



# **PARLIAMENT OF TASMANIA**

## **TRANSCRIPT**

### **HOUSE OF ASSEMBLY**

### **GOVERNMENT BUSINESSES SCRUTINY COMMITTEE**

#### **Hydro Tasmania**

**Tuesday 3 December 2024**

#### **MEMBERS**

Mr Street (Chair);  
Mr Behrakis MP (Deputy Chair);  
Mr O'Byrne MP;  
Mr Willie MP;  
Mr Winter MP; and  
Dr Woodruff MP

#### **OTHER PARTICIPATING MEMBERS**

Mr Bayley MP;  
Ms Finlay MP;  
Mr Fairs MP;  
Mrs Beswick MP; and  
Mr Garland MP



## **WITNESSES IN ATTENDANCE**

**Hon. Nick Duigan MLC**, Minister for Energy and Renewables, Minister for Sports and Events, Minister for Parks

**Richard Bolt**, Chair

**Erin van Maanen**, Acting CEO

**Tim Peters**, EGM Finance



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## **The committee met at 9.00 a.m.**

**Chair** (Mr Street) - I welcome the minister, chair, CEO, and other members to the committee today. The time scheduled for the scrutiny of Hydro Tasmania is two and a half hours. As is the practice of the committee, the time taken for any breaks will not be added to the time for scrutiny. I don't intend to take a dedicated break during this two and a half hours. Members and witnesses are welcome to help themselves to tea and coffee throughout the day and take any other appropriate breaks as necessary. Members would be familiar with the practice of seeking additional information, which must be agreed to by either the Chair or the minister to be taken on notice and then provided in writing to the secretary of the committee.

I invite the minister to introduce any other persons at the table, including names and positions, and then to make an opening statement if he wishes to do so.

**Mr DUIGAN** - Thank you very much, Chair. Seated with me today are Mr Richard Bolt, chairman of the board, Ms Erin van Maanen, acting CEO, and Tim Peters, EGM Finance. I would like to say what a pleasure it is to be here for GBE scrutiny for the 2023-24 financial year performance of Hydro Tasmania.

Hydro continues to perform a vital role in the government's commitment to ensure Tasmania has affordable renewable energy now and into the future. I want to thank the board, the executive and employees of Hydro Tasmania for their efforts during the second driest year on record, for managing our storage levels in accordance with the energy security framework while keeping downward pressure on prices.

Hydro's pre-tax profit of \$193.7 million, achieved through prudent and careful management of the state's energy resources, allowed the organisation to return a dividend of \$122 million to the state government. That is \$122 million that's being invested in the services that Tasmanians need, and helping to reduce cost-of-living pressures through our renewable energy dividend. It was a strong financial result delivered in the face of a challenging year.

Hydro is not only delivering the clean energy that powers our state today, but also planning for tomorrow. The pioneers who built the hydro a century ago hold a bold vision for the state's energy future, and so do we. Our government's Tasmania First Energy Guarantee is ensuring Hydro Tasmania delivered the lowest possible power prices while enabling the economic growth and jobs in Tasmania. Our government has rewritten the Hydro Charter, resetting our expectation and removing barriers through the Sky's the Limit regulation so that Hydro can play a key role in supporting the state in bringing on the new generation we need as our economy grows and we move towards our 200 per cent renewable energy target.

We're already seeing the results with the weekend's announcement of an off-take agreement between Hydro and TasRex for the 288-megawatt Northern Midlands Solar Farm. This is a significant project that will build diversity into Tasmania's energy supply and support the economic growth in our state.

Investing in Hydro's existing assets is important to ensure they operate safely and reliably into the future, with a \$1.6 billion planned spend over the next ten years, which will modernise and improve Hydro's asset base. Hydro's future projects include the redevelopment Tarraleah hydropower scheme and Cethana pumped hydro project that will deliver more clean energy into the state, more storage, and a more efficient and clean energy system for Tasmania.

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I would like to take the opportunity to thank Hydro for allowing so many parliamentarians to visit key assets over the past year, including as part of the Energy Matters committee, helping us all understand what is being done and how it will support our energy future here in Tasmania. I now hand over to the chair for some short remarks.

**Mr BOLT** - Thank you, minister. To the Chair and the committee, yes, it has been quite a challenging year, with its rewards. It was a year of contrasting halves operationally. We had favourable rains and prices roughly speaking the first half of the financial year. That was followed by drought with associated high costs of both imports and running Tamar Valley in the second half of the year. We still managed to deliver a strong financial result and exhibited throughout very strong stewardship of water, environment, community relations, and our assets. Great credit goes to the staff of the organisation and its leadership for doing that.

We did anticipate and then respond to the new charter the minister mentioned. That included exploring a more active role in solar and wind, which were locked in by the charter changes that did culminate in the TasRex agreement. We refreshed our asset management plan with an eye to capacity expansions available within the Hydro network, and in the meantime proceeded to undertake negotiations with two major industrials. Again, without going into great length, we did proceed to develop our major projects further. We're not committed yet to any of them, but we have taken them forward, strongly supported the management of the inter-dependencies of our work with the rest of the energy system through a forum that is convened by the Department of State Growth under the minister's watch.

I will finish by saying it's been a big year for our people. Our former CEO, Ian Brooksbank, departed in October, and it's appropriate to acknowledge that in this forum. Erin van Maanen has taken over very capably as acting CEO while recruitment for an ongoing leader is underway. We've also begun the recruitment of two new directors.

I wanted to finish by acknowledging the extraordinary efforts of staff and leadership. It takes an awful lot to manage an organisation of this complexity when things of such an unanticipated nature happen, such as drought and fire. They have been superb and I want to acknowledge that in this forum. Thank you.

**CHAIR** - Before we start with questions, the motion laid down by the House sets down one minute for a question, three minutes for answers, and a ratio of distribution of questions. My intention is that, provided that there's respectful questioning and debate across the table, we will be fairly lax with that until such time as there's a problem, which will then force me to go to the strict ratio. I hope every member of the committee is happy with that. With that, I'll go to Ms Finlay for the first question.

**Ms FINLAY** - Thank you, Chair and minister. Thanks for being here with us this morning and congratulations on the announcement on the weekend. It was important for Tasmania to see a project have that level of support and to see what can happen for Tasmania into the future. I'm interested in that, given that that was an offtake agreement and it was made possible by the recent change that allowed up to 300 megawatts. In the last 12 months, how many other people have expressed interest in offtake agreements similarly or otherwise to that secured on the weekend?

