehicles requires power generation that does not exist. No amount of playing around with charging rates and times on the network will make up for the loss on no available energy.

You need a competent 11,000v network, and presently the transformers on this network converting the energy to 440v are mostly old, and a lot will need replacement to meet the demand of home charged electric vehicles.

Tasnetworks will have to stand the costs of these upgrades in capital terms, and they apparently have no policies in this regard. Apparently, they are averse to the charging of electric vehicles in their staff car parks.

No developers are available to whom Tasnetworks can charge the costs to, so it's now a large and looming steep cash-flow problem that Tasnetworks has failed to address.

Further instability and ultimately failures in the 11,000v network are now to be expected.

Thus, change is now imperative Tasnetworks and the Hydro Tasmania construction program for generation, and EV distribution strategies and defined policy published urgently.

1: Amending the GBE Act:

Given the lack of disclosure which has resulted in this Parliamentary Committee of Inquiry, this lack of disclosure has a resulting impact upon the people of Tasmania with for example, Hydro Tasmania, Tasports, the MTT, and Tasnetworks; Parliament needs to amend the GBE Act so that the State-owned companies have to report to the Parliamentary Accounts Committee (PAC) on a market active basis, as if they were a listed company and this creates continuous disclosure.

Quarterly reporting should be mandated.

The PAC enabling Act also needs amendment to increase its powers of access and compliance, and to ensure its subpoenas are irresistible with a "forfeiture of office penalty", for noncompliance by a Minister of the Crown to the information required in the subpoena.

The Constitution Act will also need amendment to remove the Minister, if he or she does not comply.

The days of game playing should now be over, and compliance mandatory.

Non compliance with Directors under the Corporations Act is now in most instances a Criminal rather than a Civil offence. Continuous disclosure is not accepted by the Corporate Community as normal.

The Tasmanian Government has no such view that disclosure is in its interests.

Thus, the foolish decisions impacted by the present Government, and in particular the Minister for Energy, would be exposed to the Committee, and reported upon promptly.

There is nothing particularly strange about continuous reporting of corporate actions to the shareholders, who are the citizens of Tasmania.

This change is relatively small, but will ensure compliance, and better governance which is what the PAC is all about.

2: Change the borrowing arrangements for the Energy companies:

The energy companies have between them borrowings amounting to about \$2.833bn AUD.

The costs of this debt are somewhat excessive due to the reliance on outdated Tascorp borrowing arrangements, that are not focused on the debt market in future terms, but what is Tascorp custom and practice.

For example, the demand for Infrastructure bonds in Australia is immense to support the fixed interest component of Superannuation fund asset allocations.

Due to the lack of these infrastructure bonds usually denominated at 20- and 30-year terms, a great deal of Australian cash is invested in overseas infrastructure bonds.

The present levels of debt of the two energy companies is \$2,833,860.00 and a further \$1,100,000.00 is needed to fund the building of the Tarraleah Power station.

Net debt will be approximately \$4bn, if the refurbishment program of the West Coast Hydro stations is accelerated, along of course with the outcome being an increase in the future value of the cashflows, from more efficient stations.

The recasting of this debt is now long overdue.

Overall savings from converting all of the existing Tascorp Bonds to Hydro Tasmania Infrastructure bonds, will save approximately \$74.7m per annum in interest expense, and allow the company balance sheets to be repaired.

The infrastructure bond series can be further extended as it will rate as AAAa1 debt in the market. I estimate that it would take less than one day to fill the whole bond series at \$4bn, such is the demand.

Of course, this action will not be welcomed by Tascorp as it would reduce their functions and cashflow considerably.

Jobs for the boys must be retained.

I note here that some local government authorities are now getting cheaper loan deals direct from banks and have no loan guarantee fees to pay to the Government. The costs of Tascorp overheads are now being borne with increased prices being paid by Tasmanian taxpayers.

This is an area for investigation by the PAC for a future reference to the Auditor General for an opinion on how borrowings should be further improved and without the need for Tascorp. The whole of the Government debt structure should be tendered on a 5-year rolling basis and Tascorp abolished.

3: Future board director appointments to be at least 50% domiciled Tasmanian directors, not fly in mainland directors who have no skin in the game:

Tasmania has a lot of talented people who would easily add new dimensions and thinking to both the boards of the Energy companies.

Instead, we get public service recruitment processes used to eliminate local potential Board members, and this results in compliant boards that do not drive the businesses to the distinct advantage of the people of Tasmania.

They simply go through the motions, and it is in essence a care and maintenance board of directors doing what the Department of Treasury and Finance dictate.

