

# PUBLIC

**THE JOINT SELECT COMMITTEE ON ENERGY MATTERS MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE, ON WEDNESDAY 13 NOVEMBER 2024.**

**The committee met at 9.05 a.m.**

**CHAIR** - Welcome back to the committee, Minister, on the other side of the table this time. Very nice for you to be on that side. This is the public hearing of the Energy Matters Committee. As you know, it's a combination of two former committees, the Energy Pricing and the Energy Matters Committees. It is a public hearing. Everything you and your team say is covered by parliamentary privilege but that may not be the case should you make comments outside the meeting. If there is anything of a confidential nature you wish to share with the committee, we're very happy to consider that. Otherwise, it's all public. I'm sure your team understand that. I will ask you to introduce the members of your team and ask them to take the statutory declaration before we start and invite you to make some opening comments and then we'll have questions.

**Mr DUIGAN** - Thank you very much, Chair. To my left, I have the acting CEO of ReCFIT (Renewables, Climate and Future Industries Tasmania), Mark Bowles; to his left is the executive director of ReCFIT, Sean Terry; and to my right is my chief of staff, Elise Burke, who I don't expect to be speaking so has no need to take the oath.

**Mr MARK BOWLES**, ACTING CHIEF EXECUTIVE OFFICER, RECFIT, AND **Mr SEAN TERRY**, EXECUTIVE DIRECTOR, RECFIT, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**Mr DUIGAN** - Thank you, Chair, for the opportunity to appear before the committee and discuss the government's ambitious energy agenda. I would start by acknowledging the Tasmanian Aboriginal people and pay my respects.

Ensuring Tasmanians continue to have access to affordable, reliable and secure energy is a central priority for the government. Tasmanians are justifiably proud of their 100 years of hydro development, which has provided a platform for much of the state's industrial development and made us a leader in renewable energy. Our hydro legacy, along with world-class wind and water resources, position us well to benefit from the global transition to low-carbon fuel sources. As the world looks to transition, this gives us the opportunity to take advantage of our resources and set Tasmania up to benefit well into the future. We've already achieved net-zero emissions and can on average generate enough renewable electricity to meet our current demand.

In the short term, the proportion of renewable electricity will vary with weather conditions and relative prices in the NEM (National Electricity Market). Hydro Tasmania will continue to manage this to ensure the lowest power prices for Tasmanians while maximising returns from its water and storage. Tasmania has benefited from this. The independent Tasmanian Economic Regulator has confirmed that Tasmania has the lowest regulated electricity prices in the national market.

Nevertheless, Tasmania's energy sector is not without challenges. As a growing state, we need to ensure we continue to invest in new generation storage and transmission to meet our growing energy needs. Electricity demand will continue to rise as our population grows and

businesses look to electrification and move away from fossil fuels. Without investment in renewable generation, Tasmania will not be able to maintain its 100 per cent renewable status. We'll also need greater generation to take advantage of the opportunities offered by new or growing industries and the benefits these can bring to our communities, our economy and to decarbonisation. The government is responding to these challenges with policies that position Tasmania to adapt to the transition challenge and to prosper from it.

Key elements of our strategy include ensuring that Tasmanians continue to have the lowest electricity prices in the NEM and benefit from reliable and secure access; supporting Tasmanian households and businesses to reduce their energy consumption by increasing rooftop solar and using tools and technologies to be energy efficient and manage energy bills; and growing our on-island renewable energy generation to meet our world-leading 200 per cent Tasmanian renewable energy target by 2040. This will ensure Tasmanian customers can have access to the electricity they need while enabling us to grow our economy and our industries.

We will create jobs and build new future industries by progressing our Hydrogen Action Plan and Bioenergy Vision. These can reduce greenhouse gas emissions and build new opportunities for Tasmania, both locally and via trade and export. We will capitalise on our existing hydro system to provide firming both in Tasmania and across the NEM, which will provide new streams of income for the state.

Underpinning these, of course, is Marinus Link as a critical element to support new generation, strengthen our energy security and our ability to continue to deliver the lowest possible prices for Tasmanian customers.

I look forward to discussing these elements and others with you all today, so thanks for the opportunity to make those remarks.

**CHAIR** - I might lead off, Minister, on some of the energy pricing matters. With regard to the comment you made that the regulator found Tasmanian energy prices are lower than the nation, that's not to say that they haven't gone up. I think we need to really clear in the rhetoric around this. Isn't it a fact that they have increased significantly over the last number of years? Other jurisdictions may have risen more, but that's certainly not something that is a comfort to a lot of Tasmanians.

**Mr DUIGAN** - Thanks, Chair, I appreciate the question. I recognise that for Tasmanians, along with Australians and people around the world, as we've just heard in the US, the cost of living is a really front-of-mind issue for so many people. Energy bills are one of those things that keep coming. If you've got a property or you live in the world, you probably get an energy bill. That's the reality of them.

One thing I would say, and I think it's really important in the context of this conversation, is that in Tasmania over the last 10 years, energy bills have risen 16 per cent. For regulated customers they've gone up 16 per cent. If you consider what inflation has been over the course of the last 10 years, it's a substantially higher number than 16, so in real terms, energy bills in Tasmania have been going down. I would point to the fact that the government and the energy businesses in Tasmania have done a really rather excellent job of keeping a lid on energy prices in Tasmania for Tasmanian customers. Let's be really clear about this. Over the last 10 years our prices have gone up 16 per cent.

**CHAIR** - What was the inflation percentage?

**Mr DUIGAN** - I don't have that number on top of my head. That's saying, in real terms, regulated prices have fallen 14.9 per cent. We're saying that inflation is somewhere just north of 3 per cent per annum, if you take it on average over those 10 years, so if we've gone up 1.6 per cent per year and inflation or CPI is going up 3 per cent, in real terms, energy prices in Tasmania for retail customers have gone down.

**CHAIR** - Is that taking into consideration the subsidies and payments that have been provided?

**Mr DUIGAN** - No, not as far as I'm aware. I think it is the regulated price.

**CHAIR** - The regulators take a harder line.

**Mr DUIGAN** - It's a really important story. I think the narrative is that these things have gone through the roof and it's all terrible and doom and gloom. The reality is - and I know it doesn't feel like that in the context of cost of living and interest rates and all the other cost burdens that are on households - energy is actually not one of the ones that has skyrocketed. That is a very important point in the Tasmanian context.

**CHAIR** - In your opening comments, Minister, you say that the government you're a part of has emphasised a commitment to keeping energy prices low for residents, as we've been talking about, while also expanding renewable energy capacity. Can you clarify how these dual goals will be balanced into the future, especially if new infrastructure and renewable energy projects like Battery of the Nation and Marinus Link go forward?

**Mr DUIGAN** - In the simplest form, it is a supply and demand equation that if you substantially increase the supply, demand or the cost will go down. As we look to 2030 for our interim TRET (Tasmanian Renewable Energy Target) target of 150 per cent of our 2020 generation levels, that's a lot more wholesale energy in our market, so we would expect that to have a fairly substantial downward price impact on wholesale energy.

**CHAIR** - Wholesale is only one component of the price stack.

**Mr DUIGAN** - Correct.

**CHAIR** - If Marinus goes ahead and comes online, and we assume it's to be a regulated link, then we don't make that decision about how much is to be recouped through that. In terms of that, what I'm trying to understand from you is with this new very expensive infrastructure, the North West Transmission Developments and Marinus Link itself, transmission assets particularly, and then the transmission that's required to hook up new renewable generation, whether it's solar, wind or whatever, those prices, those costs, have to go somewhere. I want to understand how you balance all of that and still ensure that prices don't escalate, knowing this is expensive infrastructure we're talking about.

**Mr DUIGAN** - You have kind of identified in the notion of a price stack where we would say those costs are coming to bear. Transmission will be part of the price stack.

## PUBLIC

**CHAIR** - It is part of the price stack. Will it become a bigger part of the price stack, a bigger percentage?

**Mr DUIGAN** - Yes. As the transmission element of the price stack goes up, we would expect to see a greater level of reduction in the wholesale energy aspect in the price stack. That's how those two things would play out.

**CHAIR** - I am not an expert in this and you're possibly not either, in many respects. Is it fair to say that during this transition, if Marinus Link and the North West Transmission Developments particularly are built, when they come online, there will be renewable projects that perhaps haven't been built at that point, haven't hooked in? We're not going to see that oversupply, if you like, that will drive down wholesale prices, but we'll still have notionally a much higher network component of the price stack? There could be a large blip before there's a falling away due to the falling wholesale prices.

**Mr DUIGAN** - I think it's important to recognise that once Marinus gets switched on, we will have in Tasmania access to another 750 megawatts of daytime generation from the mainland states, which is typically very low or negative in price most days. I haven't looked at it today, but it's not unusual between 10.00 a.m. and 5.00 p.m. for the prices coming in on Basslink, and this will be substantially increased with the advent of Marinus, another 750 megawatts of free or cost-negative energy coming into the state to allow us to put that downward pressure on -

**CHAIR** - But that's the price of the energy itself, not the price of transmission.

**Mr DUIGAN** - No. I think you need to look at the two things because one has a bearing on the other. I would be happy for Mark to provide some further detail and context if there's anything I am missing out on there. My understanding, obviously, is a bit blocky, but that's the way I see it.

**Mr BOWLES** - In terms of how the transmission cost is factored into the net benefit for Tasmanian consumers, that is part of what's being considered as part of the whole-of-state business case. The North West Transmission Developments and Marinus Link itself need to be considered as part of a package; they're a set project that come together. The work that's being progressed at the moment by Treasury, where have some line of sight and feed into that, will consider a number of benefits, not only the capacity of the length of the additional 750 MW link to bring forward on-island generation, but as the Minister said, it gives us greater access to the Victorian market. It also provides a degree of confidence for load as well, so as we can bring more load and retain load in Tasmania that gives us the ability to spread the fixed cost of transmission across a wider group of customers. A key objective is to grow the customer base that can pay for that fixed cost of transmission.

The other key benefit of Marinus Link and North West Transmission Developments, as we have framed it in terms of the agreement with the Commonwealth, is the benefit that we get from the concessionary finance through the CEFC, and the fact that that gets passed on to consumers is a key element of the consumer benefit that we're looking at.

**CHAIR** - We might come back of those matters, there's a lot of stuff in there. I want to make the point that growing a custom base is one thing, but if we lose one of the major industry users, then that could completely destroy your models. Is that a fair comment?

**Mr BOWLES** - I wouldn't say it destroys the models. ReCFIT and State Growth is working very closely with our entire industry base including major industrials so everything that we're doing in the energy space is directed towards lowest possible cost to consumers, both the regulatory consumer base, but also those consumers like the major industrials that are ultimately exposed to wholesale prices.

I'd note too, there's other industrials that are directly exposed to wholesale prices and the spot market. Everything that we're doing is directed at building the resilience of the industry base and of course we do consider scenarios of industry loss and industry growth in the planning as well.

**Mr BAYLEY** - Minister, last week it emerged that one of the businesses that you are responsible for, TasNetworks, has got a tender to try to effectively send all of its contracting to a single corporate entity, and there's been concerns raised about this. There's been transparency concerns because it wasn't put on the public record. There's concerns about this being privatisation, the unions, and for that matter, myself, consider it privatisation by stealth.

TasNetworks is obviously an incredibly important state-owned company in the context of energy supply, being responsible for poles and wires, transmission, distribution and we know that the world over there are challenges when it comes to that infrastructure and I don't think Tasmania is any exception. Can I just explore this notion of contracting out work to a single corporate entity, a platform for joint ownership? You know, this is a significant structural change to the way TasNetworks does its business. It's clearly raising the concern of employer representatives. I'm interested in your view on it, when you found out about it and what you're doing about it because there have been calls, including from myself, for you to intervene and pause the tender process so that there can be a proper community conversation about this.

This wasn't actually even put on the public record until - I think it was - two Thursdays or three Thursdays, I guess - to go to the 24th when contractors were given a briefing from TasNetworks. This is new and it's clearly raising the concerns of many in the community. What can you tell us about it and what are you going to do about it?

**Mr DUIGAN** - Yes, this was raised with me, I think, a week or two ago about TasNetworks' new procurement model.

**Mr BAYLEY** - Just to be clear on that, after it was raised publicly or after it was shared with contractors? Had TasNetworks spoken to you about this model? Obviously, not over the last months and testing your view on it.

**Mr DUIGAN** - No, it's a reasonably operational matter. No, I don't believe I was aware. My office may have been aware of a change or an end date. As I understand it, their current contracting model has an expiry date and they were looking to improve that and, obviously, as Minister, I would expect that our government businesses continue to genuinely consult with all the stakeholders. I think that had been going along. There had been a period of consultation, as I understand it, and then certainly -

**Mr BAYLEY** - But not with you as the shareholder Minister?

## PUBLIC

**Mr DUIGAN** - As I say, it's a relatively operational matter. I don't have a line of sight into every operational matter that TasNetworks, Hydro or Aurora is looking at.

