

30 May 2025

The Honourable Ruth Forrest MLC
Member for Murchison
Chair, Joint Select Committee on Energy Matters
Tasmanian Parliament

Dear Ms Forrest,

Re: TasNetworks response to Questions on Notice from 28th April 2025

Thank you for the opportunity for TasNetworks to appear before the Joint Select Committee again on the 28th of April 2025. I must commend you on your fair and professional approach as Chair of the Committee.

In this session, TasNetworks committed to providing additional information through for the Committee's consideration, specifically:

- increases in network charges for major industrial customers;
- expected job figures for locally housed employees associated with the North West Transmission Developments (NWTd); and
- information from the Australian Energy Regulator (AER) regarding directly connected Transmission customers and concessional arrangements that can be put in place.

Please find enclosed a copy of TasNetworks annual network charges for 2025-25, along with indicative price impacts for customers as a result of the NWTd. Please also find enclosed an overview of concessions of Transmission Charges, as committed in the hearing to provide the AER framework.

Finally, I can confirm that the NWTd permit application lodged with the Tasmanian Planning Commission forecast 333 direct roles during construction, with approximately 45 per cent from the North West Region.

I trust this satisfies the questions I took on notice, and I look forward to receiving the Committee's findings in due course.

Yours sincerely,



Seán Mc Goldrick
Chief Executive Officer

Enclosed: Published Joint Select Committee April 2025 – Pricing Pack; Overview of concession of Transmission Charges, Regulatory Framework 29 April 2025

Overview of concessions of Transmission Charges

Regulatory Framework

29 April 2025

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Powering a
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Version	Date	Author initials
[V 0.1]	29/04/2025	MR

TasNetworks acknowledges the palawa (Tasmanian Aboriginal community) as the original owners and custodians of lutruwita (Tasmania). TasNetworks, acknowledges the palawa have maintained their spiritual and cultural connection to the land and water. We pay respect to Elders past and present and all Aboriginal and Torres Strait Islander peoples.

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Summary

Under the National Electricity Rules (**NER**), Transmission Network Service Providers (**TNSPs**) may offer discounts to customers. By default, only 70 per cent of the discounted value (the total amount reduced from the customer's original charge) is recoverable from other customers, with the remaining 30 per cent not recoverable and therefore reducing TasNetworks' profit. However, this can change if the TNSP requests the Australian Energy Regulator (**AER**) to assess and approve the discount as prudent.

Where an existing customer has requested a discount, and subject to the criteria that the discount is no larger than necessary and that no other customers are made worse off, TasNetworks may apply to the AER for a prudent discount. If approved, this would allow TasNetworks to recover more than 70 per cent of the discount value from other customers.

TasNetworks currently has two discount arrangements in place with its transmission customers. TasNetworks has not requested a prudent discount approval from the AER for these arrangements.

Introduction

This document outlines the regulatory framework governing TasNetworks' approach to network charge concessions and prudent discounts, which may arise during contract negotiations with existing customers or those connecting to our transmission network. It provides an overview of regulatory requirements, detailing the regulatory principles and requirements for prudent discounts as set out in rule 6A.26 of the NER and the AER's Guidelines for the Negotiation of Discounted Transmission Charges.

Discounts under NER

In line with the NER requirements (Clause 6A.26.1), an agreement for prudent discounts for prescribed transmission services may be approved as a "prudent discount" where:

- (a) The prices for prescribed transmission services that are determined in accordance with TasNetworks' Transmission Pricing Methodology are the maximum prices that can be charged for the provision of the relevant prescribed transmission services.
- (b) TasNetworks may, but is not required to, agree with a Transmission Customer¹ to charge lower prices for prescribed Transmission Use of System (**TUoS**) services and prescribed common transmission services.
- (c) Where a Transmission Customer requests that TasNetworks charge a reduced charge for prescribed TUoS services or prescribed common transmission services, TasNetworks must negotiate in good faith.
- (d) If TasNetworks agrees to charge the Transmission Customer a reduced charge, TasNetworks may recover the difference between the revenue that would be recovered by the application of the maximum prices (referred to in (a)) and the discount amount.
- (e) TasNetworks may recover up to 70 per cent of a discount amount through the adjusted non-locational component and the prescribed common transmission service.

¹ A Transmission Customer is defined in the NER as being a Customer, Non-Registered Customer or Distribution Network Service Provider having a connection point with a transmission network.

- (f) TasNetworks may recover greater than 70 per cent of the discount amount if:
- (1) the discount amount is no larger than that necessary to prevent the charges altering the Transmission Customer's behaviour; and
 - (2) the giving of the discount would not place other customers in a worse position than if the discount was not offered.