The Board of the Hydro Electric Corporation approved more debt funding and net debt at Hydro rose from \$542m to around \$732m without any real asset upgrades, and the new net debt figure will be of interest when eventually reported.

In other words, the people of Tasmania got to take on a whole lot of new debt but the Hydro Electric Corporation created no assets and thus new cashflows from those borrowings.

The borrowings were used to hide the forced payment of dividends that did not exist in the operational outcomes of the company.

Alternatively, it can be viewed as asset stripping by stealth.

Clearly the debt has been used to pay dividends which were not in essence earned from the operation of the business.

This then stresses the balance sheets of both companies and delays longer term efficiencies, and indeed as we are now aware, the building of generation assets.

4: Longevity goals for the businesses

It is clear from the disjointed and fractured policy on the run, by the energy minister, that any long-term thoughts of having these GBE's focus on longevity of their businesses, has been thoroughly discounted by him.

The high level of turnover of Energy advisers in his office is another sign of policy fracturing and the lack of proper analysis and direction.

Clearly, the recent policy knee jerk reaction to power price increases by stating that Tasmanian consumers would be getting a Renewable Energy Dividend (RED), was nothing more than a “spin doctor thought bubble”.

The next day the Treasury stepped in and the Minister had to state that the Energy companies had to make at least a \$100m profit before any RED was going to be considered.

Remember the Minister forced the Hydro Tasmania Corporation to make a special dividend in 2022 of \$85m that in effect deferred and added risk to the business and their capex program.

The Minister quite deceitfully, did not mention that with his imposition of increased borrowings by both companies to pay dividends, that were simply not cashflows there in operating terms, and that the Energy companies balance sheets had been compromised, their internal capital program wrecked, and that the budget documents state, that there will be lower dividend returns from both companies in future years.

In other words, no RED will ever be paid to Tasmanian consumers and thus the policy on the run, was just another non-core promise that will never, repeat never, be delivered.

The Minister for Energy is a specialist at non-core promises that are vaporized when convenient, and with the disassembling of answers to simple questions.

The fundamental reason for this for the Committee’s attention is the rising cost of the debt markets, and these two energy companies have been hamstrung for years, and effectively shackled to being tax collectors.

This is the reason for power price increases and none other obtains.

Recommendations for the reduction in power prices for Tasmania users:

1. Removal of fees:

The overall debt of the Energy companies should be recast to reduce overall annual interest costs, and guarantee fees abandoned as they are nothing more than a Treasury excuse to levy a charge that does not exist elsewhere.

The so-called charge for the guarantee makes no difference to the pricing of debt in the private sector debt market.

These charges amount to close to \$20m per annum and are tax on Tasmanian citizens and should be removed.

This would reduce costs on the energy companies and ultimately reduce power prices.

2. The recasting of the debt:

Recasting will, based on current market prices, save some \$74.6m per annum on interest expenses.

This will reduce energy prices to Tasmanian users and added to the guarantee fee removal provide around \$100m for an immediate Renewable Energy discount to Tasmanian citizens.

3. New Tariffs for users to embed equity for those less well off:–

The total change in the tariffs for use of electricity to permanently provide for an equity return to pensioners and others in the community that are close to the poverty line, needs to proceed.

I have attached this tariff change proposal as appendix (a). The tariff changes provide for a change in the use and the time of use of electricity and will promote industrial development and an increasingly healthier population (warmer in the winter) plus increase the use of electricity for agriculture.

- 4. Change the membership of the boards** of the Energy companies to reflect a need to drive profit and focus on Tasmanian citizens who own the assets. This is an urgent need. The boards need to have more engineers appointed to them as the future is in the engineering challenges, not in running down the assets.

5. Remove the influence of the Department of Treasury and Finance:

The removal of the interference by the Department of Treasury and Finance, from the balance sheets of the Energy companies, need to proceed as a priority, as this influence is corrosive and destructive to the wealth of the People of Tasmania.

It permeates the business decisions of the operations of the companies and it should not.

It restricts efficiency upgrades of power stations, that produce cashflow in favor of borrowing cash, to pay non-existent dividends.

It is a tax collector.

6. **Introduce quarterly disclosures in accordance with the Corporations Act** and amend the GBE Act and PAC Act to ensure this happens as well as the mandating of the response by Ministers (shareholders) via the amendment of the Constitution Act.

The increase in scrutiny of what is happening with these large investments made by and continued to be held by the people of Tasmania is long overdue by Parliament and the PAC.