**Mr BAYLEY** - You don't think this is something that you, as Minister, need to have oversight of?

**Mr DUIGAN** - I'm advised that consultation with current tier one contractors has been undertaken and that TasNetworks have committed to a dedicated consultation and engagement process with smaller local businesses on potential procurement opportunities for them into the future. TasNetworks currently, and has for many years, contracts a proportion of their work to tier one providers through a contracting panel arrangement and this contract is set to expire on 25 June. TasNetworks have considered a range of models to procure their services in the future. A delivery partner model has been determined to provide the best cost benefit outcomes, meaning savings for the business and ultimately Tasmanians. That's an important aspect of what we're seeking to do. This model would see a primary contractor responsible for contracting with TasNetworks rather than works being spread across three tier one contractors.

It's worth noting that the plan of work conducted by TasNetworks employees is not impacted by the delivery partner model and remains the same. These are works where TasNetworks crews work in connection with local businesses to complete both electrical and non-electrical aspects of the job.

I think it's important to recognise that the same amount of work will be contracted to those various suppliers, albeit under a different model.

**Mr BAYLEY** - I get all that and I accept all that. As shareholder minister, you don't accept that one of your businesses that's moving into a potentially significant restructure, potentially a joint venture ownership model with -

**Mr DUIGAN** - I reject that entirely - potentially joint ownership model. I don't accept that.

**Mr BAYLEY** - The slide said it's a platform for joint ownership, Minister. Have you seen the slide?

**Mr DUIGAN** - Yes.

**Mr BAYLEY** - Have you read it?

**Mr DUIGAN** - Yes.

**Mr BAYLEY** - You reject that, you say that slide's wrong?

**Mr DUIGAN** - Yes.

**Mr BAYLEY** - It's not a platform for joint ownership? Is that what you're saying?

**Mr DUIGAN** - I'm simply saying that I think you are trying to characterise it as something that -

**Mr BAYLEY** - I think it's been characterised by others as a potential joint venture. I note that TasNetworks has gone into a joint venture business in relation to the monitoring and the surveillance of poles and wires.

Separate to that, does it give you concern that this seems to be TasNetworks getting ahead of the GBE and state-owned company inquiry that the government has set up? That explicitly names up the level of investment in infrastructure and specifically names up TasNetworks and identifies issues like the timelines and information flows from the business to government, concerns regarding the level of oversight, accountability and control of government business subsidiaries and joint ventures. It says it's concerned about increasing potential for competition with the private sector, raising competitive neutrality principles. These are fundamental issues that would be a concern in relation to TasNetworks heading in this model. Your government's going to be looking at them. You didn't know anything about it. Is that acceptable?

**Mr DUIGAN** - Yes -

**Mr BAYLEY** - You think it's acceptable that they're going to head in this direction without you as shareholder minister knowing?

**Mr DUIGAN** - What I'm saying is that we, as a government, are committed to looking at GBE reform. That's work that we've committed to. That will be happening. TasNetworks, of course, will be part of that. This is work that they have wanted to proceed with, given the timeframe of their current contracting model. I think that's fine.

**Mr BAYLEY** - Have you asked them to pause the tender?

**Mr DUIGAN** - No, I have not.

**Mr BAYLEY** - Would you? Given you have -

**Mr DUIGAN** - I've got some more stakeholder meetings this afternoon and I'll be talking to those people and seeking to better understand whether that's appropriate or not.

**Mr BAYLEY** - On this, what about assets? Do you have any fears that this may head down the line - or what's your view on the privatisation of asset infrastructure held by TasNetworks?

**Mr DUIGAN** - As I say, we are, as a government, doing a body of work. We are looking at how our government business enterprises fit together. TasNetworks is one of those businesses. We will continue down that road. Where opportunities or prudent decisions can be made, that's where we'll make them.

**Mr BAYLEY** - Just a reminder that it does include information flows from businesses to government. It seems you didn't know about this. It does include levels of overnight, joint ventures.

**Mr DUIGAN** - Important, that's important. I have very regular updates from, more typically, the board of TasNetworks talking about the strategic directions.

## PUBLIC

**Mr BAYLEY** - They didn't tell you they were going to go down this single contractor model?

**Mr DUIGAN** - It's, as I say, a relatively operational thing.

**Mr BAYLEY** - It's a potential joint venture. It's three of the things that your review is looking at.

**Mr DUIGAN** - For some works that they - a schedule of works that they currently do and will continue to do with private enterprise.

**Mr BAYLEY** - But how that happens - this could involve the TasNetwork's own field crews being contracted out to a single contractor.

**Mr DUIGAN** - It will go from three contractors to one contractor.

**CHAIR** - Can I just interrupt for a moment, Minister and honourable member. This is something that is partly operational. I know you're asking the Minister for his view on some of this. You've prosecuted that to, I think, as far as we can go. There will be an opportunity at GBE hearings to ask TasNetworks themselves on these operational matters. I suggest we take that there.

**Ms FINLAY** - Thank you, Chair. I've got a line of questions from earlier in the exchanges, but if I could just ask one more question for this matter. Minister, how often do you meet with TasNetworks and how many times and what dates will you have met with TasNetworks in the last two months?

**Mr DUIGAN** - I would have met with TasNetworks a number of times in the last two months. I'm not sure off the top of my head, but certainly more than four.

**CHAIR** - Are you able to provide the dates on which you met with them?

**Mr DUIGAN** - I publish my diary and they would have them in there, so very regular.

**CHAIR** - You're saying it's on the public record?

**Mr DUIGAN** - Yes, as recently as this week.

**Ms FINLAY** - I am interested in the meetings that will have occurred prior to the meeting with the contractors because it seems both to me and clearly to other members of the committee that it's curious that this wouldn't have been raised. Are you able to table for the committee the dates you've met with TasNetworks in the last two months? I think the diary publishing is delayed. Is that something you're able to table for the committee today?

**Mr DUIGAN** - It would certainly be available for the consideration of the committee when it is writing its report. My diary would be well and truly published by then.

**Ms FINLAY** - I'll directly ask the new Minister whether today you can table the dates that you met with TasNetworks in the last two months.



## PUBLIC

**Mr DUIGAN** - Yes, happy to do that.

**CHAIR** - If you can't table it today I'll put it to you on notice.

**Mr BAYLEY** - Minister, can you table the tender documents?

**Mr DUIGAN** - No.

**Ms FINLAY** - I have a follow-up question to that. Minister, if we went into in camera, could you table the documents to the committee?

**Mr DUIGAN** - No.

**Ms FINLAY** - Can I ask why?

**Mr DUIGAN** - Because I think they are not mine to table at this point. I haven't received any advice on that so it's not something I'm going to make on a whim at this time.

**CHAIR** - Who owns the documents, Minister?

**Mr DUIGAN** - TasNetworks would be the owner of those documents and I would assume there would be commercial-in-confidence considerations.

**CHAIR** - Which don't apply to a parliamentary committee, I just remind you, Minister. However, if they're not for you to table, it may be a matter for another entity.

**Mr BAYLEY** - Would you have any opposition to TasNetworks tabling them?

**Mr DUIGAN** - Again, I don't have any advice on that and I'm not about to make a decision here at the table.

**Ms FINLAY** - From my questions earlier, in your opening you talked about the vision of the government around 200 per cent and interim targets of 150 per cent. Yesterday we had someone submit to the committee that the greatest risk to power prices increasing in Tasmania is a lack of action and lack of urgency by government. I'm keen to understand the ability for government to reach the interim target of 150 per cent. I'm wanting to understand what projects you see will meet that target and by what date that generation will come online for the projects you outline for that target.

**Mr DUIGAN** - Right, thank you. I would say there is a great deal of interest and prospectivity in the Tasmanian renewable energy sector and there are a number of projects that we are working with and have been working with. I would point to changes that have been made post the most recent election where Hydro Tasmania has been tasked and harnessed to bring to bear its substantial wherewithal in supporting new generation on island. Hydro is currently running, as you may have explored yesterday, an EOI process where it will seek to partner with new generation to be up and going in the shortest timeframes possible. That process is ongoing.

We've got three large-scale wind projects which are currently in the major approvals process: Whaleback, North East Wind, and Bell Bay wind farms. They're all in Major Projects.

There are other wind farms such as St Patricks Plains and Robbins and so on which are going through the more traditional planning and approvals pathway, not to mention a suite of solar projects which typically we're seeing around the country and around the world are quicker to come to market. There are three very prospective solar projects in Tasmania which we would expect to see certainly deliverable prior to the 2030 target date

I don't think it's my position to be sitting here and prognosticating which of those particular projects will be online at which particular dates, but I would simply make the point that there are a lot of serious proponents and projects in the approvals processes here in Tasmania. We've got a really good wind resource here and harnessing that is forefront of my mind. We're doing lots of things in terms of, renewable energy approvals, pathways, teams and things of that nature, to help facilitate those projects, but again, I would point to the wider suite of things that are on offer rather than point to which one is going to get across the line most quickly, because I'm not sure that helps progress the conversation. Mark, anything that you would add in that space?

**Mr BOWLES** - The other thing I'd add to the suite of activity is the Australian Government's Capacity Investment Scheme. There's already a process underway there. We're very close to finalising the Renewable Energy Transformation Agreement, under which Tasmania will get a dedicated allocation through that mechanism. We are using those Commonwealth resources to effectively underwrite new VRE (variable renewable energy), and that will complement the work we're doing in terms of planning pathways.

**Ms FINLAY** - I suppose I could ask that question differently, then. By what date would full approvals need to be required for any of those projects - and you've listed a very long list of projects - in order that they could help you make that target? There is a lot of conversation in the sector that there's no way you will make that interim target of 150 per cent. It's so complicated to get approvals and to get things going and there's no urgency in the system, so rather than being specific about a project that might be able to bring on generation, with your case management teams and all of your new processes, by what dates will full approvals need to be granted for any generation to come online to help you meet that target?

**Mr DUIGAN** - I might pass that to Mark. Have you got any thoughts there?

**Mr BOWLES** - In terms of the approach that we're taking to case management, and we're actively working to scale up the team that's working on those projects, I'll get Sean Terry to talk about that in a minute, but we've got a fairly active process of tracking where all of those proponents are on the approvals pipeline, including their capacity to reach commercial PPAs and related firming agreements as well, the whole suite of factors that impact an ability for a project to reach a final investment decision and commence construction.

In terms of what we need to achieve the TRET, that would obviously depend on the size of the projects that get over the line first, but at this stage we're working with a variety of projects of a variety of sizes to allow them to progress at maximum speed. I'll ask Sean to add anything else.

**Mr TERRY** - I don't think I've got much more to add other than from the point a project gets its DA, you're probably looking on average at from three to four years to commissioning, so to reach that 2030 target you'd want some of these projects to be achieving final investment decision and financial close probably in the 2026-27 financial years.

**Mr DUIGAN** - In terms of comments in the question around urgency, the value of having the target is to deliver the urgency. It is an urgency signal that we are sending to the market. It's an urgency signal that we're using to remind ourselves about commitments that we've made. We have a clear and ambitious target. It's out there for all to see and we're aiming high and going hard to achieve it.

**Ms FINLAY** - There's two points in those answers that I'd like to explore a bit more. One is the hydro generation. The other is about the team. Maybe I can go to the team first, in terms of the case management. You talked about you're building that team at the moment. Can you outline for the committee the appointments that have been made, and the appointments still pending to build that team out?

**Mr TERRY** - It is probably fair to say we've got an existing team of two to three people managing that function. They are probably preoccupied with expanding that capacity in that team. We are actively recruiting now. We hope to onboard those people before the end of the year.

I would also add that the REAP (renewable energy approval pathway) is also about providing additional resources in some of our other regulators and departments. We're working very closely with those departments to make sure they're moving as quickly as we are. We hope to have most of those resources on board by the end of the year. But that's not to say we don't case management these projects now. It's not like it's a pause until we get those resources on board. We do what we can within the existing resources at the moment.

**CHAIR** - With regards to that, you said you were working with other agencies. Are we talking about like the EPA, for example?

**Mr TERRY** - Yes.

**CHAIR** - In terms of the environmental impacts on community concerns around this point out, how are you actually working on that to ensure that those matters aren't overlooked in the speed, if you like, or the facilitating of a more rapid approval process?

**Mr DUIGAN** - What we are seeing is a great increase in the number of approvals process or approval applications coming to, whether it's EPA or whether it's, you know, Aboriginal Heritage or Heritage Tasmania or NRE - you know, adding capability and capacity to those organisations.

**CHAIR** - I'm just interested in where you're writing capacity.

**Mr TERRY** - First of all, I'll say none of the renewable energy approvals pathways is about changing any of the existing regulatory and approvals frameworks. It's about actually giving us greater resources to assist proponents and facilitate. I must say, it's not just our regulator, it's also working with our energy businesses because there's connection issues -

**CHAIR** - I'm just trying to understand, you said you're putting on more staff and increasing resources in some of these areas. Where?

## PUBLIC

**Mr TERRY** - Okay. EPA, for example, I think we're putting in two additional resources into the EPA. NRE and Aboriginal Heritage Tasmania come to mind, and ReCFIT itself. I think they are the areas we focused on.

**CHAIR** - That doesn't really deal with the community engagement piece, which is another really important piece. What is happening there?

**Mr TERRY** - We've got existing resources that deal with community engagement but we're looking to also build capacity in that area, particularly in the north west.