**Ms van MAANEN** - From our perspective, we have been working with a range of different proponents. Over time, we generally keep a watch on what projects are being progressed in the state and we actively discuss potential for involvement, whether that's through an offtake agreement or potentially through a firming agreement where they might be looking to contract with an end-use customer. It would be representation of projects in the state that are progressing, and we're actively working with a wide range of counterparties.

In terms of the specific discussions and arrangements, they are commercial in nature to an extent, but we are actively working with proponents across the state.

**Ms FINLAY** - Respecting the commercial in nature element of that, I'm interested in numbers in terms of the scope of engagement. What is the number of people that have expressed interest in offtake or the number of entities that have expressed interest in firming?

**Ms van MAANEN** - We are working with a range of counterparties and proponents to look at where their projects are at, and those discussions can be at various stages. When you say an offtake, we might have early-stage discussions with proponents when they're in the early stages of their projects and they're not yet at a position where they're seeking particular agreements. The numbers would vary at different stages in the process.

**Ms FINLAY** - I appreciate that. Over the next two-and-a-half hours there's going to be a lot of conversations about numbers and therefore particular reasons, and it's important to have clarity around these things. Are you able to give an indication of the number of early-stage or other engagements that you have had in relation to people interested in offtakes or firming - either early conversations or progressed conversations?

**Mr DUIGAN** - To add some of my thoughts to that particular question, in the wake of the new ministerial charter provided to Hydro Tasmania, Hydro did engage in a market engagement piece, which is important in the context of the question you're asking, to ask who would be ready to progress, and that was probably to provide some detail around that particular exercise.

**Ms van MAANEN** - For this particular, we were looking to look at an initial project that we could look to support through an offtake agreement, to see that lock in for generation in the near term. We have been focused this year on projects that can be in-market, commissioned and delivering energy in the near term and as soon as possible, in reality. We were focused on projects that were at that stage of development. In this case, solar projects are quicker to market, so we're focused on a number of solar proponents, but are also looking to engage and understand the progress of wind projects through that as well.

As we progress the process, we had an initial market sounding and watching brief to see which projects were at that stage. Once we had established that, we engaged with those. Over the course of the process, we narrowed that down in terms of the projects that met the requirements, and ultimately contracted with one.

**Ms FINLAY** - Yes, I understand that. There is incoming and outgoing engagement, a proactive outgoing into the market engagement. I'm interested in people who have inquired into Hydro and I think numbers are important. Clarity and certainty is important as well, particularly about the scope of other questions.

I'm specifically interested in how many people are involved in that proactive outward approach - how many proponents. I'm not interested in names or any sort of commercial detail. Also, in the last 12 months, how many people have approached Hydro in any way, early conversations or with serious conversations, with an interest in either offtake or firming?

**Mr BOLT** - I think we'll probably have to take that on notice. There are quite a few categories in that. We'll do our best to give you a clear answer.

**Ms FINLAY** - It is the reporting for that year. It's important for you to be across that sort of information, but also for the community to be aware of how much engagement there is, incoming and outgoing. I'd appreciate it if you're happy to take that on notice. I'll put that in writing.

**Mr BAYLEY** - To continue the theme on the offtake agreement with the Northern Midlands Solar Farm, certainly a very welcome development that we support on cleared agricultural land, there's a question about whether it's Hydro's role to enter into this kind of commercial arrangement. Are you prepared to table the offtake agreement for full transparency so that Tasmanians can see exactly what their company is signing up to?

**Mr BOLT** - No. The short answer is it is commercial-in-confidence, so we won't be making it public. We can simply give a broad outline of what it contains. Perhaps that's something that Erin wishes to do but I don't know what she can add to what I've just said.

**Ms van MAANEN** - As the chair indicated, an agreement of this nature is commercial-in-confidence. The electricity market is competitive and it's important that with these kinds of agreements the details remain confidential.

I think what we can share is that it's a long-term agreement for the full output from the projects, for both the electricity and the green attributes, at the moment represented by large-scale generation certificates under the RET, but over time that may change. During that time we purchased both the electricity and any green rights associated with that. As I said, it's a long-term agreement. From our perspective, we've been able to reach a commercial outcome that gives the project confidence to proceed and is value-accretive to Hydro Tasmania from the perspective of operating our portfolio in the state.

**Mr BAYLEY** - Is it an onerous contract? Will you be reporting on it in the next annual reports on this onerous contract that, for the purposes of those listening, effectively comes at a cost to Hydro?

**Ms van MAANEN** - We have struck it at a price that's commercially positive to Hydro Tasmania. That takes into account the value it has within our portfolio in terms of more efficient running of our hydro generation because of the diversity that it buys, so it is positive from a commercial perspective.

In terms of the particular accounting rules around onerous contracts, as we've discussed in recent forums, they move over time depending on market movements, so we can never categorically say that a contract wouldn't become onerous in the future, but we have reached an agreement that is valuable and positive commercially at this point in time.



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**Mr BAYLEY** - Such as the green elements of this contract, for example, may change into the future, and also the price elements?

**Ms van MAANEN** - Yes, that's correct. For example, there is a market for LGCs, the green certificate today that ends in 2030. That's to be replaced by Renewable Electricity Guarantee of Origin, or REGO, which passed in the Commonwealth parliament last week, but we don't yet have a clear view. We have a forecast for what that might be worth, but obviously over time, we'll get more understanding of what the market will ultimately pay for those.

**Mr BOLT** - It could be that at certain times the market will move and the contract will be onerous, but it also then may swing the other way. The whole idea of these sorts of contracts is to hedge against volatility of that kind, which means that sometimes it'll be positive, sometimes negative. We take the best view at the outset, but it's valuable at that time with the best information available to us. It obviously also has to work for the proponents so that they can get sufficient funds through that efficient certainty of funds that they can raise the required capital.

**Mr BAYLEY** - Is that an agreement that Hydro's voluntarily gone into on your own initiative, or has the minister instructed you to do so?

**Ms van MAANEN** - Absolutely of our own initiative, and even prior to the changes in the ministerial charter we were already canvassing the market to understand what projects were available that would have portfolio value. Obviously expectations from the shareholder and the public have certainly reinforced the view that there isn't a level of a role to play for Hydro in supporting new generation for future demand.