Summary:

The reason power prices are rising at a rate way above inflation and the costs of production is very simple.

The Citizens of Tasmania are being taxed by their Energy companies at the direction of the Treasury, at levels way above the inflation rate.

The Minority Liberal Government has in essence shut down a lot of the capital works of the companies, increased its demands for dividends that do not exist operationally, and forced the companies to borrow funds to pay those dividends.

The Liberal Minority Government is taxing the people of Tasmania unnecessarily and need not do so, but they do so in order to cover up their inadequate and lack of coherent tax policies.

They have impacted negatively the standards of living and health of people for the sake of artificial budget outcomes, that are not necessarily going to add to the welfare of the people of Tasmania, and which do not have broad electoral support.

The taxes they collect from the people of Tasmania via the Energy companies owned by the people of Tasmania, are an impost on the living standards of those people, that need not to be so impacted.

Reformation of the Policies is now gotten to the position of being strategic and urgent.

The solution to the current pricing stress that is quite counter productive to the well being of the Tasmanian Community

The current electricity tariffs hark from the days of the black electricity meters, that were manually read on a quarterly basis.

Each year, for the past 40 years there have been adjustments to these tariffs to the point now where they're totally inequitable to the less well off in the community.

For example, the person living in a housing estate such as Ravenswood or Moonah, built 50 years ago, and where the electrical infrastructure has been completely written off over time with depreciation, now pays exactly the size network charge, as someone who has just connected their new home to the Tasnetworks 440AC distribution network.

The cost of maintaining both properties on the network are substantially different, in that the more modern connections are all underground and not subject to wind and rain impacts.

Given the developer of land, has already paid to Tasnetworks a capital equivalent of some \$50,000 per allotment (the total cost of installation) by way of installation of cables network turrets, and in some cases substantially more for new transformers or upgraded transformers.

Hence the capital cost of the network development, has already been provided and is not a cost to the balance sheet of Tasnetworks. Therefore, there is no need for capital recovery of these sums as part of the network charge.

The current tariffs assume that it is, as the total cost being met by property developers, has only been a recent policy change.

Therefore, a change to the tariffs can be readily put in place by the government with the only national requirement being a national meter number for each meter.

There is no national legislation governing electricity tariffs.

In Tasmanian Government's case, **there is a simple fix** and it works like this:

1. The Government controls the electricity tariff structures and can, and should, now completely revise them. Most of the tariff structures, are more than 50 years old, and are a patchwork of additions and subtractions, with no focus on encouraging energy efficiency.

Tariff structures provide for regulated prices are reviewed and approved by the Tasmanian Energy Regulator.

These are set once each year and fix maximum generation and network pricing for retail business and residential customers.

2. The wholesale price of power is able to be determined by the Government as its overall production price is about \$34 MW/HR, and that price is with Hydro Tasmania being profitable.

A base fixed price of \$80 MW/HR seems to be the balance point.

Thus, the Government can fix its energy price between \$34 and \$80 MW/HR and have profitable energy companies. It should not be a tax collector.

3. There is significant scope for re-engineering the tariffs to reflect the underlying community expectation that they will be rewarded for the years of investment in Hydro generation, network development and pricing stability.
4. The protection of the community and their standards of living is a primary duty of the Government.
5. No point in comparing what a current government does with past governments, as it will be the present power bills that will impact upon the citizens of Tasmania, not rhetoric.

It will be the real costs that the electors will remember for a very long time – and won't forgive a State Government that thinks we are stupid, and tries to do us over.

This can be fixed by the Tasmanian Government and the WA Government has already proved it.

Process

The Government could and should create 6 entirely new electricity tariffs being the following:

- The aged pensioner tariff
- The retiree pensioner tariff
- The farmer tariff
- The small business <\$3,000 per month tariff
- The small to medium business >\$3,500 per month
- The large business tariff.

These tariffs will have varying components of charges, especially the network charge and these changes would comprise work thus:

The age pensioner tariff

The Network Charge under this tariff, will be reduced by 50% and a focus of replacing all of the old black meters with new electronic meters (at no cost to the customers).

The energy costs for these users will remain about the same overall, but the new tariff will be time of use, which is generator friendly, and has a better user outcome. Warmer in the winter is the theme.

This will result in more power being used by these consumers whom now ration power due to network costs.

They will spend saving on the network charge on energy to heat their homes.

The reduction in revenue from the reduced network charge will be offset by increased energy use and as a result there will be a warmer and healthier population of older Tasmanians.

Cashflow to the Government will remain the same.