**CHAIR** - I will tell you what that means. That's a big fluffy word, 'building capacity'.

**Mr TERRY** - It is extra people.

**CHAIR** - To do what?

**Mr TERRY** - To do the community engagement -

**CHAIR** - How will they do it?

**Mr TERRY** - to be on the ground, talking to proponents, talking to the community out there. It's building what we've already done. We've been out there talking to the community. We've established stakeholder reference groups. It just gives us the ability to reach more people, I suppose, and more stakeholders.

**CHAIR** - Daniel, I'll come back to you. I just wanted you to fill that out a bit, that broad fluffy statement.

**Ms FINLAY** - Thank you. If I can ask some more clarifying questions, in addition to the Chair. The team, as outlined, is to have a lead. I think that was a recruited position and then people. Can you tell me the exact numbers of people you mentioned? There were two at EPA. How many are at NRA? How many at Aboriginal Heritage? How many at ReCFIT? Has the lead case manager been appointed?

**Mr TERRY** - I'll make sure I confirm these. I think it's two at the EPA. One additional resource at NRE. One additional resource at Aboriginal Heritage Tasmania. ReCFIT is looking to recruit three case managers. We've already effectively got a lead within ReCFIT that's managing this program of work. I'd say that positions already established in terms of the lead for the case management function. It's now putting those extra resources into support that person.

**Mr DUIGAN** - If I can just add to that for your information, and I'm not sure whether this is widely known through the budgetary process, renewable energy approvals pathway has been funded to the tune of \$14.4 million over the next few years. We are committing substantial resource to funding this year.

**CHAIR** - Four years? 'Few' is not a real number, so how many years?

**Mr DUIGAN** - Four years. There's real money to back it.

## PUBLIC

**Ms FINLAY** - Meeting the interim target, you mentioned Hydro and the additional capacity that you've provided for Hydro in terms of generation and their existing capacity to generate. Do you see that Hydro will deliver generation to meet the interim target? Can you outline to the committee - and I know they're going through an EOI process at the moment - any conversations or instructions or directions you've given Hydro about the type of generation and the type of - whether it's full projects or partners, partnerships into projects that you expect Hydro to deliver?

**Mr DUIGAN** - Certainly, through the ministerial charter, it makes it pretty clear what government's expectation of Hydro is in terms of economic activity in Tasmania. The election was, whenever it was, six months ago, and already we have seen Hydro, fairly markedly change its approach.

We're running the EOI process at the moment where Hydro will, in the coming weeks, months, coming weeks I suspect, detail what it is doing in the short-term to partner with, in whatever form, I think - I don't want to be too prescriptive about what instructions I give to Hydro about what form its partnerships need to take with proponents here in Tasmania.

I think Hydro has a number of offerings that it can provide value, whether that's affirming capacity that it can offer to a renewable generator, whether it's a partnership, whether it's building its own -

**CHAIR** - Power purchase agreement?

**Mr DUIGAN** - Power purchase agreement. All these things fit differently into the system, and they fit differently into the system over time. They fit differently in the system on the notion of what particular variable generation we're talking about.

It's quite a matrix of how the things fit. There's no broad brush, Hydro go out and buy half a wind farm or this or that. But it is Hydro. We need you to bring on new generation and, in the space of six months, they will be back to us in a few weeks telling us how they're doing that. It's pretty exciting to be perfectly honest. We're up, we're going and we're doing it.

**CHAIR** - I might go to Mark and then to Luke because there's a couple others waiting for questions. Mark, over to you.

**Mr SHELTON** - Thank you, Chair.

Minister, most of the committee had a tour up at Tarraleah. One of the things about being on the committee, of course, is the public hearing and the public weren't there to have a look at it. That's a fantastic development, the Hydro and probably should have asked a question or two of the Hydro yesterday about Tarraleah. What I understand of the project is that the second stage and dropping the water straight out of Lake King William into the power station, upgrading of the power station. It will be a significant advantage to the energy users in Tasmania.

I'm wondering whether you could highlight some of those aspects for the committee and for the public who are actually listening to this hearing.

**Mr DUIGAN** - Thanks very much, Mark. I thank the committee for your time for going up and having a look at Tarraleah. You've probably been up a couple of times, Chair, have you?

I think it is really heartening to see Hydro Tasmania as a builder of large scale assets. Obviously, Tarraleah power station is - what is it? It's going on for 90-years-old or something like that. It is pretty much at end of life. There's essentially no 'do nothing' scenario there. It's either refurbish the existing power station at a still very substantial cost or there is the opportunity for the re-imagining of the Tarraleah Power Station, which takes away that open flume and replaces it with a tunnel, essentially, which makes a pressurised flume, which then gives the dispatchability.

Currently with that power station, there's a four-hour lag and - you probably heard all of those things when you were up there - but there's a four-hour lag between when you want to ramp it up and when that energy can be delivered. In the current market where one of the great benefits of hydro power is the fact that it is instantly dispatchable or very quickly dispatchable, Tarraleah doesn't fit into that.

The redevelopment of the power station gives it greater capacity, so it lifts the capacity of the same amount of water from, I believe, 90 megawatts up to around 190 megawatts, so we get a 100 megawatt uptick in the capacity. It also makes that power dispatchable and, as I say, that is a very, very valuable commodity. You can turn it up, turn it down as required as price goes up or demand goes up. As we understand, it will be a substantial investment from Hydro Tasmania in partnership with the CEFC and support from the federal and state governments, and fits into our Marinus, NWT, Tarraleah suite of investments to modernise Tasmania's system.

Thanks for the question, Mark. It's an exciting thing to see.

**Mr EDMUNDS** - You talked about the projects that are potentially coming online. I think about this like a list manager would in football or whatever. Do you have a thing that goes, 'Okay, we expect X to come on in 2029, Y to come on in 2028'? Do you track them simultaneously? Is it something to be avoided, them all coming online at the same time? Are you looking to flow them through, and how do you - I know people use traffic-light systems or whatever - how are you tracking the ones that you're concerned about or the ones that you're happy with? Can you talk a bit more about how you're strategically approaching those? You mentioned a lot and they're all going through different pathways; they're all reliant on different banana peels along the way through, I suppose, but if you could talk to that, I'd appreciate it.

**Mr DUIGAN** - Thank you, it's a good question. It's very important to consider the role that Marinus Link will play in that.

**Mr EDMUNDS** - You could probably put that on the board as well.

**Mr DUIGAN** - For a lot of those projects, Marinus Link is a key element. Tracking and having a full understanding of where the projects are, is probably something that sits more comfortably in the ReCFIT space, so I'll ask Mark to provide some detail.

**Mr BOWLES** - Yes, we do track them. We have an internal mechanism for relying on their information that they give us about where they are in the pipeline, they're expected

delivery dates, and so forth. At the moment, that is very dependent on the information that they elect to give us. One of the things that we are working up through the new case management function is where we offer a proponent deeper case management or more dedicated case management services, then there'll be some obligations on their side to share more information with us. But, at the moment, there's no obligation on proponents to share information with us necessarily. We do rely on what they tell us, at this stage, and we hope to get more capacity to have more insight in the future.

**Mr TERRY** - Through what we call our major Renewable Energy Projects Coordination Group, we track Marinus, North West Transmission Developments and the Hydro suite of projects very carefully. We have very granular data about all their milestones for their regulatory processes, approval processes, and a whole range of other milestones they need to reach.

We're looking at investing in a new system to track those proponents. The VRE proponent, solar and windfarm that allows us to give much more granular data about, not just when they're commissioning, but also those key milestones they need to reach to get to a commissioning point. We hope to be able to publish that as well.

**CHAIR** - Has that been problematic to date, Sean? I think Mark has sort of insinuated, if you like, that you rely only on what they give you, which sounded a bit like they don't give you all you need. Is that true?

**Mr TERRY** - The suite of projects that the government, I suppose, control, we have a good line of sight of that thing.

**CHAIR** - The other ones I'm talking about.

**Mr TERRY** - It's not always easy getting that information. Once again, it's a capacity issue. I know we kind of talked about building capacity. We also need to build the tools and systems to be able to actively engage with proponents to get the information we need to track -

**CHAIR** - Is that part of what you're doing in ReCFIT? The extra staff?

**Mr TERRY** - Yes.

**Mr EDMUNDS** - The extra capacity you're hoping - because there's obviously stuff that you can find through a council when they have a decision and things like that. You would say that you do need that extra capacity because, at the moment, with some of the wind and solar, et cetera, you're in the dark on some of the issues or timelines around when they might come online?

**Mr TERRY** - I think that's a fair comment. It's not just - it's systems as well - making sure we have the right systems to collect the data and report on it in a usable format. We're doing both. We're investing in the people resources and the system resources.

It's also, I suppose, a client management tool as well. When they do meet some of those roadblocks - it's not just a matter of tracking them, but when they do meet some of those roadblocks or issues, we capture it and then there's an escalation point. Then that leads into our case-management function.

**Mr EDMUNDS** - If I could ask one about case management as well. In some of our earlier hearings, a couple of witnesses talked about the need - they suggested case management. So, the case management you're talking about, is that someone who can go into TasNetworks and when you get to a point where things have just stopped, it should be a, pardon the expression, circuit breaker for that sort of -

**Mr TERRY** - Yes. The case managers probably won't have the capacity to resolve those issues, but they'll be able to escalate them to a point where there is an escalation point.

**Mr EDMUNDS** - Who do they escalate to? To the Minister, or to you guys?

**Mr TERRY** - Ultimately to the Minister or the decision maker but, obviously, in the first instance it will go up through the organisational structure within ReCFIT. Hopefully, they'll be able to resolve a lot of those issues at the operational and official - and part of it is also giving the proponents the best information and giving them the best kind of guidance and direction.

I should add, every other jurisdiction is doing this. They're not really changing their approvals pathways. What they're providing is a front-of-house concierge service. Likewise, the Commonwealth, they've invested heavily in this upfront service. We're about to work with the Commonwealth on what they're considering their priority projects, so we have alignment with the kind of suite of projects we're trying to progress, but also - Commonwealth, obviously, a lot of these things come up against the EPBC arrangements, so, making sure we're aligned on those priority projects.

**Mr EDMUNDS** - Have you found in other jurisdictions, having the potential to escalate it to a Minister has helped?

**Mr TERRY** - I don't have any kind of evidence or advice to say whether it's changed the dial at all. Obviously, I can ask that question of my interjurisdictional colleagues.

**Mr DUIGAN** - What I hear from proponents is that they would like to be able to pick up the phone - sometimes I pick up the phone and maybe - to be able to pick up the phone to speak to the same person that they've been speaking to all along to guide them through what aspects of the government process or whatever part of the process it is. I think the other thing we need to be mindful of is giving those proponents a list of what they will need, what government will need from them before they enter the process, so they understand what they need to bring to the table and the goalposts aren't moving or, in their eyes, moving half way through the process.

**CHAIR** - Until the law changes on something.

**Mr EDMUNDS** - Can I jump right back to the charters conversation from when we opened up? Could I ask - since that conversation started since the election - what meaningful changes have the government businesses made to put downward pressure on prices?

**Mr DUIGAN** - In the case of Hydro, I point to the EOI process that it's looking at, leaning into the fact that we need to have more generation on island. That has an impact on power prices for Tasmanians. We know that wind and solar are the cheapest forms of energy, cheaper in fact, as remarkable as it may seem, for already built Hydro assets. It is quite extraordinary, but new wind and solar are pretty cost-effective, so having Hydro participate in that space -



noting that Hydro Tasmania is the largest generator of renewable energy in Australia. It's a big company and it's a big deal and we own it here in Tasmania and we should be leveraging its expertise. We're constantly asking TasNetworks to look at how it delivers the services it does, noting that the recent storm event brings into pretty sharp focus how important it is to have robust transmission and distribution assets.

**CHAIR** - Also constrained by the AER.

**Mr DUIGAN** - All those things are true. We're unique in Tasmania in that our scale, but also our three energy businesses in government hands, gives us some levers to pull in that sense. We ask TasNetworks to operate pretty lean and pretty mean.

**CHAIR** - I'm not sure what happened with the staff, but anyway?

**Mr EDMUNDS** - In terms of Hydro, we've heard a lot of evidence pointing to exactly what you said about the need for the extra projects to put the pressure on prices, but in terms of TasNetworks it's more of an ongoing conversation considering it's only been a short amount of time in terms of like a real thing.

**Mr DUIGAN** - It is something that we want them to have at the front of their mind. I was talking to the chair yesterday or the day before about this being the central tenet in considerations that they make. Having that as the overarching principle has an effect on decisions taken by the business and we would expect to see those things flowing down.

I point also to Aurora Energy, which has done a fantastic job in delivering not only the state government's renewable energy dividend to all our customers, but also some of the supports that are being provided by the federal government also. Those things have been seamlessly done. It's easy for us to say that is how it should be, but when our GBEs do great jobs they don't get much of a pat on the back, but Aurora has done a sensational job of delivering those packages of support to customers in a seamless way. We always want that to be where we're aiming. We want the lowest prices. That's what we want. We're unashamed about that, but we want to be able to take hold of our opportunities, because those are important now and into the future.