**Mr BAYLEY** - And 288 megawatts is a big project, I think the fourth biggest in the state behind some of your Hydro assets. As a generator, it is effectively a competitor to Hydro. My question is in terms of the modelling and analysis you've done that it's economically positive for Hydro and it's long-term, for the life of the project I think I heard you just say. Is that correct?

**Ms van MAANEN** - It's long-term.

**Mr BAYLEY** - Not for the life of the project, but long-term. What's long-term in Hydro's mind?

**Ms van MAANEN** - I can't give the details of that.

**Mr BAYLEY** - In which case, I assume it's been modelled and priced and purchased in the context of which Marinus scenario? One cable or two cables or no cables?

**Ms van MAANEN** - We look at a range of scenarios when we assess the value of any investment or contracting decision. That would include scenarios with different futures for both the level of interconnection as well as the amount of load new demand that progresses in Tasmania and other projects. We look at a number of scenarios.

**Mr BAYLEY** - Is it positive economically for Hydro across all those scenarios?

**Ms van MAANEN** - Without going into too much detail, when we look at a range of scenarios we want to be confident that in the bulk of the likely scenarios we see positive value in them. When we talk about the portfolio value of something like solar, there's an element of that being about diversity, but it's also about how different futures arise. For example, in a scenario where we had low rainfall, that would be a scenario where the solar would be more valuable as well. There's different permutations of that future, but we're confident with the scenarios we've looked at that this is a commercially positive transaction for Hydro.

**Mr BOLT** - You could never say that there's no scenario under which it will be negative. It's more a case of if it's robust across scenarios that are likely, that is a good enough reason to say this is valuable enough to go into.

**Mr BAYLEY** - One last question on this, if I may, Chair. If governments, if shareholders come to a decision on Marinus that they won't invest and it's not a goer, what does that mean for this contract and this project? You'll find buyers for the power within the state?

**Ms van MAANEN** - In a scenario where there's less interconnection, having more megawatt hours and more megawatts in the state to manage the growth in load and to manage risks like low inflows will be more important.

**CHAIR** - I'll just indicate to the independent members that if they want to ask a question, they need to try to catch my attention.

**Mr FAIRS** - Minister, can you tell me about the work that Hydro Tasmania is currently undertaking to refurbish the Huxley Hill Wind Farm on King Island?

**Mr DUIGAN** - I certainly can and it will be my pleasure to do so, Mr Fairs. Thank you, I appreciate the question.

The Bass Strait Islands are an interesting power generation issue for the state and for Hydro Tasmania. King Island's Huxley Hill Wind Farm was built in 1998 and is one of the oldest continuing operational wind farms in Australia. The wind farm is an essential part of the off-grid hybrid energy system that powers the entire island. Prior to this system coming into place, King Island was powered solely by diesel generation, so anything we can do to save burning a few litres of diesel is very good.

Hydro Tasmania is investing \$11.5 million in upgrade works currently underway that will extend the working life of its five wind turbines for at least 10 years. The wind turbines will be upgraded from the ground up for the refurbishment of two of the wind turbine towers and the replacement of each wind turbine's nacelles, which contain the power generating components. The restoration of the turbine blades is being undertaken by contractor Vestas on site on King Island and the nacelles have been refurbished in Denmark.

The wind turbines work in harmony with a 5000-panel solar farm to create a hybrid energy system that provides continuous energy to King Island, and the wind farm's two Vestas V52 wind turbines alone supply about 32 per cent of the island's demand. Also included in the upgrade is a new battery for the hybrid energy system, and the battery stores energy and balances out the peaks and troughs of the variable renewables.

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The refurbishment at Huxley Wind Farm commenced in September 2024 and will be finished in 2027. The upgrades will maintain the sustainability, security, and reliability of King Island's power system, enabling the island to continue its track record of greenhouse-gas reduction, and it is an important community service obligation for Hydro Tasmania.

**Mrs BESWICK** - You mentioned a little bit about what you've done in investigating projects since the new charter was instigated. Can you explain the difference between the old charter and the new one, and how different they are, and what that has meant for change within the business?

**Mr BOLT** - I guess broadly speaking, the new charter, in the context particularly of new capacity, gives us a very clear steer that where we can commercially and in a commercially viable way, support the development of new wind and solar in the state, then we're encouraged to do so for the sake of moderating prices in the state and maintaining supply and helping the state slow to grow as is anticipated.

It's something we did very much see coming through dialogue with the minister and indeed the general public debate before the election. We were beginning to think about it at that time because the signals, the writing, as they say, was on the wall. The charter locks that in, it makes it crystal clear and, so it puts beyond doubt that even though we have a dominant role already in supply in this state we're encouraged not to attempt to grow simply to increase our market power, but to benefit the state's economy. It benefits the state and the state's consumers. That's the role we're now playing.

**Mr DUIGAN** - In simple terms, I think the previous charter had quite a heavy emphasis on Hydro's position as an energy trader. The new charter has more of an emphasis on Hydro being an economic driver and enabler here in Tasmania to deliver more projects into the state, but also actively sets out keeping an eye and pressure on downward prices for Tasmania. Noting, that's not entirely within the remit of Hydro Tasmania, but across all our energy businesses that's a very key and front of mind piece in the charter.

**Ms FINLAY** - Given the minister's comments just then about refocusing on Tasmania. There's a lot of conversation at the moment about the review of GBEs, their processes, their ownerships, potential privatisation, those sorts of things. Hydro has been tabled as not being in the scope of that. It has subsidiaries, however, and I'm just wondering if you can make a comment about Momentum, given that it operates outside Tasmania. The year that it's had, but also, if you've had any - the charter talks about the preparation of exit strategies. I'm wondering if you've had any instruction to prepare any exit strategies for Momentum over the past 12 or 24 months?

**Mr BOLT** - Erin can perhaps just go through the results in a second, and, on the question you've just asked, no, we've had no instructions to prepare for an exit.

**Mr DUIGAN** - I would reiterate that I have delivered no such instructions for -

**Ms FINLAY** - Great, and before then, perhaps, has there been any internal consideration preparing exit strategies for momentum outside any instruction from the minister?

**Mr BOLT** - No.

**Ms van MAANEN** - I think as with any part of our operations, we obviously look at, overtime, how that sits within our portfolio momentum and the retail component has been a core part of the business for some time now. Particularly with the interconnection to the mainland NEM regions, it provides an important avenue for managing the risk and also locking in the value that we're able to realise in terms of interconnection with the mainland, and provides that customer base for the export value that we have into the mainland.