AER prudent discount assessment process

The assessment process for a prudent reduced charge application begins when a TNSP submits a written application to the AER to recover more than 70 per cent of an agreed or proposed discount amount.²

Upon receiving an application, the AER commences its evaluation against the criteria, which are detailed above, and set out in the NER. During this assessment period, the AER may seek additional information from the TNSP to support its decision-making. The TNSP must provide any requested information within the timeframe specified by the AER.³

The AER may decide to undertake consultation on the application. If it does so, the AER will consult with the relevant TNSP and any other groups it considers appropriate regarding matters arising from the application. This consultation process allows stakeholders to provide input that the AER can consider in making its determination.⁴

The AER has 60 business days from receiving the application and accompanying evidence to make its determination. If the AER does not make a determination within 60 days, the TNSP's proposed recovery amount is deemed to be approved.⁵ If approved, the determination remains valid for the duration of the Connection Agreement between the TNSP and the relevant Transmission Customer, provided the terms are not renegotiated and the TNSP has not provided materially false or misleading information.⁶

² NER Clause 6A.26.2(a-c)

³ NER Clause 6A.26.2(g)

⁴ NER Clause 6A.26.2(h)

⁵ NER Clause 6A.26.2(f)

⁶ NER Clause 6A.26.2(j)



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Overview of concessions of Transmission Charges
Official

Joint Select Committee

Pricing pack

24 April 2025

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2025-26 Annual Network Charges

Transmission Summary

\$m, nominal	2024-25	2025-26	Annual change	10-year average
Total transmission	\$124.8	\$134.6	7.9%	-2.0%
Major Industrials	\$44.0	\$48.9	11.0%	-0.5%
Top 4 Major Industrials	\$38.6	\$42.7	10.6%	-1.0%

\$m, 2024-25	2024-25	2025-26	Annual change	10-year average
Total transmission	\$124.8	\$131.5	5.3%	-3.8%
Major Industrials	\$44.0	\$47.7	8.4%	-3.3%
Top 4 Major Industrials	\$38.6	\$41.7	7.9%	-3.6%

- Total transmission represents revenue recovered from all customers directly connected to the transmission network who use energy (load customers). This includes the distribution network.
- Major industrials represent revenue recovered from load customers directly connected to the transmission network. This excludes the distribution network.
- Top 4 Major Industrials represent revenue recovered from four largest load customers directly connected to the transmission network.

Distribution Summary

Annual charge (\$), nominal	2024-25	2025-26	Annual change	10-year average ⁽¹⁾
Residential	\$868	\$948	\$79 9.1%	1.0%
Small business	\$3,108	\$3,392	\$284 9.1%	-0.4%

Annual charge (\$), 2024-25	2024-25	2025-26	Annual change	10-year average ⁽¹⁾
Residential	\$868	\$923	\$55 6.3%	-1.7%
Small business	\$3,108	\$3,304	\$196 6.3%	-3.1%

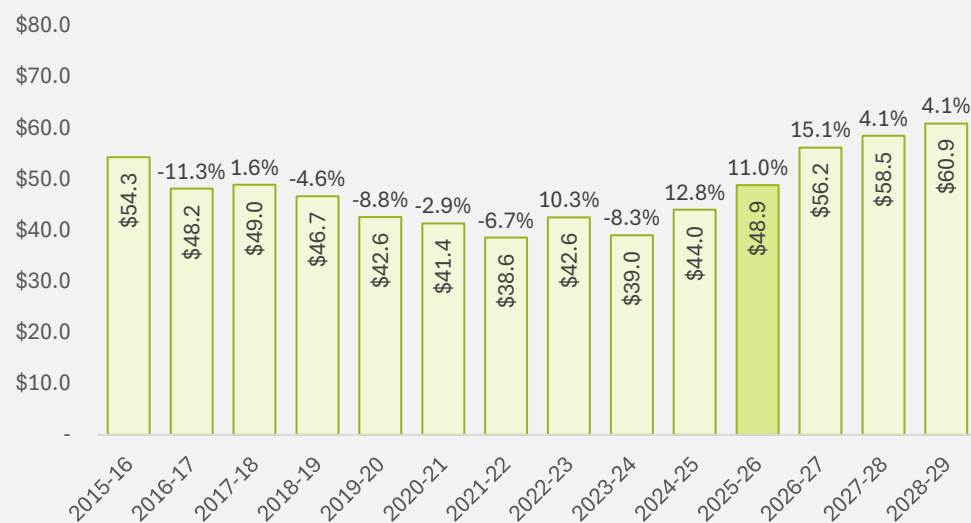
(1) 10-year average is the average annual percentage change over that period

- A residential customer is defined as a customer on the TAS93 residential time of use network tariff with an annual energy consumption of 7,834kWh.
- A small business customer is defined as a customer on the TAS94 small business time of use network tariff with an annual energy consumption of 33,578 kWh.