**Mr GARLAND** - I'd like to talk about Marinus Link and the state business case. Would you agree the key component to this business case is the relative distribution of the repayments between Victoria, Tasmania and taxpayers for Marinus Link, both in terms of capital costs and ongoing maintenance, and that this information will come from the Australian Energy Regulator when it decides on the allowable recovery of costs? That figure is unknown at the moment and won't be known until 2029, so how can a business case be put forward in any absence of this?

**Mr DUIGAN** - Thank you, and I agree. Regarding the whole-of-state business case, I will continue to point to this because as Minister sitting here with responsibility for these very large generational investments for Tasmania, it's important that we get all the information out there and everybody knows and understands what the costs and the benefits and the implications are for us all as we move forward. In terms of cost allocation arrangements, in order to determine a cost allocation split between Tasmania and Victoria, there has been an additional change to the National Electricity Rules which have been required. That work has been going on the last year or so.

The AEMC, Australian Energy Market Commission, finalised the rule change process on 3 October 2024. Officers are working with Victoria on executing a cost allocation agreement for Marinus Link that will be considered as part of FID, and the final cost of the projects and cost-benefits impacts on Tasmanian customers will be a crucial part of assessment for our final business case, the project, FID, and for the whole-of-state business case. Those numbers you are seeking, that cost allocation, will be part of our whole-of-state business case in March 2025.

**CHAIR** - What I hear you saying, and correct me if I am wrong, is that the rule change enabled an alternative distribution. Otherwise we would have been paying half -

**Mr DUIGAN** - Yes.

**CHAIR** - and we are going to see a cost allocation agreement that will feed into the whole-of-government business case.

**Mr DUIGAN** - Yes, considered as part of the whole-of-state business case.

**CHAIR** - I'm trying to understand whether we're going to see what percentage Tasmania will be up for, as opposed to a dollar figure. What can we expect to see?

**Mr DUIGAN** - My expectation is that you would see a percentage split.

**CHAIR** - How will we know the percentage of what it is?

**Mr DUIGAN** - The percentage of the revenue recovered via the regulated asset.

**CHAIR** - Will we have that figure?

**Mr DUIGAN** - Certainly that would be my expectation, yes.

**CHAIR** - Right, so we'll be able to work out how many dollars it is. For the ease of readers, you might have to spell it out.

**Mr DUIGAN** - It's absolutely critical that we have that.

**CHAIR** - Okay. I wanted to clarify that.

**Mr GARLAND** - Will the business case address all the interdependent components, namely all aspects of Battery of the Nation, Northwest Transmission Developments, Marinus Link and the wind farms, as they are currently proposed?

**Mr DUIGAN** - Certainly my understanding of the whole-of-state business case, noting it's a piece of work being done by Treasury, is that it will consider Project Marinus, which is Marinus Link, and the Northwest TD, and I think also taking into account the Tarraleah redevelopment. What Project Marinus does is make generating in Tasmania much more attractive to a particular proponent because you can get your spill out of Tasmania to the National Energy Market. How the business case - and I'm not sure what line of sight you have

on it, Mark - factors in the opportunities, which it needs to do. I would be interested in your thoughts there.

**Mr BOWLES** - It is very broad in terms of how it is assessing the implications of one cable, two cables or no additional cables. That includes Northwest Transmission Developments, which is essential for Marinus stage 1, and also Battery of the Nation projects which are complementary, but not necessarily bound to the Marinus decision.

**CHAIR** - It's only Tarraleah, not Cethana, we're talking about, to be clear, for cable 1?

**Mr BOWLES** - For cable 1. The capital program of Hydro Tasmania and, in particular, Cethana is so significant that it is in the mix in terms of what's being considered, but it won't determine whether those projects go ahead. Ultimately what determines those projects will be the business case work of Hydro Tasmania themselves and a separate approvals pathway that happens after FID for Marinus.

**Mr GARLAND** - What will happen if the business case says it is not in the economic best interests of Tasmanian electricity consumers? Will it still go ahead?

**Mr DUIGAN** - We've always said this will only proceed if it is in the best interests of Tasmania.

**Mr GARLAND** - Very good. Is it correct that there is just one Tasmanian who sits on the board of seven that will make a decision about whether to go ahead with Marinus Link, which has a huge implication for the state of Tasmania and Tasmanian energy consumers?

**Mr DUIGAN** - Let me be clear, Tasmania is one of three shareholders and Tasmania will make its own decision. The government will make the decision around the final investment decision for Tasmania.

**CHAIR** - I recall in the briefing, it's obviously not in the record so there was no record of it for me to remember accurately or to respond accurately. I recall in the briefing that we were told that this decision would require a unanimous decision of the three key state shareholders. Even though Tasmania is a minor partner, the baby of the lot, if we don't agree, it doesn't happen. Is that the case?

**Mr DUIGAN** - That is the case. Tasmania has one director on the board of MLPL.

**Mr GARLAND** - The renewable energy target. When the renewable energy target was legislated, the fact sheet provided to members stated that Marinus Link would only achieve actionable ISP project status if the TRET was legislated. Legislating the TRET was largely to get Marinus Link across the line as a project, is that correct?

**Mr DUIGAN** - Predates me to some extent. Mark, do you have anything to say on that?

**Mr TERRY** - Not on that particular issue. As I understand the ISP, Marinus is in there as an actionable project now and not dependent on the Tasmanian Renewable Energy Target. It assumes it's needed to support the energy transition.

**Mr DUIGAN** - It certainly remains in the ISP as an actionable project. Yes, no doubt.

**Mr GARLAND** - What happens to the TRET if Marinus Link doesn't go ahead?

**Mr DUIGAN** - Look, I think, no doubt, that would be challenging.

**CHAIR** - That was the point I made when they debated it, in fact.

**Mr DUIGAN** - It is a question well worth pondering. The opportunity that the state would forego if Marinus Link doesn't proceed, I think it is, you know, a material opportunity cost.

**CHAIR** - If you've got big questions on the business case - Janie, you've got your hand up, on the business case, Janie?

**Ms FINLAY** - No, I still had questions from before.

**CHAIR** - I might just finish off any questions related to the business case. If there are not questions around that, I'll come back to you then, Janie.

**Mr BAYLEY** - I've got another one.

Respectful of your view, Chair, around GBEs, I want to go back to the TasNetworks issue briefly. I'm looking at the timelines and there's a close of tenders on 22 November and a short list of notifications on 29 November. We actually don't have an opportunity to interrogate you on this in GBEs until after that shortlist.

It was welcome to hear that you're meeting with stakeholders and I am going to have a chat to them -

**Mr DUIGAN** - And have been.

**Mr BAYLEY** - And have been. We're really concerned about this. I read out some aspects of the GBE and state-owned company review that this is timed to try to get ahead of that GBE review and lock in a commercial arrangement for a single provider that has a potential platform for joint ownership. Can I ask who -

**Mr DUIGAN** - Joint ownership of works.

**Mr BAYLEY** - A joint ownership model of a single corporate entity. Can I ask who you're meeting with in terms of stakeholders? Union, like contractor representatives, worker representatives for TasNetworks field crews.

**Mr DUIGAN** - Contractor representatives, let's say that.

**Mr BAYLEY** - Okay. It seemed like you were open to requesting or insisting that TasNetworks do pause the tender based on those conversations. Can you confirm whether you'll proactively publicise, whether you will or won't, ask TasNetworks to pause that tender? Will you be transparent? One of the issues -

## PUBLIC

**Mr DUIGAN** - I'm not going to make any of those sorts of commitments here at the table, at an Energy Matters hearing.

**Mr BAYLEY** - One of the issues we're concerned about in relation to this is that no-one knew about it. It was a couple of weeks ago that contractors first heard about it and the public first heard about it on ABC radio last week. In the interest of transparency and in relation to that tender, I would have thought it would be incumbent upon you, Minister, to be transparent about your view on it and whether or not it should or shouldn't proceed as published at the moment.

**Mr DUIGAN** - Okay.

**Mr BAYLEY** - But you won't. You're not prepared to give that commitment?

**Mr DUIGAN** - Well, that's your view. I will continue to listen to people and talk to people. If we think we need to make a call, we will. If we don't, we won't.

**Mr BAYLEY** - That's right, but you're not prepared to make a commitment around declaring one way or the other if you're going to ask TasNetworks to pause that tender?

**Mr DUIGAN** - No.

**Mr BAYLEY** - Okay, thank you. I've got other issues.

**CHAIR** - I'll go back to Janie. There are a few other areas we need to do. Also, because it's a long session we'll take a short break about 10.30 so everyone can have a bit of a break around that time, depending on where we are with the questioning.

**Ms FINLAY** - Thank you. I've got questions about the case management, following along the member's question then. There does seem to be a varying of opinion about the language used in the presentation about a joint ownership.

You just interjected, Minister, and said 'of works', but it is clear that in the documentation that's not what the joint ownership referred to. Can you outline for the committee your understanding what reference of joint ownership meant or what is acceptable to you as a minister of what joint ownership would mean?

**Mr DUIGAN** - I think in the context of the tier one works, it's a joint ownership of a delivery model of works. That's my understanding of it.

**CHAIR** - Maybe, Janie, if I say for example, we know there's a link that needs to be built between Hampshire and Burnie and TasNetworks, I think at that hearing they spoke to us, I certainly spoke to them somewhere about it, that there's an expectation that other parties will be required to fund that link in a joint sort of model. Is this the sort of thing we're talking about? What are we talking about here?

**Mr DUIGAN** - Certainly just in the physical delivery of the piece of work.

**CHAIR** - Say there's three interested companies. Companies A, B and C. They could contract through this joint arrangement, if you like, TasNetworks people to build that asset. Is that what we're talking about?

**Mr DUIGAN** - And TasNetworks might then offer that piece of work or another piece of work to an external contractor.

**Mr BAYLEY** - Where does the joint ownership come in then? Let me read it to you really clearly for the *Hansard*, Minister:

The objectives and outcomes of this are an integrated business approach with a delivery partner (single corporate entity) contract model delivered by a two stage procurement process, EOI and closed request for tender.

It's a platform for joint ownership and investment with commitment to safety, quality, capability to development, sustainability and innovation.

Longer term commitment:

- 5 years: 3 times 2-year options in return for high performance
- Clear identification, allocation and grouping of works
- Joint ownership for planning of activities for improved work programming and operational efficiencies.

So, you can see where the concern is coming from contractors and others. Many of these activities are contracted out to small to medium businesses, non-tier one ones.

**Mr DUIGAN** - Not typically in those. Currently there are works that are contracted out to the tier ones. I think there are three in the tier one pool. There are a number of works that are contracted to smaller contractors, as will continue to be the case.

**Mr BAYLEY** - Will it continue to be the case?

**Mr DUIGAN** - Yes.

**Mr BAYLEY** - That's not clear from this. Is that a guarantee you can give?

**Mr DUIGAN** - I believe so, yes.

**CHAIR** - What asset is owned at the end of it? Like, what's owned?

**Mr DUIGAN** - That aspect, I guess. No, I won't guess.

Anyone at ReCFIT got clear enough line of sight? I'm just careful of not saying anything in *Hansard* that isn't accurate. I'm happy to take that one on notice and get you actual clear accurate information.

**Mr BAYLEY** - I come back to the issue that you rejected before, but perhaps tabling the request for tender in camera in this committee is an is an opportunity for you to -

## PUBLIC

**Mr DUIGAN** - I'll take the question on notice and I will bring you back accurate information. I'm not going to commit to something that I don't have information on.

**CHAIR** - Maybe an excerpt from that -

**Mr DUIGAN** - It might be that. I am interested in providing you with accurate information. I'm not interested in making a commitment I can't fulfil.

**Mr BAYLEY** - Yes, and particularly a view on the maintenance of contractors with existing small to medium contractors and also a view of TasNetworks in particular about their own employees, their own field crews, and whether they actually get caught up in this model as well? This could be read as being a whole-scale establishment of a joint venture to undertake all of those kinds of works opportunities, including those who are currently internal TasNetworks employees.

**CHAIR** - Employment of staff.

**Mr BAYLEY** - That's right.

**Mr DUIGAN** - There are jobs that TasNetworks do, there are jobs that TasNetworks contract out. That will continue to be the case.

**CHAIR** - We'll put it on notice to get some clarity around this. We'll move onto other topics.

**Ms FINLAY** - I want to clarify if the Minister is able to give that information to the committee before the session ends today?

**Mr DUIGAN** - I'll have to take it on notice. I'm not sure, Janie, in terms of how timely - when are you next sitting?

**CHAIR** - We'll write to you, Minister. There may be other things but this is a more urgent matter so we'll write to you. You can provide it at your earliest convenience, ideally sometime next week.

**Mr DUIGAN** - Perfect.

**CHAIR** - While parliament is sitting may be helpful.

**Ms FINLAY** - I'm interested in those commitments in terms of nothing else changes. What are the titles of the body of contracting tasks that you contract out? There's a tier 1 and then there are a number of contractors at various sites in Tasmania that deliver works in another category and then there's TasNetworks. Are you able to detail the number of people currently in contracting that are engaged to contract in that other body, so not TasNetworks and not tier 1, so there's clarity around what's not going to change in the commitment you just made?