In terms of its financial performance, I'll just bring those numbers to hand.

**Ms FINLAY** - I suppose more of just a general comment rather than specifically financially. The most important thing was whether there was internal or external consideration of exit.

**Ms van MAANEN** - No, certainly not. And, when we look at a future where there's greater interconnection between Tasmania and Victoria as well, the role that it can play in terms of supporting the value that we can provide back to Tasmania can be enhanced as well. Momentum has a track record of delivering on its internal targets in terms of its performance. It also employs one-third of its workforce here in Tasmania, so providing important jobs to our community here. We've recently moved the Momentum team from Cambridge into our Hobart office and it's an integrated part of the business as well.

**Ms FINLAY** - Great. That satisfies the purpose of my question. Moving to Entura, in terms of those consultancies as well. I'm interested in the same set of questions, whether there's been any ministerial instruction or internal consideration in preparing an exit strategy.

**Mr BOLT** - No ministerial instructions, bearing in mind, Entura is organisationally legally part of Hydro Tasmania rather than a separate corporate subsidiary. And it is a vital service provider, so to speak, to our engineering efforts. We are obviously an asset-rich organisation, we need their skills. That they, and when I say they, they is us here, but they ensure it also provides very important services to clients, which we learn from internally. They both export the expertise that they gain from being part of the Hydro team, but they also bring back some lessons from clients in other jurisdictions overseas and interstate, and so we see them as a vital part of our operation.

**Ms FINLAY** - Fantastic. In a triplicate set of questions, the Tamar Valley Power Station has played a critical role in Tasmanian mix over the last 12 months. Again, I'm just interested if there's been any - I know previously there had been a consideration of that exit put on the table by Mr Gutwein, I think, when he was premier. I'm wondering if there's been any ministerial or internal consideration of separating out and exiting from the Tamar Valley Power Station?

**Mr DUIGAN** - In terms of ministerial direction, no, there has been none. And, I think this year emphasised to me the value of the Tamar Valley Power Station, and to have that asset there and ready to go to provide that energy security, noting that we have had the second driest year on record and through very good management through running Tamar Valley Power Station and burning gas in Tasmania, we managed to stay above the prudent storage level for our dam system. For me personally, learning in this job, very much emphasised the value of that asset. I am sure Hydro has a more sophisticated way of looking at it, but I was thankful that it was there.

**Mr BOLT** - Well, sophisticated or not, we have exactly the same view. It's a vital backstop.

**Ms FINLAY** - Suggesting it is not sophisticated?

**Mr BOLT** - Pardon. To be really clear, I'm saying whether or not we're more sophisticated was my attempt to be self-deprecating. No, it really proved its worth through a period of a very low inflows. I would never suggest that any asset never comes under scrutiny for how well it's performing at a particular time, but this particular asset costs us in good times and it returns a lot of value in difficult times as it did this year. We need to make sure that we can actually back-up the hydro system, which is subject to the vagaries of weather despite being a very deep storage system, with that particular asset. And, we don't have any plans to change that basic commitment to having some gas-fired power as our last resort provider of energy.

**Ms van MAANEN** - I was just going to add briefly what we certainly will do in terms of the operation of TVPS. It is a combination of different assets of different ages and we need to continue to look at what is the best way to make sure they're maintained in the portfolio to provide that energy security role. So, certainly, we look at opportunities to optimise costs and look at the configuration of the assets, and ensure they can continue to play that role in the best way.

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

**Mr PETERS** - I think, usually we use the gas at TVPS for about one per cent of the generation of the state. This year, because of the drought, we used it about 2.7 per cent of the generation. And, as mentioned, it is there for a security backup, it is there for drought situations. And, occasionally, if it is financially worthwhile, we will run it as we see fit.

**Mr BAYLEY** - Coming back to the power-purchase agreement, I'm interested in the decision-making matrices that you work through in different scenarios. How do you model batteries on the mainland? Obviously, batteries are becoming increasingly inexpensive and bigger and are, arguably, able to provide some significant service to the grid. In making your decisions about offtake agreements and their commerciality, how do you model batteries on the mainland in relation to the changes there, in the context of Marinus and an offtake agreement?

**Ms Van MAANEN** - In terms of modelling future scenarios, we have sophisticated in-house models that we look at that look at, essentially, what is the supply and demand forecast in the energy system over the coming years and then what that is expected to result in, in terms of price outcomes. That model will look at future demand and look at projects that can be developed, the cost they can be developed at, and it optimises to that demand by building the least cost combination of energy supply to meet that demand. That is, on a basic level, how it leads to forecasts of power prices.

When we talk about looking at scenarios, we have a model that is solving for that, but we can look at different assumptions about what are the cost of batteries into the future, for example, or what is the availability of projects that the model can have ready to be built, in a theoretical sense. That is kind of in the detail of it. Usually, we start with the base of a well-established market model scenario, which the Australian energy market operator, AEMO, puts forward in its integrated system plan, and then look at scenarios around that.

What that will see is, based on the demand and the shape of that demand, a combination of batteries and longer duration storage or gas being built, as well as our new wind and solar. If you look at different scenarios for the cost of batteries, for example, that will lead to different outcomes, but when we look at batteries and whether batteries can replace the need for longer duration storage, that is not something we consider in that way. It's more what combination of the two will be required.

Certainly, batteries may come down in costs, but they're for much shorter duration of storage, currently two to four hours - that may extend. They are useful at moving solar energy from the middle of the day into the evening peak, but when we look at the role for long-duration storage and, particularly, the value we can get from the hydro portfolio, it's about being able to sustain generation through longer periods of low wind and low solar, so that is certainly something that -

**Mr BAYLEY** - What about the scale of that battery rollout though? I understand in terms of the several-hour storage, but obviously that depends on the scale and the extent of the battery rollout - how big, how many, how much storage is ultimately rolled out across the landscape attached to different projects.

**Ms van MAANEN** - Absolutely, and I guess one of the things to recognise is that the scale of new built and new storage required to move from a system that has had a high level of base load from coal, for example, to high levels of wind and solar, the storage task is actually quite vast. Even in scenarios where we look at a high buildout of batteries at lower cost and longer duration, there is still a significant requirement from that long-duration storage.