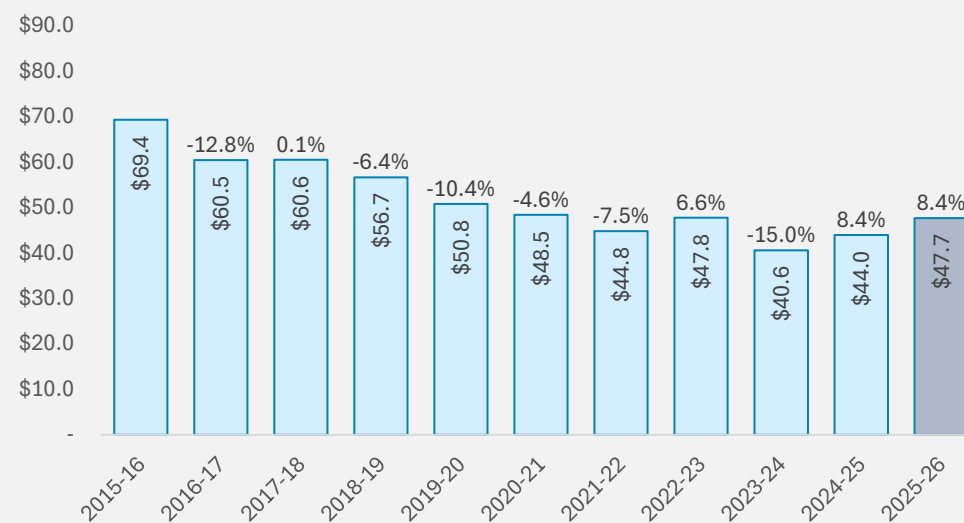
Annual Network Charges – Major Industrials

All major industrials	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Last 2-year avg	10-year avg	Cumulative change (2 years)	Cumulative change (10 years)
\$m, nominal	\$54.3	\$48.2	\$49.0	\$46.7	\$42.6	\$41.4	\$38.6	\$42.6	\$39.0	\$44.0	\$48.9				
Annual change		-11.3%	1.6%	-4.6%	-8.8%	-2.9%	-6.7%	10.3%	-8.3%	12.8%	11.0%	\$4.9	-\$0.5	\$9.8	-\$5.5
												11.9%	-0.7%	23.8%	-6.9%
\$m, 2024-25 real	\$69.4	\$60.5	\$60.6	\$56.7	\$50.8	\$48.5	\$44.8	\$47.8	\$40.6	\$44.0	\$47.7				
Annual change		-12.8%	0.1%	-6.4%	-10.4%	-4.6%	-7.5%	6.6%	-15.0%	8.4%	8.4%	\$3.5	-\$2.2	\$7.1	-\$21.7
												8.4%	-3.3%	16.8%	-33.2%

Aggregate transmission charges for major industrials - \$m, (nominal)



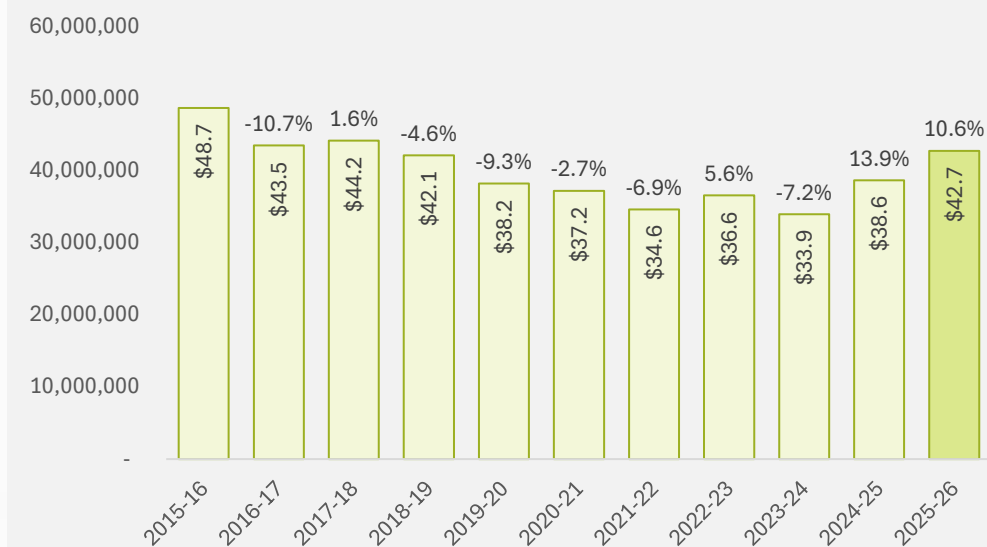
Aggregate transmission charges for major industrials - \$m, (2024-25 real)