**CHAIR** - Minister, is that information you have or information TasNetworks will have?

## PUBLIC

**Mr DUIGAN** - It's certainly not information I have, I don't believe. I think that is a question for TasNetworks. Obviously, there would be a large number of contractors who would be doing work for TasNetworks. They would have some line of sight on that. I don't have that.

**Ms FINLAY** - The reason why I asked for clarification is that, as I understood it, the Minister just gave a commitment that there wouldn't be a change to those contractors so it's important that is detailed. If that is TasNetworks' information, is the Minister making a commitment over TasNetworks activities that there will be no change?

**Mr DUIGAN** - It's a question for TasNetworks, but we can potentially provide what is the guidance around where they're going -.

**CHAIR** - The committee has the capacity right to TasNetworks too. We need to move on from this because we have a lot other areas to cover.

**Mr BAYLEY** - I appreciate that, but this is one for the Minister. If this is the establishment of a joint venture with a single corporate entity at a tier 1 level to deliver activities and services for TasNetworks in terms of poles and wires, transmission and distribution, do you think that you as Minister have a role to approve that?

**Mr DUIGAN** - The point I would make is that this already occurs. This is already occurring.

**Mr BAYLEY** - Where is it occurring in a joint venture?

**Mr DUIGAN** - TasNetworks already contracts tier 1 providers to do work on its behalf.

**Mr BAYLEY** - Not in a joint venture, though. I guess that's the question and I ask it because the GBE is looking specifically at joint ventures.

**Mr DUIGAN** - Again, I think we're talking about -

**Mr BAYLEY** - Let me read again the GBE inquiry -

**Mr DUIGAN** - Certainly it's not my understanding that this is any sort of joint venture.

**Mr BAYLEY** - Well, that's the language it uses and the GBE and state-owned company review has flagged concerns regarding the level of oversight, accountability and control of government business subsidiaries and joint ventures. The question is as to whether you, as Minister, believe that you have a role in approving a joint venture, should TasNetworks go down that line?

**Mr DUIGAN** - The first thing I would say is I don't believe this is a joint venture. The second point I was making is that the government is on the public record saying it is looking at doing GBE reviews and TasNetworks, of course, will be part of that review.

**Mr BAYLEY** - All the more reason to pause this tender.



**CHAIR** - I'll take that as a comment. To go to another area, the Capacity Investment Scheme was mentioned earlier by Mr Bowles. Can you provide some more information about how that actually works? Is this independent of the Marinus arrangements?

**Mr DUIGAN** - The Capacity Investment Scheme is a federal government scheme. It essentially rests with the state signing a renewable energy transformation agreement with the federal government. There was a CIS auction run in May this year and, on the strength of letters shared between Minister Bowen and myself, that was good enough, ahead of Tasmania signing its RETA, to participate in that auction. Essentially, it's a system whereby the Commonwealth puts a ceiling and a floor price for a renewable energy project. It takes the downside risk on the project but also takes some of the upside risk as well. It is a method in some ways, I guess, similar to a PPA from Hydro, for example. It has the effect of de-risking a project. Obviously it's of interest to lots of renewable energy proponents here in Tassie. On that note, Mark, any further information on the CIS?

**Mr BOWLES** - To add to your comment regarding its linkages to Marinus, obviously Marinus is of great interest to most of our private proponents. It's something they consider to be a significant decision in terms of the attractiveness of Tasmania as a place to invest. In itself, a decision around Marinus doesn't directly affect what can happen in terms of those CIS tender processes. That's a process the Commonwealth is running independently.

**CHAIR** - Any other questions on that from members? Janie, you've still got your hand up, so I'm going to pop it down -

**Ms FINLAY** - Yes, I understand. What I asked a minute ago was a follow-on from what Vica asked. I had a different set of questions, if that's all right.

**CHAIR** - You're right. Take your hand down, then.

**Mr DUIGAN** - She's got a different set of questions.

**CHAIR** - Sorry.

**Ms FINLAY** - It was reflecting back on the case management. I think that piece is really important in terms of being able to progress projects. You've outlined that there are two or three people currently in the team and you'll recruit an extra three to ReCFIT, so that potentially makes six plus the lead, so maybe seven people in the ReCFIT case management team. Is that right?

**Mr BOWLES** - They're the dedicated case managers. They're people who are doing nothing else but providing those case management services to the projects and also working with the parties internally. The reality is that other people across ReCFIT - and there's almost 40 staff in ReCFIT - have touch points with our developers, including myself and Sean regularly meeting with developers. What the case management team and the new resources provide us with is an ability to provide a deeper level of dedicated concierge tasks, working with those other regulators we mentioned on ensuring that there are no barriers to these projects that have been caused by unintended bureaucratic blockages. We are working within all of the regulatory frameworks as they currently are. That's an important part of how we're working and how regulators work. We're working within the regulations but ensuring that there are no unintended blockages there.

**Ms FINLAY** - That's great. Thank you for using the word 'dedicated'; that's what I was trying to get my mind to. Is the team, and I've got it at seven plus yourself and Sean from time to time, dedicated to the purpose of case managing renewable energy projects? They're not case managing anything else?

**Mr TERRY** - I think they'll have two functions. One is the dedicated case management function, but we also work on policy and systems and processes to support that. For example, with our RES work, we developed what we call Mapping Important Places tools, so we developed best practice community guidelines for those renewable energy projects. But their main function, yes, will be the dedicated case-management function. Not to say that they won't support some of those other, I suppose, architecture we need to support that function - the tools we need to track those proponents and escalate issues, but that will be their core functions.

**Ms FINLAY** - Thank you. Earlier, one of the other committee members asked about the way your tracking projects, like with the traffic-light system or with whatever. How many projects do you have on your list that are being actively managed by the case-management team?

**Mr TERRY** - I'll do my best off the top of my head. I think there's at least 7000 gigawatts of projects that have been advanced by 2030 by the proponents. I think that's probably looking at about 10 to 12 projects of varying size, but I can certainly confirm that with my team and come back to you directly with that information.

What we also have, in terms of that project pipeline up to 2030, is the expected commissioning dates for those projects, as advised by the proponent. Like I said earlier, we hope to get a lot more granular information through our case-management function and the tools we're putting in place, but that's what we have in place at the moment.

**Mr DUIGAN** - It would be my expectation that every project that the Tasmanian government is aware of has a point of contact in a case manager, that we would be seeking to provide that single point of contact, that concierge service, to all of the various 7 gigawatts of projects that are currently on our books, that everybody has a place and a number that they can call.

**CHAIR** - If I can interrupt. It is 10.30 a.m. Have you got any questions on this, we'll try to finish this part, then come back to other matters.

**Ms FINLAY** - Just one closing question. From the maths at the moment working almost full time, you have about seven people in case management and about 10 or 12 projects. People are managing one or two projects almost full time. That's what I was trying to understand.

**Mr TERRY** - Yes, I think once we get those people on board, by the end, that will be the model.

**Mr BOWLES** - Can I just confirm. The numbers are, there are over 30 projects that we have some touch point with, to varying degrees. Some of those projects, we meet with them and they provide us information of what they need and they don't ask us for support. Others we are more deeply involved in. So, that's across wind, solar, battery, transmission and hydro, so across the full suite, there are over 30 projects. Some of them are owned by the same entities,

but that's the total number of projects, and we will be implementing a formal, tiered approach to how much support those projects get. Partly, that's determined by how much support they want from us. Some of these developers are pretty experienced and only need light touch points. Others need more support.

**CHAIR** - We will take a 10-minute break, and I'll come back to you, Mark, when we come back.

**The committee suspended from 10.34 a.m. to 10.48 a.m.**

**CHAIR** - I'll go to you, Mark.

**Mr SHELTON** - Minister, my question really comes from a comment that Mark made just before we had a break. That was that a lot of the proponents see the Marinus decision as, I don't think the word was 'critical', but see it as a major decision going forward for them. It's been put to this committee that Tasmania would be better off if it didn't have Marinus Link and that investment and some investment in renewables in the state.

Given that you're talking to proponents all the time and so forth, what interest would there be in the state if Marinus doesn't go ahead? How important is Marinus basically in the mix?

**Mr DUIGAN** - Thank you, Mark.

It is critical for the government's renewable energy agenda. If you look at the targets that we have set, and I've touched a little bit on this already this morning, for a prospective renewable energy generator to build in Tasmania where we have very good resource - it's one thing to have the resource, the other thing is to be able to harness the resource and to go and get it. Marinus underpins that.

If we think about a wind farm with a nominal capacity of 100 megawatts then we could expect that, in the Tasmanian context, to deliver say 45 megawatts on average over time, because that's the capacity factor in Tasmania. There'll be plenty of days where it's breezy enough for that wind farm to be developing 100 megawatts. It's the question of what you do with the spillage. That 55 megawatts that is not potentially being used on island, that if we can't store in our hydro, what do you do with it? What do you do with the spill? Or if our rivers are spilling and our dams are spilling, what do you do with that excess energy?

Being able to get it to a mainland market, where over the next 10 years they will take 20 gigawatts of coal-fired generation out of the eastern seaboard of Australia. That is a very substantial market opportunity for Tasmania, for our spilling energy of our new renewables, and of course for our energy storage capability, which probably has a higher use in some other aspects than it is currently being used for.

So, there is opportunity that is delivered by Marinus in a number of ways. It is critical for energy proponents, but it's also a massive opportunity for our state to derive a revenue stream.

**Mr SHELTON** - Along with that, you talked about Victoria. It has also been mentioned that Victoria, given their percentage of Marinus, won't get the advantage out of it. You're

indicating to the committee that there are significant advantages to Victoria, given the development here in the state and the ability for Tasmania to power Victoria.

**Mr DUIGAN** - Well, at a cost. At a price. And that's the important thing.

As the nation moves to renewable energy, the very challenging part of that is not so much the wind and the solar, it is the firming capacity and the storage capacity for solar. If you think about it, it works well through the middle of the day, but it doesn't do much in the middle of the night and we still have energy demand. So, what do you do? How do you store it?

Tasmania is very fortunate that over 100 years we have built a very effective energy storage system - 50 lakes in Tasmania offer deep long-term storage. That is the missing component in just about every other jurisdiction that you care to mention in Australia. That is our opportunity to deliver the highest and best use for our hydro storages. They need to serve Tasmania's interests first and foremost. They will continue to do that.

We have an energy contracting framework that is underway to make sure that our energy is prioritised to deliver for Tasmania first and foremost. But there is still an opportunity for us to turn a significant dollar on the back of what we have here in Tasmania.

Anything you would add to that, Mark, that I've missed there? Probably those are the high levels.

**Mr BOWLES** - I think the Minister has covered most of it. Certainly, in terms of our engagement with the proponents, the significance of Marinus is that it provides them with an alternative pathway to market. Yes, many of them are also looking to local PPAs with load, or Tasmanian PPAs with load, but this provides an alternative. It is also for them and a general signal of investor confidence because of the downstream benefits that that work will bring to the Tasmanian economy.

**CHAIR** - I might just follow up on a couple of those points on the list. To start off with, Minister, with more renewable energy coming into the system, mostly from wind, but possibly solar as well, this will effectively compete with Hydro in many respects as generation. How much of this must use water of the water that has to flow? Will it be producing electricity at and receiving a lower price. Are you aware of how much that is? What does your analysis say about how this might affect Hydro Tasmania's financial - their profits basically?

**Mr DUIGAN** - My understanding of this reasonably high level is that that Hydro has about a 300 megawatt capacity when the system is running for environmental flows and things of that nature. So, around 300 megawatt that Hydro, in an idling state, does produce. Tasmania is, certainly in the current context, an interesting load study insofar as we have the four major industrials that are around the clock loads and substantial loads. There's always a load substantially higher than that idling case for Hydro. Even with Hydro idling, Basslink on full import of cheap or negative priced energy from the mainland, there is still -

**CHAIR** - At the moment, but I'm talking about all the new - well, we don't know how much exactly going to come on, but once that does, what does the modelling say about that?

**Mr DUIGAN** - The answer to that question is, as I understand it, about 300 megawatt for Hydro to be in its idling state. In terms of modelling and what that looks like into the future, happy for Mark to provide some detail there.

**Mr BOWLES** - All of that is being modelled in a number of different scenarios as part of the whole-of-state business case. I wouldn't characterise the new VRE as being in competition with the dams. In fact, they're very different markets. They're complementary -

**CHAIR** - Not so much in competition with the dam. It's in competition for the dollar. If there's a lot more renewable coming in, and at lower prices, then the opportunity to sell hydro-generated power at higher prices is reduced. We can save our water for longer. With less opportunity - currently, we can sell into a higher price market more frequently, perhaps. Do you understand? I'm not sure if I'm making it clear.

**Mr BOWLES** - I think I do. Without talking specifically to the modelling because it's still in progress and it's not my modelling, it's Treasury's modelling. What I would say is, in terms of the expected impact of greater interconnection, we're looking at, in that case, over the term of a month or a year, an ability for prices to come down compared to what they would otherwise be. That doesn't necessarily mean that the spread between the peaks and the troughs within a day - that's a different matter. That's where Hydro Tasmania's profits lie: the peak difference is their ability to buy in cheap power and sell at higher prices.