**Mr BAYLEY** - Can we talk about the intersection between an offtake agreement and the hydro regulations, which are being lifted from 30 megawatts up to 300 megawatts - a 750 per cent increase in the level of hydro before it has to come through parliament to get approval. Ms Finlay just alluded to it, but do you have advice that a power purchase agreement - an offtake agreement - is an action that triggers that parliamentary scrutiny?

You are not constructing; you are not participating in constructing. Is there advice to that extent?

**Mr BOLT** - Yes; it's not caught by that requirement.

**Mr BAYLEY** - It's not?

**Mr BOLT** - It's a power purchase agreement; it is not an equity position that we are taking. We're not -

**Mr BAYLEY** - Coming to those regulations, we had this conversation at this table a few weeks ago, including with the minister, but is there anything on the cards that Hydro is looking at that requires a 750 per cent increase in the regulations?

**Ms van MAANEN** - Not in terms of a project that we have today that we would be looking to seek approval for immediately. We are looking at a range of actions we can take to support that future energy supply. Power purchase agreements are our current focus because there are a number of projects in the state that are already developed to a point and so, entering

into an agreement is a faster pathway to see a project realised than us starting to develop one today. Projects that we are particularly looking at, such as Tarraleah and Cethana, will require parliamentary approval in any case.

We are not progressing advanced development of any projects that would seek approval, but we are looking at a range of options that would, in a scenario where there is still more progress required than what we can achieve through agreements and we decide that that's a commercially valid decision for us - we do explore options in terms of what projects we might be able to develop in the future. That could be prospective in nature from that perspective.

The other thing I would say about the quantum of the increase in the limit, I think at the time the limit was set, probably the threshold in terms of the 40 megawatts may have been representative of the size of a project that you would develop.

The reality is today, anyone building a new project, it will be in the order of 200-300 megawatts to be of commercial scale. I can't talk for the government in terms of the exact logic, but I would say that that is a reasonable size for a new project being developed today.

**Mr FAIRS** - I have one question for the minister and one for the chair. Firstly, minister, the Gordon River Dam recently had its 50th anniversary. Are there current plans to upgrade the Gordon River Power Station?

**Mr DUIGAN** - Thank you, Mr Fairs. I appreciate the question. Yes. What was it - 154,000 cubic metres of concrete into the Gordon Dam? A feat of engineering, no doubt. Hydro recently celebrated the 50th anniversary of the Gordon Dam on 25 November, marking a major milestone in Tasmania's hydro power history.

That date marked the final bucket poured of 154,000 cubic metres, which is enough to create 5,700 replicas of the Statue of Liberty, for your trivia interest. The first bucket was poured in January 1972. The last bucket on 25 November 1974.

Gordon Dam is at the heart of our hydro power network and provides around 13 per cent of Tasmania's energy needs every year. The combination of Lake Gordon and Lake Pedder is both the largest water storage in our system and the largest in Australia. After more than 50 years of service, Gordon Power Station is getting a well-deserved upgrade. I would encourage members - I'm not sure if the energy matters committee has been to Gordon Power Station, but it is quite something to see.

The \$78-million works to refurbish two of the three turbines in the station will add another 30 years of life to the machine. Upgrades to the second turbine are due to be completed over the next 12 months and refurbishment of the first machine will commence in 2027. Hydro will be hosting a celebratory event for the 50th anniversary of Gordon Dam at Pedder Wilderness Lodge to celebrate with both current and former employees.

To your question, yes, there is a substantial upgrade to the Gordon Power Station. It's an engineering marvel. People who go there will see the two empty slots ready to take more machines, which as Energy minister, I must admit was an interesting thing to see. Yes, there is quite a bit of work going on at Gordon amongst other areas of the Hydro portfolio.

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**CHAIR** - I'll come back to you for your other question, Mr Fairs. I'll go to Mr Garland who indicated he wanted the call.

**Mr GARLAND** - The Battery of the Nation project, seen as an indispensable component of Marinus Link - what is the latest cost estimate to construct Battery of the Nation related infrastructure, including Tarraleah and the Cethana pumped hydro project, and the cost associated with raising the height of the dams if Marinus Link goes ahead so you can export more?

**Mr BOLT** - Thank you, Mr Garland. There are quite a few components to that question. On the direct tie between the Tarraleah and Cethana projects and Marinus, each of those projects has at least some, if not substantial value in different configurations of Marinus, including without Marinus Link 2, which we will examine in looking at developing our business cases before any investment decision is made.

The costs - I'll throw to Erin to answer that. We've got to be somewhat circumspect at this stage because costs are in flux. We're not wanting to give a running commentary on how they're moving, but because of the parliamentary approval that Erin mentioned earlier, in some appropriate way we'll certainly be transparent about that when decisions actually have to be made. In the meantime, to provide a running commentary to something, we are preferring not to do that, but Erin can give more indication of that.

As for the raising of dam walls, that's something you'd better answer as well.

**Ms van MAANEN** - We can come to that after. In terms of the Tarraleah redevelopment, early last year we completed a preliminary business case which looked at what the options were for the future of Tarraleah, between a full redevelopment, which is the option that we've been, I guess, mainly engaging and communicating with the community that we're looking to proceed with. We also looked at alternative options such as refurbishment and different scope for the project. That preliminary business case assessed what was the preferred option to take through to a final business case. That was the redevelopment, which will see an increase in the capacity from 90 megawatts to 190 megawatts and an increase in annual generation of 30 per cent - so more generation from the same water.

The cost estimate in the preliminary business case that was used for the relative comparison was \$1.05 billion for the Tarraleah development. That was a point-in-time estimate which we flagged at the time was a base cost estimate. We hadn't yet been to suppliers to understand, to get full market pricing. It didn't include all of the, I guess, contingency, and things that you would load into an estimate for our final investment decision. We have been working through refining the scope this year and the approach for the project, maturing things like the reference design, the schedule and the like, and a progressing towards a final business case, which is when we'll be in a position to update the cost estimate for the project.

As the chair mentioned, we fully anticipate and are preparing to go through a parliamentary approval process for that. We would be tabling all of that information in the fullness of time to support a decision on that final business case, after which we will proceed to procurement to the market phase for Tarraleah.

In terms of the Cethana Project, a pumped hydro opportunity, 750 megawatts, a very large project in the context of increasing capacity in the state, it is a really valuable project in



the future with much higher levels of wind and solar and variable generation, as well as interconnection, as you mentioned. The feasibility estimate for Cethana was for a cost of \$1.5 billion. That was in 2020 dollars. We need to be conscious of that when we use a cost estimate - it is at a point in time. We need to add inflation to that to get it to the point of an estimate as at today. We know that we're in a high inflationary environment in terms of supply chain and the like.