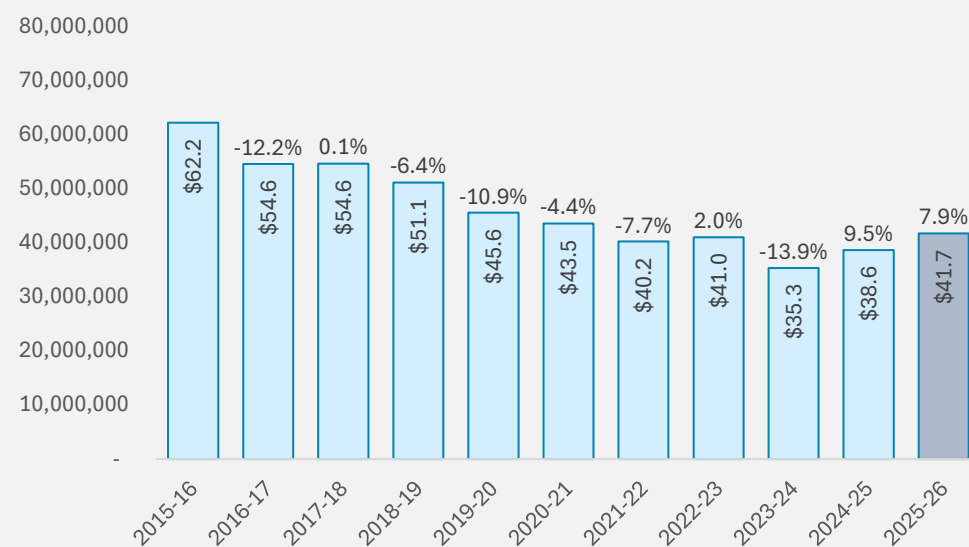
Annual Network Charges – Top 4 Major Industrials

All major industrials	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Last 2-year avg	10-year avg	Cumulative change (2 years)	Cumulative change (10 years)
\$m, nominal	\$48.7	\$43.5	\$44.2	\$42.1	\$38.2	\$37.2	\$34.6	\$36.6	\$33.9	\$38.6	\$42.7				
Annual change		-10.7%	1.6%	-4.6%	-9.3%	-2.7%	-6.9%	5.6%	-7.2%	13.9%	10.6%	12.2%	-1.0%	24.4%	-9.8%
\$m, 2024-25 real	\$62.2	\$54.6	\$54.6	\$51.1	\$45.6	\$43.5	\$40.2	\$41.0	\$35.3	\$38.6	\$41.7				
Annual change		-12.2%	0.1%	-6.4%	-10.9%	-4.4%	-7.7%	2.0%	-13.9%	9.5%	7.9%	8.7%	-3.6%	17.4%	-36.0%

Transmission charges for Top 4 - \$m, (nominal)



Transmission charges for Top 4 - \$m, (2024-25 real)



North West Transmission Developments Stage 1 Indicative price impacts for 2031-32

Assumptions

- Indicative prices use 2025-26 Annual Pricing as the basis of the forecasts for the "Base" price in 2031-32
- Impacts are based on the 2031-32 outcomes for customers as this is indicative of the price impacts of NWT Stage 1 and Marinus Link after it is fully commissioned and operational.
- Outcomes are presented in real terms (\$2024-25).
- NWT Stage 1 is assumed to be \$950 million (real \$2023-24).
- Concessional financing outcomes have been modelled for NWT Stage 1. The actual concessional finance arrangement is still subject to negotiation and final agreement with the Clean Energy Finance Corporation.
- The Financeability rule change for ISP projects has not been considered.
- Price outcome assume that all existing major industrial arrangements continue to exist and there is no additional load.
- Price impacts do not include the impact of Basslink or Marinus Link.
- Prices are network charges only, excludes any wholesale energy benefit.

NWTD Stage 1 Indicative Price Impacts for customers in 2031-32

\$ real 2024-25	Forecast 2031-32 base price	NWTD Stage 1 Incremental impact	NWTD Stage 1 Cumulative impact	
Total Transmission (\$m)	\$159.7	\$22.9	\$182.6	14.3%
Major Industrials (\$m)	\$58.1	\$9.0	\$67.2	15.6%
Top 4 Major Industrials (\$m)	\$50.7	\$7.9	\$58.6	15.5%
Residential	\$1,026	\$36	\$1,062	3.5%
Small business	\$3,575	\$127	\$3,701	3.5%



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