**CHAIR** - Is this a question I should ask Treasury?

**Mr BOWLES** - Ultimately, that work is being led by Treasury.

**CHAIR** - To move on then, perhaps with the power purchase agreements. We heard from ACEN that power purchase agreements are not subsidies. Is that your view, Minister, that they're not subsidies?

**Mr DUIGAN** - Depends at what level they're at, I guess.

**CHAIR** - They could be subsidies?

**Mr DUIGAN** - I think you'd have to see the numbers to know whether they were subsidies or not. That's very much dependent on the nature of the particular power purchase agreement that you're talking about. In terms of the process that Hydro is running at the moment, for example, the EOI process where they would be looking to go to market to bring on a new generation, my understanding of that process is that if they provide a power purchase agreement, it wouldn't be onerous or it wouldn't be a subsidy or it would be commercial.

**CHAIR** - With regard to the Granville Harbour, for example, power purchase agreement, that's actually called a CSO, or it was. We had the one at Woolnorth, that has been an onerous contract until it wasn't very recently. I'm just trying to understand what makes it a subsidy and what doesn't, in your view?

**Mr DUIGAN** - Well, if you're signing something which is an onerous contract, or using the CSO mechanism, there is some element of subsidy contained within that because otherwise you wouldn't potentially do that. There is a wider benefit for the state than necessarily for the entity signing that PPA.

**CHAIR** - The CSO, is that intended - it's called a Community Support Obligation. Are we talking about the community being supported that has the inconvenience or otherwise of having the wind farm in its community?

**Mr DUIGAN** - No. I would say in that circumstance the community service obligation is to the wider Tasmanian community as a way to get that power into -

**CHAIR** - So there is no direct benefit to the local community.

**Mr DUIGAN** - Well, I'm not familiar with the circumstances of that particularly, but if you're looking at the wind farms that are on the books at the moment, we would be seeking community benefit funds from those wind farms, meaning that they absolutely contribute to the area in which they are built and the area which bears a disproportionate impact from their operation.

**CHAIR** - One could say that the little community of Granville Harbour had a disproportionate impact.

**Mr DUIGAN** - I can't speak to that in hindsight, but I suspect that's probably true.

**CHAIR** - In the case of generation for Hydro or anyone else, or any government business to enter into a power purchase agreement, does the government have a view at all about whether we should be relying on investors and lenders to work out the supply and the load, rather than having to have Hydro or the government in the middle of this?

**Mr DUIGAN** - I think what we have seen, particularly in Tasmania, with something as substantial as Marinus looming in the future, is that waiting for the market to sort this out is proving to be a bit slow for the government, for the community and for Tasmania, which needs more generation on-island to support existing and future load growth.

I think what we're seeing with the federal government with its Capacity Investment Scheme is a recognition that the market is probably a little bit behind where we want to be as a country. In Tasmania, we're leaning in with things that we've asked Hydro to do. It is apparent that there are some interventions required to bring forward some generation and it's particularly relevant in Tasmania because the 'go, no-go' on Marinus has such a material impact on people looking to invest in our state. Anything further you would add there, Mark?

**Mr BOWLES** - I would just add that there's a recognition across the country that energy markets require government intervention, particularly at the moment given the significance of the transition, the uncertainties in the market, and that the energy markets don't much look like what an ideal, typical, competitive market we would normally look for in terms of government stepping back. The key is that the federal and state interventions are working together in a harmonised way to reduce the risks in the right ways.

**CHAIR** - Do you think the community of Tasmania, Minister, has been adequately asked whether they're happy for our state-owned businesses that we own to take such risks?

**Mr DUIGAN** - I would say that this has been a pretty long-held policy by the government. These large -

**CHAIR** - The question wasn't about that. It was whether the community had been asked whether they were happy to take this risk.

**Mr DUIGAN** - In terms of how long these proposed developments have been in the ether and talked about, and been the subject of much discussion here in Tasmania, I know they ebb and flow depending on what's happening at what particular time. I would say, broadly, that the Tasmanian community is actually pretty well informed in terms of energy policy and the energy conversation in Tasmania. Maybe I get a skewed input, but most people I talk to are quite interested and invested in what we're doing in energy. Obviously, there are some strong opinions one way or the other.

In terms of the engagement piece and formalising the engagement piece, if you take, for example, REZ planning and things of that nature, there is a lot of community engagement that happens. The work that was done around REZ was pointed to in, I think, a couple of publications as nationally very gold-standard consultation. We're aware of the need to try to take people with us. With hindsight, there's always ways that you can improve. I will ask Mark to give you some detail around that one, because it is pretty profound the amount of work -

**CHAIR** - Can I make a point first and then Mark or you can reflect on it? When the north-west renewable energy zone was first mooted, the local community was caught off-guard because the average punter there was only aware through public awareness, if you like, of the proposed Commonwealth REZ out in Bass Strait. So when this inland one - the state one - was put on the table and suddenly there was this consultation or this piece of work happening, those people felt completely ambushed.

**Mr DUIGAN** - I'll get Mark to talk to that because I'm sure it's of interest to lots of people here. With Marinus Link, there are shopfronts in Burnie. Marinus Link attends pretty much every community event, show and Agfest and all these sorts of things. You get to the people who are interested and that's the easy bit. Getting to the people who are not interested is the challenge.

**CHAIR** - The people who aren't engaged are too busy getting on with their lives on their farm.

**Mr DUIGAN** - I understand all that. I will ask Mark to provide some detail around not Marinus necessarily, but REZ and the very substantial effort that went into that.

**Mr BOWLES** - There's been three phases of consultation for the REZ. The initial stage, which went for a couple of years prior to the announcement of the intention to declare a Burnie REZ, covered a range of activities, including working with members of the community and an advisory committee that we worked with. We undertook activities such as mapping important places, where we work with stakeholders to identify where there were places where we ought to consider not having REZs. We worked with agency -

**CHAIR** - Do you have a list of those stakeholders that you could provide to the committee?

**Mr TERRY** - We can follow that up.

## PUBLIC

**CHAIR** - We'll add that to our letter. Keep going.

**Mr BOWLES** - We can provide it. On our website there's details of the consultations that we've held.

**CHAIR** - I'm talking about the initial stakeholders you discussed it with as well as further down the track, but right upfront, those who knew this was coming. That's the stakeholders I want to hear about.

**Mr BOWLES** - We can do that. When the intention to declare the Burnie REZ was made and there were lines put on the map, we then kicked into phase 2, which was consulting directly with all the affected landowners in that region. Once we put lines on a map and people within that REZ were engaged with, that certainly stepped up the awareness and the interest in the REZ framework. It brought a lot more stakeholders into the pool.

Stage 3 was consulting on the drafting of the legislation. We've still got more to do. We've made a commitment to go back to Burnie and engage directly on a one-on-one basis with potentially affected landowners. Our intention is to do that this year and write to affected people. It's been very broad, but certainly putting the lines on the map brings it to greater attention.

Have we learned anything along the way? Yes, absolutely. The proposed REZ legislation provides the government with the ability to declare other REZs, so this may not be the only one. Would we do it differently and can we learn how to better engage? Absolutely.

**Mr DUIGAN** - There may not be a one. I'll just put that out there.

**CHAIR** - No, but it seems a bit odd that Granville and Whaleback Ridge weren't included.

**Mr BAYLEY** - All that's an answer to a different question to where we started, which was the onerous contracts, community service obligations, how wide the community knows, which is where I wanted to go. You mentioned it's for a wider benefit for the state. You have the power to direct Hydro even if they don't want to engage in that. What sort of work is done to inform the decision and the analysis that, okay, signing an onerous contract that costs Hydro will deliver a wider benefit to the state? What underpins that assessment and decision that it's better for the state-owned company to take a hit than the private sector to stump up more or for the market to sort it out? What's the process there?

**Mr DUIGAN** - For Hydro Tasmania, they would be very aware of what signing up to any of these particular developments would look like for their business. For government, I guess ultimately, it is a policy decision as to how much do we want this, and what are we prepared to forego in order to bring a project online. So I guess it is a meeting of those two kind of imperatives.

**Mr BAYLEY** - Is there an assessment that you are compelled to undertake or that you do undertake to inform yourself that you would undertake, you haven't done this yet, but you would undertake to inform yourself?



**Mr DUIGAN** - I haven't found myself in this position as yet. Hydro is a very sophisticated organisation when it comes to things of this nature, and it understands the energy landscape very well. Obviously, we have some capability in the department to understand those sorts of things. I make the point that in the case of Granville, or I think even potentially Cattle Hill, both of those contracts at the time of entering into them, those PPAs were considered onerous. Some time a few years down the track they are no longer in that column, noting that they may get back there. I don't really know. It is a delicate balance. It is not a vibe thing. I am not going off vibes, I am going off good advice.

**Mr BAYLEY** - At least one was a ministerial direction though, wasn't it? Granville was.

**Mr DUIGAN** - I believe so.

**Mr BAYLEY** - I wanted to go to the Hydro regulations. Regulations have been tabled in both Houses of parliament that quite dramatically increased the scale of Hydro, not a water project, but a Hydro project that needs parliamentary approval from 40 megawatts to 300, 750 per cent increase. Wind is excluded. Cethana's excluded. Tarraleah's excluded.

**Mr DUIGAN** - Cethana and Tarraleah do need parliamentary approval.

**Mr BAYLEY** - They do, but they are excluded. They are capped at 40. They are still in here as requiring.

I guess the question is we heard from both informally from Hydro at Tarraleah and then formerly yesterday on the record that this is not their request. This is not their initiative. They don't have any project that's anywhere near the scale of 300 megawatts that needs this kind of clearance. Where is this coming from? Why has this lid been lifted on parliamentary oversight of Hydro generation projects? What is in mind there? What sits behind it?

**Mr DUIGAN** - As we looked at this issue and the need for Tasmania to have more renewable energy generated on island. What are the levers available to government that we can pull to enable that to happen for Hydro to participate more actively in that generation space? That regulatory cap of 40 megawatts was identified as one of those things.

**CHAIR** - By who?

**Mr DUIGAN** - By the department more likely. I think this is a policy position of government that we saw it as an unnecessary low brake on Hydro. I think where it does fit, noting as you say, wind projects are excluded from that cap, so, it doesn't capture any of those wind projects. Cethana and Tarraleah both remain captured by that cap.

What it does do though is then open Hydro up to potentially looking at solar farms, supporting those types of developments, which typically, you know, 144 or 288 megawatt type solar farms, of which there are a couple prospective ones.

**Mr BAYLEY** - Of which Hydro is not looking at the moment, to be clear, according to Hydro.

**Mr DUIGAN** - Aren't they? It doesn't rule it out in the future. The other thing I think is worth considering is that there is increasing interest in community generation and

community-held generating assets, and community batteries, and networks that exists in communities. This lifting of that particular regulation allows Hydro to then potentially participate in something like that and I know that there is a degree of interest in the community out there.

Again, as much as anything, it is a signal to the market and to the business that we don't want to see Hydro constrained in its thinking about the projects that it could participate in, as you say. There are no hydro-electric projects that come anywhere near that kind of number. We saw it as one of the levers that government could pull to enable us to have Hydro participate in generating more on-island electricity.

**Mr BAYLEY** - What's your view on - we've had it put to the committee around the role of Hydro in facilitating and owning the infrastructure of rooftop solar in a kind of a community network, but not community-owned, Hydro-owned infrastructure project. Some benefit to the householder.

**CHAIR** - Across a large number of properties.

**Mr BAYLEY** - Basically a virtual power plant. What's your view on that? Do you think there's potential there? Is that something ReCFIT is looking at in any way, shape or form in terms of doing the numbers, vis-à-vis other projects that are on the table and whether it's something that Hydro could be asked to look at?

**Mr DUIGAN** - My reaction and my interest in it is high. I think in Tasmania it fits nicely for us and we should be looking at those kinds of innovative ways and future facing ways to address our power needs.

TasNetworks, and I don't know whether you discussed this with them, has two community-scale battery projects. They have funding for two community-scale battery projects: one in Burnie and one in the south, I believe, looking at exactly that. Assets owned by TasNetworks and distributed by TasNetworks, but with solar feeding. That work is happening. I'm not sure of the current status of that. I imagine ReCFIT has a bit of a window into that work.

**Mr BOWLES** - I do know that TasNetworks is looking at a number of community battery proposals. Part of that is about assisting it in also managing the optimum maintenance of energy flow within regions of the network as well. They're multiple benefits to those sorts of community batteries.

In terms of what else ReCFIT is doing in the solar space, we're monitoring the market and engaging with the market all the time, including through the programs that we operate. The Energy Saver Loans Scheme is predominantly directed towards rooftop solar investments. We're about to open the Energy Efficiency Grant program, which will also give us insights into what people are looking for. In this case, small businesses.

We haven't formally done a business case on the concept of a large-scale community solar scheme other than to note that it would need to be very, very large. I'm talking in the tens of thousands of households to reach the sort of equivalent scale of just one grid scale solar farm. There is a scaling issue in terms of what it does for the Tasmanian supply mix. Certainly, we would see for individuals and communities, it's a very important part of the mix.