Similarly, we're working through a process to refine that cost estimate for Cethana as we head towards a final business case a little later, around mid to late next year. As with Tarraleah, we'd be looking to go through that parliamentary approval process. It's really important that, similar to the offtake and the PPA discussion, we'd be doing a range of modelling to ensure that we saw it as a positive commercial decision, and are also looking to put in place contracts or other arrangements that can increase the certainty of the revenues to make sure that they're robust investments for Hydro Tasmania, but also looking at the broader benefits that they can deliver to the state more generally.

**Mr DUIGAN** - I think it's probably important to recognise that in the case of Tarraleah, an 85-year-old power station, there is essentially no 'do nothing' option. You know, it's coming to be an end-of-life asset. We need to grapple whether it's the full redevelopment or a refurbishment of what is already there. Both come with substantial cost and a different suite of benefits.

**Ms van MAANEN** - To the question, we're looking at some dam strengthening projects. They're more in relation to the age and the risks associated with those assets, not any specific projects to increase dam height due to interconnection or Battery of the Nation.

**Ms FINLAY** - Thank you. Following on from that - appreciate the updates - you mentioned with Cethana, the final business case would be around mid-next year. Final business case on Tarraleah?

**Ms van MAANEN** - Also early to mid-next year.

**Ms FINLAY** - Okay. The other piece of information I'm interested in on those projects is from first consideration of the project, any and all costs that have been expended against those projects to get them to this point? I wonder if you can outline cost to date for Tarraleah and Cethana.

**Ms van MAANEN** - We'll look for those figures. Just because I have an answer to your prior question, if that's okay, Chair? In respect to the discussion -

**CHAIR** - Sorry, is this the one that we took on notice?

**Mr DUIGAN** - Yeah it is.

**Ms FINLAY** - Yeah, great, thank you.

**Ms van MAANEN** - With respect to discussions of proponents, in the last 12 months we've had discussions with six proponents who have directly approached us, three solar and three wind. With respect to the competitive process that we initiated early this year and have progressed with in the initial round table. We were engaged with 10 interested proponents and

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that progressed to a final round involving three proponents, prior to us making the decision to select the northern midlands solar project.

**Ms FINLAY** - With the 10, is there a breakdown of any of those that weren't solar? Is there a breakdown on solar and wind?

**Ms van MAANEN** - I would have to check that. The majority of the projects in that round were solar, but I will have to check.

**Ms FINLAY** - Thank you; I appreciate you coming back to me on that.

**CHAIR** - Just to be clear, are you happy to have that question on notice?

**Ms FINLAY** - I am, thank you. If it would be possible to get a breakdown on wind and solar, that would be great.

**Ms van MAANEN** - In terms of the spend to date for Cethana, the board have approved \$45 million for the development stage of this project. As at the end of October, we had spent \$26.2 million to date against that budget approval. That has been spent on a range of activities, including the engineering, design and schedule estimates, construction planning. We have undertaken an extensive program of geotechnical investigations where we look at the subsurface rock, essentially, to understand the conditions in which we can develop the project to increase the certainty of the cost estimates more generally.

We have been progressing environmental and social impact approvals, as well as costs in relation to project management and the business case development, including the commercial assessment. We are deliberately, I guess, taking a staged approach to board approval for the investment, so there is obviously an amount of funding that is required to take a project through to a final investment decision, but we're looking to make sure we're breaking that down into steps where we can, I guess, manage the risk in terms of the spend and make sure we're not spending too much too early and, at the same time, be increasing our confidence in the project before approving further stages.

With respect to Tarraleah, it is a broader answer because, as you know, we are completing initial early works on-site as well. There are two elements to that, those early works involving the intake at Lake King William as well as the progress of the project itself towards a final investment decision. In terms of the upgrade works program the actual expenditure to the end of October was \$73.2 million, of which a proportion of that is grant funded, so there was \$22.8 million of grant funding from the Commonwealth Government, which was a contribution agreed between the state and the Commonwealth at the inception of this project and welcomed received. In terms of the work to progress towards a business case, the expenditure to date is around \$50 million.

**Ms FINLAY** - If I can just clarify, that is \$73.2 million for the early works around Lake King William and \$50 million to progress the business case?

**Ms van MAANEN** - Yes, correct - with the \$22.8 million of grant funding.

**Ms FINLAY** - Yes, which is allocated within the \$73.2 million?

**Ms van MAANEN** - Yes.

**Mr BAYLEY** - On the power purchase agreement, you mentioned there were three that went through to a final decision and you chose Northern Midlands. Is that because of the economics of that project or is that because you sort of capped out at how much power you wanted to actually purchase and commit to into the system? What is it that helps you whittle that down to just one and are those other two still on the table?

**Ms van MAANEN** - It was less about - do you want to?

**Mr BOLT** - You answer the specifics, I'll come back to the general point about whether the others are still on the table.

**Ms van MAANEN** - Each of the projects was of a significant size, so that was less of a consideration in terms of differentiation. Probably the three primary aspects we looked at was absolutely the commerciality, so it needed to be value-accretive to us from a portfolio perspective. The two other factors we looked at, which kind of go hand in hand and which I mentioned earlier, was how soon the project could be up and generating. That does feed back to the commerciality as well because the sooner it can be generating, the sooner there is that benefit from the project, but it was also about wanting to see more supply in the system to meet growing demand and also to continue to ensure reliability in the state.

The key metrics were around the timing as well as the commerciality, but one of the things that really ties into the timing aspect is our confidence that the project will be delivered. We look at deliverability risks for the project, so how progressed are they with their planning approvals, what's their pathway to a connection agreement? Those are some of the important factors, as well as stakeholder and social perceptions around the projects as well.

In a broader sense, it's probably less about differentiating between the three, but certainly things we looked at throughout the process were in terms of the relativities between the projects and what that looked like in terms of benefits to the state, in terms of things like local spend, returns flowing back into the state, those sorts of things, as well as obviously environmental and social aspects in relation to the projects.

**Mr BAYLEY** - Did the chair have something he wanted to add?

**Mr BOLT** - I just wanted to say on your question about where to for projects that didn't make the cut, we are developing a framework for considering further agreements or other forms of partnership that would expand the renewable base of the state. There are a number of considerations on our part that are relevant to that and fit with our portfolio, some of the other criteria there, and she's gone through them for the TasRex agreement, but the fundamental point is that we're not stopping consideration with one project.