To access this tariff the users *must be in receipt of a Centrelink aged pension benefit payment.*

The retiree pensioner tariff

The network charge for this new tariff will be reduced by 25% and again replacement of old black meters with new electronic metering to allow time of use tariffs will be mandated.

The energy charges on this tariff will be the same as the Age Pensioner tariff.

These customers are generally on fixed incomes and again it will result in a healthier and warmer older group in the community, and impact less on the health system.

To access this tariff the users must be retired and self-funded.

The farmer tariff

This updated tariff is a revision of the existing irrigation tariff and a whole new approach to farm energy.

The massive investment in irrigation schemes allows farmers to capitalise their farms for growth.

There needs to be incentives for getting farmers converted from say diesel pumps for irrigation, to electric pumps for irrigation.

The network charge will be reduced by 50% for farmers and a scheme introduced of interest free loans to convert diesel pumps to electric pumps.

The rise in usage of the regional 11,000-volt distribution network will more than compensate for the network charge reduction.

The small business (<\$3,000 per month) tariff

This group of customers will be the hardest hit with rising costs and as they on average employ 1-4 employees, it is simply a job killer if power prices rise to a point where margins on production are loss-making.

These very small businesses rely absolutely on cashflow, and if energy costs rise and they cannot recoup them, and many will not be able to, then what will give, will be employees being retrenched.

Most of these businesses are supported with personal borrowings held against the owner's residential property.

These businesses will have a network charge reduction of 20%.

The small to medium business (>\$3,500 per month) tariff

This is the economic group that generates real growth in the economy and in Tasmania are typically production and processing companies, and manufacturers, as well as retailers whom employ 20 or more staff.

Again, the absorption of cost increases in an economic construct that in the Tasmanian economy, is not really going to happen, and the one option that these businesses will have been to reduce production and staffing.

They will do this as soon as cashflow pressures caused by rapidly rising energy bills.

Again, this group will have a network charge reduction of 20%, and for electricity accounts over \$10,000 per month the network charge will be reduced by 25%.

The large business tariff

There is an opportunity with this proposed tariff to capture and convert fossil fuel energy use to electrical energy use.

This is an important focus as a lot of food processors on the North West Coast are now stuck with Natural Gas feed prices that are doubling of what they were 2 years ago.

Conversion to electrode 11,000V feed boilers on this tariff structure with guaranteed costs will see electrification rising and costs being maintained or reduced and thus internal capital use rising to expand these industries.

This also includes replacement coal fired boilers such as those of Norska Skog at New Norfolk.

Government Cashflows

The Tasmanian Government owns the Hydro Electric Corporation, Tasnetworks Pty Ltd and Aurora Energy Pty Ltd.

It is hopeful of maintaining reasonable dividends from these businesses, but has to face the fact that internal capital spending will now rise, to accommodate the new infrastructure along with very substantial loan funding.

Indeed, the budget documents for 2023 forecast a reduction in dividends from the energy companies due to internal capital pressures.

The offset for the Government Energy business enterprises will be that the gross energy use will go up, and thus the revenue for the generator Hydro Tasmania and the network company Tasnetworks will go up, based on usage.

The key issue here is usage.

It is all very well to have base statutory charges, but they must reflect usage, as this is where future revenue growth will occur.

If the whole theme of these proposed tariff changes is to use more renewable electrical energy to heat homes and run businesses, then the Government wins.

As an example of future energy shifts, the new NW coast HV interconnector to be built will allow a raft of businesses presently wedded to natural gas for industrial boiler use to have the option to change to electrode boilers at higher voltages, and thereby achieve lower operating costs.

This is a win for the Government, even if it provides subsidies for conversion from gas to electricity for each business involved.

It has a vested interest in doing so, as its revenue will rise accordingly.

Thus, the overall unit carrying cost comes down as the consumers switch to increased usage at a lower cost, which then equates with (the modelling I have done) to being a cashflow outcome for the Government business enterprises, not much different than they have now.

The outcome is a small drop in revenue in year 1 but a rise in year 2 through to year 6 as more and more switches to electrical energy are completed and fossil fuels dumped.

The largest single winner is the Tasmania community with in essence capped regulated power prices, and which would be a government policy masterpiece.

The National Energy Market is effectively dead as generation costs are tied to fossil fuel generators for base load, and the Tasmanian Government should move to cement our energy future and not default to imposing a 56% increase in our hydro energy tariff rates.

Capitulation would destroy the hydro advantage forever, and impose an entirely avoidable burden on all Tasmanian residents.