**Mr BAYLEY** - What about for Hydro? As the state-owned generator, do you see a role for Hydro to play here? Putting aside the community element to it, apart from the fact that they may host this infrastructure, it's a state-owned asset. It's as if it's a standalone solar farm. It's just that it's distributed across rooftops and there is some benefit to those host households as well. Is that something that you've turned your mind to and looking at doing any work on and would you into the future?

**Mr BOWLES** - We certainly haven't looked at specific ownership models of such a proposal. Whether we would in the future, we're always monitoring the market and engaging with the government about government priorities.

**Mr DUIGAN** - Certainly, to add to my previous answer, it would appear that TasNetworks is probably certainly the early adopter - because the distribution system needs to bear the infrastructure and the batteries and the solar panels. I think they are shaping as the more likely partner in this, more so than perhaps Hydro. That's not to rule Hydro out, but I will add that TasNetworks is now in the process of initiating the delivery of the community batteries at Shorewell Park and Glebe Hill. This involves the commencement of design and procurement activities to source the key assets and services, community engagement, and stakeholder engagement for the sites that have been announced, so people have the opportunity to participate.

**CHAIR** - Shorewell Park is a low socio-economic area, which is good.

**Mr DUIGAN** - Yes, it is good. It fits our brand and I'm interested in it. I note that there is quite a bit of work being done at the national level about community energy resources and work that we need to do where you can plug your car in instead of necessarily having a battery on the side of your house and things of that nature. That is emerging work that's happening and that Tasmania - you know, we constantly put up our hand and say, 'we are very willing participants to trial some of this stuff'. We're interested in this space.

**Mr BAYLEY** - Just more in this space if I may, just your view and perhaps ReCFIT's view around - I know TasNetworks have a trial in this space in the Ag sector - power sharing across meters - a single large-scale renewable energy solar setup on one meter, powering an irrigation pump and being able to share that power across other meters on a property that may be, or are, many kilometres distant, using the existing network. They're impossible to link up physically within the property, but they are linked already via the network. It seems like, at face value, there are benefits to be derived there. Do you have a policy position around that and is ReCFIT doing anything in that space?

**Mr DUIGAN** - Yes, I must admit it has been a little while since I have had this discussion. I'm aware of some particular circumstances where that does exist and the frustrations that exist, and I have had discussions with TasNetworks about 'what are the opportunities for that to take place more easily'. In terms of where that work might be, noting that it is again in the realm of TasNetworks, but if ReCFIT has had any interaction with that -

**Mr BOWLES** - More broadly in terms of the policy environment to support innovations like that work, we have supported changes to the national electricity rules to allow for sandboxing within particular regions. Owners and providers can experiment with different technologies like that. We haven't formed our own position on those technologies, but

I understand that TasNetworks is working their way through. We engage with them continuously, so if technologies come to the fore that could be a benefit to consumers and there's a policy barrier we would certainly look at working through those.

**Mr BAYLEY** - The biggest barrier seems to be the way TasNetworks charges and the flattening of the rate for consumers to take into account distance from generation asset is not necessarily a factor in transmission costs as they are passed onto the customer. I acknowledge there's some sort of technical issues to work through there, but it does seem like something that would provide a fix, particularly in the Ag sector, and would stimulate significant amounts of renewable energy investment and -

**CHAIR** - Do you have a question or something? I want make some progress.

**Mr BAYLEY** - I'm satisfied with the answer, thank you.

**Mr GARLAND** - Assuming Tasmania has an excess generating capacity, which isn't immediately evident based on recent data, we could potentially sell that surplus to Victoria and generate additional income. However, this would also lead to price alignment between Victoria and Tasmania, effectively raising prices in Tasmania. Wouldn't this have a negative impact on energy dependent businesses in the state? And the question is, are we overlooking the broader macro-economic consequences of higher electricity prices and increased price volatility?

**Mr DUIGAN** - What I say to that, is that Tasmania is in the extremely enviable position of participating in the market on our terms, broadly speaking. We import power into Tasmania when it is at a very low price point. Subsequently, assuming we have some spare capacity, we export into the market when it is at a much higher price. That is a very invidious position to be in, and we can expand on that position. In very simple terms, that is the macro-economic driver for everything we are talking about, basically. Notwithstanding, the on-island benefits in employment and development that would come from putting ourselves in that position, but that's largely why we're seeking to do what we're seeking to do.

**Mr GARLAND** - There is a possibility that we could be locked into higher prices as a result.

**Mr DUIGAN** - I don't believe that to be the case. I think there is, as we discussed this morning, there are impacts on the build-out of transmission. That costs money over time. We will be paying for that transmission infrastructure for the next 60 years. Our expectation, and I think our policy position, is built on the fact that there is enough downside risk for us to be pursuing this, plus it is a very substantial economic opportunity for the state.

**Mr GARLAND** - Flip over to social licence. I want to ask you about that because according to ReCFIT's own guidelines for community engagement:

A developer's ability to positively engage the community throughout the development, construction, and operational phases of an infrastructure project can be the difference between measured success - or prolonged delays and failure.

Establishing and maintaining a social licence ... are essential preconditions for the success of renewable energy and associated transmission projects.

Social licence to operate is a barometer of local sentiment.

Social licence to operate is enjoyed when people feel both the processes and outcomes of the project are fair. Within this, trust is a fundamental factor in the ability to establish and maintain a social licence.

Minister, noting that Robbins Island Wind Farm proposal has taken almost 10 years and is still mired in court proceedings brought by members of the local community, and Aboriginal groups are united in their opposition to this project, do you recognise that this project does not have social licence and to proceed with it in the face of such community opposition will just undermine community trust in the renewable energy transition?

**Mr DUIGAN** - Thank you, I appreciate the question. Social licence is a very difficult thing to grasp, to grab hold of. It is a challenge. There will inevitably be - I think every wind farm that's ever been built has had opposition in one form or another. I don't seek to discount your opposition to Robbins Island - I understand that. But I think we need to be very open and transparent and try - from as far out as we can be about what's being proposed and hear people's concerns and, do what we can do. Ultimately, it's not the government that is seeking to build the wind farm, but a developer. They have a role to play, so does government. It's a challenge, no doubt about that. It's one that I think we have to lean into. It's not unique to Tasmania. It's an issue that is live around the country, noting Tasmania doesn't have - I drive through South Australia and they're pointing and saying, 'We'll put one over there, and we'll put one over there' and it's sort of desert escarpment country and nobody seems to care too much. But, there is a job of work to be done, no doubt.

**Mr GARLAND** - The Aboriginal space in this state, there's not much agreeance. There's a lot of separation about where we go. Isn't it self-evident that all Aboriginal communities are on the one page with this and if we can't respect our First Nations peoples wishes, I would suggest that there is no social licence for that project, just based on the Aboriginal side of things.

**Mr DUIGAN** - As a government we have to have faith in the process and I have to have faith in the process. There is a process to examine, recognise and respect Aboriginal heritage. We would expect that proponent and every other proponent to go through that process and respect the outcomes of that. I hear what you're saying about that. I have to rely on the outcomes of the process and put my faith in that space.

**Mr BAYLEY** - Minister, to be fair, three and a half years ago your Aboriginal Affairs Minister came to parliament and tabled a report that was produced by a review of the Aboriginal Heritage Act, and the words of that say that the Aboriginal Heritage Act does not work or provide effective mechanisms for protection. Your Aboriginal Affairs Minister doesn't have confidence in the process. That's why he's been reviewing it and that's why there is going to be a new act. I think that is why there is such discontent and concern in relation to the approval, because it's been progressed in the face of the knowledge that the act simply doesn't work. It doesn't provide effective mechanisms for protection. This is one of the most significant

## PUBLIC

Aboriginal cultural landscapes, and indeed shared landscapes given Robinson's journeys and so forth, that there is in the state. I take your faith, but I don't accept it because -

**CHAIR** - Is there a question?

**Mr BAYLEY** - Do you accept that it's unacceptable to be assessing a project of this scale on a landscape of this significance against an act that, maybe three years ago when it was approved, was acknowledged as being inadequate and ineffective?

**Mr DUIGAN** - I won't comment on the act and comments that have been made by other ministers in that space. If there's work ongoing, then that's fine. I will abide by whatever processes are put in front of me. Like you, I have visited the site and the proponent has been quite sincere in their efforts to mitigate the impacts on the Aboriginal heritage of that site.

**Mr BAYLEY** - It's been three and a half years since your government acknowledged that the act is inadequate. Do you think it's acceptable that it's been assessed against an act that three and a half years ago your government said wasn't adequate?

**Mr DUIGAN** - I'm not going to comment on that.

**Mr BAYLEY** - Well, I think you should. You're the minister. It's clearly unacceptable and it feeds into Mr Garland's question about fine social licence.

**Mr DUIGAN** - I respect that, and I will adhere to the process that is in front of me.

**Mr BAYLEY** - An inadequate process by your own admission -

**Mr DUIGAN** - Certainly not by mine.

**Mr BAYLEY** - Your government's and your minister's admission.

**Ms FINLAY** - I want to change the topic back to solar. I'm interested in the percentage of government housing assets that have solar panels.

**Mr DUIGAN** - Thank you. I need to point to my friends at ReCFIT to ask if they know what the number is. We'll need to take that one on notice if that's okay with you.

**Ms FINLAY** - That'd be great, thank you. Do you have a strategy around fully implementing solar panels on state government housing stock?

**Mr DUIGAN** - What we're doing with solar, as has been well talked through, is providing through our energy efficiency loans scheme access to zero-interest loans for people who are interested in putting solar on their rooftops. That initiative has been spectacularly successful in delivering rooftop solar to Tasmania. We're seeing very close to 4000 new solar installations across the state each year at current last three years or, maybe for the life of that loan scheme or shortly thereafter once it got up and going. It's proving to be a very effective method of getting solar onto people's rooftops.

Currently, rooftop solar is, I think, 3.3 per cent of our average generation in the state. It's pretty meaningful in Tasmania and it has been ramping up rapidly in recent years. At this stage that's the policy lever that we are pulling.

I would have to say I'm reasonably - well, no, I would have to say that I'm happy with the outcomes of that particular policy position in terms of what it is doing in getting rooftop solar out there for people who are interested in pursuing it.

**Ms FINLAY** - That answer is all very well and good, Minister, but you're talking about people who own homes, who are being incentivised to put solar on their properties. My question is to you as a Minister of the Crown of Crown-held properties. I'm grateful that we'll get the answer of how many currently of state-owned have solar panels on them, but of the suite of properties held by the Crown - so you are the owner - does the government have a commitment or a policy or an idea that you will actively install solar panels on your property portfolio?

**Mr DUIGAN** - Yes, we do. In partnership with the Commonwealth government, our government has committed \$16 million to continue the roll out of energy efficiency measures, which, of course, includes solar panels into our social housing properties. So, there is a joint state-federal commitment in that space.

**Ms FINLAY** - Thank you. That goes back to my first question. If you are able to provide the committee with the number of properties that currently have solar, and the number of properties that you intend to install solar on with that money, that would be great. Be grateful for that.

**Mr DUIGAN** - I am certainly happy to provide you with a number that have. I'm not sure that there is a forecast projected number, but we will provide what we can. Happy to do that.

**CHAIR** - I'll go to Luke.

**Mr EDMUNDS** - Thanks, Chair. Going back to some previous evidence we'd received. I think it was TMAC in terms of talking about - actually, I'll go to TCCI first. They spoke about the lack of investment was a risk to losing Tasmania's historical competitive advantage in renewables. TMAC in terms of that said that poor policy was a risk to decarbonisation. Putting those quotes to you, do you believe the government is doing enough to maintain Tasmania's reputation around its clean energy, which obviously is important to the business sector?

**Mr DUIGAN** - Absolutely agree with that. Look, the challenge with renewable energy and I think, as everybody would understand, they take some time to progress. In parliamentary timeframes, that's a long time. If you're talking about a wind farm that has an approvals process, I think on average across the country, approaching eight years. That's the reality of where we are. That's not just Tasmania, that's Australia. I think last year in Australia there were three wind farms that got up nationally. So, it's hurry up and wait to some extent. I know, because we meet on a more frequent cadence than that, we find ourselves discussing these things more frequently than that. You know, where's this at? Why hasn't that happened? There is a long lead time to that.

I would argue that the government is progressing this agenda very vigorously. We are seeking to do what we can do, noting that all these projects need to meet their appropriate level of approval. What we can do via support where that's appropriate, through incentivising or asking Hydro Tasmania to act where that's appropriate, we are leveraging the Commonwealth government initiatives where that's appropriate, that we are doing - and setting targets, setting ambitious targets, to remind ourselves of where we want to get to - that we are very much pursuing that agenda with vigour.

I'm not aware of anybody who gets told they can't have any more power in Tasmania. We have plenty of power, the lights are on, we're going okay. We need to be doing more, but I think we're on a pretty good trajectory.

**Mr EDMUNDS** - Another piece of evidence, which I believe was from TMEC was around their concern about energy policy in this current window, so putting 2030 aside, in these next six years. Bearing in mind the previous comments around the impact on prices, are you concerned about where we're at in this sort of interim period?