**Mr BAYLEY** - Are you looking at things other than power purchase agreements?

**Mr BOLT** - To the point made earlier, when you've got a number of projects that are relatively advanced, a power purchase agreement is the quickest way to in a sense underwrite them to be able to raise the capital and proceed to deployment. When speed and volume is of the essence and good projects are on offer, that is the most prospective option, but we're not ruling anything out. The charter changes also envisage the potential for other forms of

partnership and that could obviously involve some level of equity. We already have potentially major commitments of equity to make in the big projects we have just been discussing, Tarraleah and Cethana. They are really our major focus at the moment when the markets are already throwing up other forms of project, but all of those options are on the table and will be considered as circumstances unfold.

**Mr BAYLEY** - How much does the Commonwealth's Capacity Investment Scheme factor into your considerations and calculations, and to what extent?

**Mr BOLT** - The CIS, Capacity Investment Scheme, in terms of our projects or in terms of -

**Mr BAYLEY** - In terms of power purchase agreements and offtake agreements.

**Mr BOLT** - I was about to answer a question you hadn't asked. Erin would be best to answer this.

**Ms van MAANEN** - Under the capacity investment scheme there's already been a tender round involved looking for 300 megawatts for Tasmania, but since then the state has signed its transformation agreement with the Commonwealth, which sees a quota of 1.2 gigawatts for the state, so there's the potential that up to that volume of projects is supported through revenue underwriting through that scheme.

From our perspective, what we're looking to do is play a role in supporting new supply, certainly to the extent that projects can proceed absent of our involvement. That's obviously also beneficial to the state, so there could be a scenario where a project proceeds with underwriting through the Capacity Investment Scheme and there's not an involvement from Hydro, or they may have other commercial models for their projects as well.

**Mr BAYLEY** - Or they could have both?

**Ms van MAANEN** - They could have both. The Capacity Investment Scheme is meant to underwrite or give projects more certainty in terms of a floor price so that they can proceed, but it's not meant to take away from the role of projects looking to commercial arrangements for their projects. You could have a scenario where a project had that downside underwriting but still looked for a level of contracting to get to the revenue outcomes they were looking for to make a final investment decision, so they could be separate or they could be utilised by the same project.

**Mr BAYLEY** - In that context it doesn't necessarily factor into your considerations as to whether the contract is onerous or commercial from Hydro's perspective, or worth signing up to or not? It's more a consideration for the proponent?

**Ms van MAANEN** - Yes, it may mean that their threshold of contracting required to proceed is less, for example.

**Mr BAYLEY** - Does it factor into your kind of risk analysis as to the viability of the project going forward?

**Ms van MAANEN** - Yes. When I spoke about deliverability before, being confident that they'll not only sign up to an offtake but they'll ultimately proceed to build the project, it would add to confidence around that, yes.

**Mr FAIRS** - My question is to the chair. You've been speaking about modernising and maintaining existing infrastructure like Cethana, Tarraleah, that sort of thing. Could you outline the Hydro's 10-year \$1.6 billion plan and what that investment will mean for not only your business but also the state?

**Mr BOLT** - Thank you for the question. The backdrop to all of this is that the Hydro network is a very intricate and, in fact, quite an extraordinary construction over many decades, because it has happened over many decades, and many decades have passed since the major investments occurred. The assets are necessarily ageing. They're vital to the economic and social vitality of the state. We're putting a lot of effort into increasing the sophistication of our planning to manage those assets, including to refurbish them, to upgrade them where feasible, and to reduce safety risks where that's required. All of that's encompassed in the strategic asset management plan, in which we've budgeted, or at least planned a commitment of \$1.6 billion over the coming decade to make those upgrades and modernisations to our network happen.

As I said before, major refurbishments across 10 power stations and five dams - 10 power stations out of the total of 30, and five dams out of the 54 that we have in our network. That's to extend their operational life, it's to improve their capacity, their reliability, their flexibility. Particularly given that they'll be required and indeed more valuable in providing more flexible services into the future than they've necessarily been called upon to do in the past, we need to make sure they're ready and prepared for that. It allows us to get more energy and more value to the Tasmanian economy and the taxpayer out of the water that we harvest and store, by being more responsive to fluctuations in demand and to the opportunities that that provides us.

Ultimately, I keep emphasising the point, it comes back to the benefit of the public. It comes back to the benefit in terms of a secure power supply and us being able to return decent revenues and dividends to the state for the benefit of the taxpayer and the public. It will also support wind and other renewables in a modern energy system.

There's a lot of detail in our plan. We can go through individual projects, and in fact the minister already has gone through one of those. That's the essence of it.

**Mr DUIGAN** - If I may, Chair, to correct a statement that was made in terms of the Renewable Energy Transformation Agreement signing with the Commonwealth government, that agreement has not yet actually been physically signed. We have exchanged letters and there is broad agreement, and we will be participating in and are participating in the November CIS auction on the strength of that letter. I would expect to be formally signing that agreement very shortly.

**Mrs BESWICK** - You've talked a lot about a large asset management plan, we're looking at in terms of your liabilities and dividends - how is, sort of, dividends, calculated? Obviously, you're looking at very high liabilities in the next few years. What can we expect from that? Tell me more.

**Mr BOLT** - Well, there's a dividend - unless the minister wishes to answer it. There is a dividend guidance that we work to. It's probably best that Erin goes to the details of those expectations. Essentially, we made a pretty decent margin, or return, if you like, last year. That's been reflected in our ability to meet the dividend policy and return a substantial amount to the state.

The future financing of major commitments, which is I think where your question's going, is obviously for the future, but something we're actively planning for and will be discussing with the minister, and he in turn with his Cabinet colleagues, as to how the financial commitments are best met, while at the same time Hydro has its balance sheet in good condition and the ability to make good margins on our capital base.

The broad answer is: there is a potentially large wave of investment coming, and we will be providing advice on how that's best financed. Right now, we're at the very early stages of it, so it's not really affecting our plans at this minute. It will become pretty significant as the next decade rolls on, partly through the strategic asset management plan that I outlined earlier, but also the major projects, subject to them proceeding and subject to them being approved by the parliament and us reaching final investment decisions.

**Ms van MAANEN** - Dividend decisions are made annually, consistent with government guidelines but on the recommendation of the board. In recent years, that's reflected 90 per cent of our profit before value, essentially.