**Mr DUIGAN** - I'm focused on the job that is ahead of me, and that is delivering our energy agenda. Would I say that I'm concerned about what aspect, particularly the interim period between now and 2030? As I've said, the Marinus project is a material step change in Tasmania. If you're an investor looking at that, or making an investment call in Tasmania, the certainty of whether Marinus is proceeding or not will be helpful. That's a timeline that I think is important.

**Mr EDMUNDS** - One more, if that's alright, just for some other feedback. I think it was Ray Mostogl who used the phrase 'go big or go home' when it came to renewable projects. We also had TasRex in here earlier in the week talking about - and, granted your comments about 'hurry up and wait,' but around long-term planning, what is the vision beyond 2030 from the government's perspective?

**Mr DUIGAN** - The vision beyond 2030 is -

**Mr EDMUNDS** - I know we're very focused on that and, to be honest, it seems like that's all we talk about, but I'd be interested in your perspective on those years to come after that.

**Mr DUIGAN** - I think as we look at it now, 2030 is - well, I look at May 2025 as being a key date. That's the Marinus FID and that puts us on a trajectory to 2030. Beyond 2030, Marinus 2 is still a real and live possibility for 2032. That then brings into play in real terms the Cethana pumped-hydro project which, as I look at it, is a very exciting large-scale project. It has been explained to me, but I don't know whether anyone's had the opportunity to look at that. It's one of the most prospective pumped-hydro schemes in the Southern Hemisphere. People are genuinely excited about what that does and that adds to Tasmania's opportunity. Then we go forward to 2042, having doubled our renewable energy output. There's plenty to be thinking about - I'm not worried there won't be enough to do between 2030 and 2040. We have an ambitious agenda, there is no doubt about that.

**CHAIR** - I want to go to a couple of other areas. We know that more renewable generation - this does flow on a little bit from what's been discussed - particularly wind and solar will increase price volatility in the system, including negative prices - we're not just talking about higher prices. We also know that businesses dislike electricity price volatility. It's



also very likely that electricity price volatility could increase with Marinus Link constructed, for the reasons we've discussed. Have you or ReCFIT investigated how much it will cost the state in terms of higher price volatility if Marinus Link proceeds?

**Mr DUIGAN** - That's probably one for ReCFIT to talk about - the volatility question.

**Mr BOWLES** - Well, that is being considered in all the modelling for the whole-of-state business case, noting that businesses that are on a regulated tariff aren't directly exposed to that volatility. How that flows through to customers that are exposed to the spot market will be something that's considered.

**CHAIR** - So we'll see some the results of the modelling in the business case in relation to this question?

**Mr BOWLES** - I would expect it to be discussed, certainly. Coming back to the point about Marinus increasing volatility, what we would say is what's increasing volatility is the growth in VRE -

**CHAIR** - Which is what Marinus has to promote.

**Mr BOWLES** - Not necessarily Marinus alone. For example, if you're in Victoria, it'll be the withdrawal of coal-fired power stations and that baseload step-change which happens regardless of Marinus. That's the key driver of volatility change.

**Mr DUIGAN** - One thing I would say in terms of price certainty, which is important to households but also to business and industry, is that we are working on a wholesale contracting framework to provide some certainty to be able to take some of that volatility out of the markets. Having a bit of a forward look about providing that certainty that you're talking about will be welcomed for those people, particularly CNI customers who, at times, may be exposed to spot market risks.

**CHAIR** - I know we're getting a bit short of time, but I want to ask a few questions about the LGCs and the future there.

Minister, you're in charge of Hydro Tasmania on behalf of the people of Tasmania, which has a 25 per cent interest in Woolnorth and Musselroe wind farms. Currently, if it wasn't for the LGCs, Woolnorth wind farm would actually be losing money. That's the cold, hard reality of that. If other wind farms are going to be established, and if LGCs don't apply to new farms, and the government doesn't provide subsidies or otherwise prop them up, won't this make it less attractive to build new renewables, or will end up subsidising them further?

**Mr DUIGAN** - LGCs will be sunsetted in 2030. My understanding is that they will be replaced by renewable energy guarantees, or REGOs. There is a five-year interim period now. My understanding and expectation is that essentially the REGOs just take the place of the LGCs. There will be a certificate -

**CHAIR** - There's a transfer of value. Are you saying that the value of the LGCs, which is falling and will fall as we get closer to 2030 -

**Mr DUIGAN** - The value of the REGOs potentially goes up to fill that void, to fill that space.

**CHAIR** - There's a point of change over in 2030. This is an area that I don't feel overly expert in at all. But if the LGCs continue to drop in price because they will have less value as you get closer to 2030, then the REGOs, or whatever we're calling those, then come into play and notionally increase in value. What happens in the trough?

**Mr DUIGAN** - REGOs are in play at the moment, as I understand it.

**CHAIR** - It would be good to have a proper understanding of what's happening here.

**Mr BOWLES** - That legislation is currently in the federal parliament, which introduced the renewable energy guarantee as part of their Future Made in Australia bill.

**CHAIR** - They are Renewable Guarantee of Origin certificates.

**Mr BOWLES** - That's right. Subject to that legislation going through the Commonwealth parliament, there'll be two schemes running concurrently, both the LGCs and the REGO schemes from 2025 to 2030. Post-2030, the LGCs will, as the Minister says, disappear into the REGO scheme.

**CHAIR** - Will businesses be able to transfer an LGC for a REGO?

**Mr BOWLES** - I'm not sure on that level of detail. By 2030, also some of the energy-intensive businesses will have to surrender those certificates. That's where the uplift in the value should come and also the transition from coal- and gas-fired, as you need to bring more renewables on. The expectation is that there'll be a value attached to those REGOs from 2030.

**CHAIR** - Assuming the passage of legislation - because we never know what happens in parliament, do we? - how will the REGOs differ from the LGCs and how will they affect Hydro Tasmania, directly or indirectly?

**Mr DUIGAN** - This is a piece of work we have been lobbying strongly on. I will pass to Mark.

**Mr BOWLES** - There is ongoing work, in terms of the detail of how the REGOs will treat different parts of Tasmanian generation. For example, one of the things we've been advocating very strongly for is for that new scheme to recognise Hydro Tasmania's below-baseline Hydro assets.

**CHAIR** - Because LGCs don't.

**Mr BOWLES** - That's right, but there was an intention to include that in the new scheme.

**CHAIR** - Is that your intention, or the federal government's intention?

**Mr DUIGAN** - The federal government was not intending for that to be the case, and we are lobbying strongly for that to be the case.

## PUBLIC

**CHAIR** - So we don't have an outcome on that as yet. Is that what you're telling me?

**Mr DUIGAN** - We've got to a position which we are continuing to work on.

**Mr BAYLEY** - Is it not in the legislation, or not dependent on the legislation?

**Mr BOWLES** - It's not dependent - there is a capacity in the legislation for ministerial declarations, so it's outside the bill per se.

**CHAIR** - When will we know the answer to this question?

**Mr BOWLES** - I would expect in the new year, depending on passage of the federal legislation. There is a trade-off in how the market would operate. For example, if Hydro's below-baseline generation is not recognised, then that provides, as it does now, an additional advantage to wind and solar, which is why it was excluded at the time, to give that sector work an extra boost.

**CHAIR** - It didn't really work.

**Mr BOWLES** - The feedback we've had from our federal counterparts is that that market has provided some support to the sector. I think that what's changed is the more direct support the federal government's providing to the VRE sector through the Capacity Investment Scheme. The big difference is that from 2030 you would expect a lot of the new projects will have been supported directly through that mechanism.

**CHAIR** - Why are there some key differences between the LGCs and the REGOs? Why are we changing, in other words? We're not, the federal government is, but why is the system changing and what are the key differences?

**Mr BOWLES** - One key difference is that the Guarantee of Origin scheme has more to do with enabling ultimately end customers recognising the value of the clean energy embodied.

**CHAIR** - So knowing it is renewable and clean energy.

**Mr BOWLES** - Yes. That's a much stronger emphasis in the new scheme, whereas the LGC scheme is more about supporting the developers.

**Mr DUIGAN** - The Guarantee of Origin scheme is expected to commence on 1 July 2025.

**CHAIR** - My question was more when will we know whether Hydro Tasmania's below-baseline generation -

**Mr DUIGAN** - A very good question.

**CHAIR** - You don't know the answer to that yet?

**Mr DUIGAN** - No, we continue to fight the good fight.

## PUBLIC

**Ms FINLAY** - I seek clarification on a point you made, Minister, in response to Mr Bayley, saying that you weren't aware of any anybody who's been told that they can't have access to power. I was wondering whether there was a date stamp to that comment. Is that as of today, or in the last six months or 12 months, ever? I'm wondering if you can qualify that statement.

**Mr DUIGAN** - I would say in answer to that, in my time in the portfolio it's not something I am aware of.

**Ms FINLAY** - Thank you, appreciate that.

**CHAIR** - We haven't talked about hydrogen. Minister, from your perspective, what's happening with hydrogen?

**Mr DUIGAN** - Plenty. In January this year we signed the funding deed with the federal government to establish the Tasmanian green hydrogen hub at Bell Bay and there have been some key personnel signed up to start delivering that work. That's a joint state/federal \$70 million-plus shared common-use infrastructure project to deliver water and transmission and port infrastructure, and potentially carbon inputs for the hydrogen industry at Bell Bay. That work is progressing.

At a smaller, on-island scale there has been the announcement of the Green Hydrogen Price Reduction Scheme, which is a particularly important one, and that's through Countrywide Hydrogen to install potentially up to four hydrogen refuelling stations around the state and the opportunity for transport operators, or potentially GBEs or whoever it might be, to get some hydrogen-powered trucks probably on the road.

**CHAIR** - Like the buses?

**Mr DUIGAN** - Well, that brings me neatly into our hydrogen bus trial. I believe we must be getting very close to having our electrolyser plugged in.

**CHAIR** - They've been in the shed for a long time now.

**Mr DUIGAN** - The buses have been in the shed for a long time. Again, as we are seeing not just in Tasmania but in the rest of the country and the rest of the world, hydrogen is taking a bit of time to get up and going, particularly those export-scale projects but, importantly, steps are being taken.

We will have a hydrogen bus trial running, if not before the end of the year then very shortly in the new year. We'll have green hydrogen being made here in Tasmania powering buses on our roads and that will be a pretty substantial thing. It may well be the largest hydrogen electrolyser in the country at that time. We went off to South Australia to have a look at the South Australian hydrogen hub on the understanding that they were some way further advanced than we were. I was interested to see what the learnings from that would be but, in reality, I would say they weren't a long way further advanced than we are.

**CHAIR** - Can you elaborate on the expected timeline for Tasmania to have a sustainable green hydrogen market, and how will this impact other industries and energy prices in your view?

**Mr DUIGAN** - We are on the record as saying we will be a significant producer of green hydrogen by 2030. That would still be my view. As I say, work is underway. Funding has commenced for the green hydrogen hub. Delivering water and power and transmission to that site is key.

**CHAIR** - Impact on prices?

**Mr DUIGAN** - There's no getting away from the simple fact that, at the moment, hydrogen is more expensive than alternative fuel sources. That's the cold, hard reality of it. The federal government has a very large support package in place to bring that down for early producers into the market. They're taking some of the price hit there. That's going to be important. As I say, the Tasmanian Green Hydrogen Price Reduction Scheme is in the market and we will see the outcomes of that shortly. It's a scale kind of conversation, I suspect.

**CHAIR** - While Tasmania already has our own baseload and a lot of our own renewables, and potentially more to come online, is it sensible for Tasmanian taxpayers to subsidise, which effectively is what's happening, the development of green hydrogen in Tasmania?

**Mr DUIGAN** - I think it's an absolute opportunity for Tasmania. Again, if we're talking about having substantially greater amounts of renewable energy in the state, having load in the state is really important. It's one thing to ship it out, but having load and jobs and economic activity in the state as a result of that -

**CHAIR** - It's about subsidies. You said yourself a fair bit of money has to be put into this to prop it up.

**Mr DUIGAN** - This is my point. This hydrogen will be commercial at some point in the not-too-distant future. That's the reality of it.

**CHAIR** - So you think it's reasonable to subsidise this end of it?

**Mr DUIGAN** - Do we want to stop burning diesel and petrol in Tasmania? I think the answer to that, over time, is yes. What will be the likely replacement for that? It will be hydrogen or a hydrogen derivative. It's important for Tasmania, with the increasing size of its green grid, to be a player in that space - water, power, carbon input.

**CHAIR** - I'm conscious of the time, Minister. It's quite likely, in fact, that we'll probably call you back as things change and emerge. I'm sure you'll look forward to that.

**Mr DUIGAN** - Indeed.

**CHAIR** - Thank you for your appearance today. We will be writing to you. We'll probably write the more urgent questions initially and then wait for the transcript to make sure we cover all the others. We'd appreciate your timely response, particularly to that initial question that Mr Bayley was asking.

**Mr DUIGAN** - I thank the committee for the work that it's doing and your interest. I'm genuine when I say that it is critical that we tell our story about energy because it's easy to take

## **PUBLIC**

one bit in isolation of the other. The work you are doing is very helpful to inform that discussion.

**THE WITNESSES WITHDREW.**

**The committee adjourned at 12.01 p.m.**