This year, we were able to recommend the payment of a dividend in excess of what was budgeted by the government. The dividend is within the free operating cash flow of the business. Obviously we need to also fund capital investment, which we've talked to in respect of investment in our existing assets as well as new projects such as Tarraleah and Cethana.

While that may have been seen, as it has this year, some increase in debt levels, those debt levels are commensurate with the assets that we are carrying. We make some investments that look at maintaining the existing assets, we maintain healthy debt levels and we fund dividends from free cash flow. Those recommendations are made by the board basically taking into account the financial health of the organisation before doing so.

We expect, as forecasted in our corporate plan, to continue to provide healthy dividends back to the state budget to be spent on essential services.

**Mr DUIGAN** - It is probably worth recognising also that Hydro has an ongoing and consistent high-level capital program. Cethana and Tarraleah perhaps notwithstanding, the upgrade of the equipment requires a fairly intensive capital program in the normal course of events.

**Mr GARLAND** - This is for the minister. In the Australian Capital Territory, power purchase agreements are done through reverse auction. The federal government has also embraced this process with its CIS process. This provides the public with some comfort that there is a competitive process which drives prices down. They publish the details of the criteria and the successful bidding price so that it isn't hidden from the public. Why can't we do this in Tasmania?

**Mr DUIGAN** - Certainly, we are participating in the Commonwealth government CIS process. As I say, there was an auction in May. There's another one in November. We will be active participants, and projects in Tasmania will be actively participating in that.

In terms of the piece of work that Hydro Tasmania has run, we, as government, have asked Hydro to be more active in seeing projects built in the state. The way that Hydro has gone out to market to find projects that they would see commercial return in - for that business to judge what is best for it I would say is largely a matter for Hydro Tasmania.

I have a degree of confidence in the way that they've approached the market and the outcome that they have brought. I think it's very positive that we have seen an outcome whereby it is a commercial outcome for Hydro Tasmania, the people of Tasmania and, presumably, for the proponent of the generating asset that has struck a deal.

I have no problem with the way this has been run, noting that we will take part in some of the more public-facing tools that you have outlined there.

**Ms FINLAY** - I think it's really important when we're talking about energy in Tasmania, and renewables and new projects and Strategic Asset Management Plans and things, to recognise that the scope and scale of activities for Hydro is significant in terms of other things that happen in Tasmania. Therefore, the financial figures that we talk about are also significant. Depending on how they're framed in the community, they can give a sense of what things are that may not reflect exactly what's happening.

For instance, the question from Mrs Beswick about the \$1.6 billion over the next 10 years sounds like that's a significant, extraordinary investment, but actually it's just business as usual. Those things happen all the time, have happened for the last 10 years, and will continue to happen. I know we discussed that perhaps some of the lower hanging fruits happened in the previous 10 years and now the more complex projects are happening, so incrementally, it's a little more, but that is actually just business as usual in your field.

We've talked about some of the other questions around people approaching Hydro for offtake or firming, or being interested in having their generation supported. I'm really interested in some of the language that's been used today. People are talking about quick speed, more active - the reality is that I don't think the Tasmanian community has a grasp on how critical our energy circumstances are right now and that we are in need of new generation. I think social licence links to a clear story.

**CHAIR** - You need a question, Ms Finlay.

**Ms FINLAY** - Yes. So when we are talking about transmission projects and things, the community feels concerned about supporting things for the mainland, whereas we need things now. I asked the questions about contact for generation - supporting generation through offtake or firming. I am interested now in the question of over the last 12 and 24 months, how many points of contact have you had in early conversations or progressed conversations around people wanting to access energy for energy agreements?

We are familiar, publicly, with the conversation about Norske, as an example. We know that in Bell Bay there were a number of proponents that came to Tasmania that have now left. I think at this conversation last year there was 12 entities that had engaged in conversations for

energy. I am wondering what that current number is in terms of people that have been interested in the use of Tasmania's energy in Tasmania in the last 24 months?

**Ms van MAANEN** - We will have to look for some more specific numbers and we will see where we can get to on that. In terms of discussions around new energy, they come, in a more general sense, from a range of sources. Yes, in the past we have had discussions, last year particularly, where Norske were looking to potentially increase load at their site. We also know that there are a number of potential new industry proponents in the state that people are publicly aware of - e-fuels, green hydrogen; these sorts of projects - and we engage with those proponents as well.

In terms of our role in the marketplace, our engagement is really with large energy users. Currently we contract with only four counterparties in terms of having that direct proponent relationship. We are obviously not a retailer, and when you get down to smaller sizes in terms of proponents, then they would be dealing through a retailer, so we're not always across all new prospective energy users that might be looking for an increase in supply.

I don't have the more specific figures in front of me right at the moment.

**Ms FINLAY** - Are you happy to take that question on notice about engagement with Hydro about an increase in supply?

**Mr BOLT** - In terms of numbers of requests?

**Ms FINLAY** - Contact points.

**Mr BOLT** - There is no particular reason why we cannot do that. I would be happy to take that on notice. Can I just, if I can, add something to what Erin has said? Under the guidance of the charter, we see it as pretty important, subject to commercial viability, that we are an option available to new loads to get, if you like, a packaged energy product in which we build a portfolio of supply and we build the portfolio of demand.

That is the construct, if you like, or the paradigm, so to speak, that we are working under. What's key to that is the ability to get a price match between the customer and the supplier, and I think that is really more of what will determine what goes forward than is there is energy there or is there not energy there? The energy will be made available if the two parties can come to terms on price, and that is a question, of course, largely beyond our control. We provide the firming that is part of the price package, but then the new supply provides the rest of the price that the industrial load has to be happy to pay.

We see ourselves as facilitating those sorts of deals, but we can't make them happen in that sense. They are really the product of price expectations on both sides of the fence.

**Mr BAYLEY** - Minister, I want to come back to the hydro regulations. The debate in the upper House in terms of disallowance of those is currently suspended. I think you have pointed to wanting to pull levers along the way, but we have heard very clearly from Hydro that they have no projects on the table; they have nothing on the horizon that doesn't relate to power purchase agreements or to wind. On whose advice are you proposing to expand those regulations by 750 per cent, and why?



**Mr DUIGAN** - As part of the election campaign and the rethink of the Hydro Tasmania Charter, which had front and centre as part of it this expectation for Hydro to play a more active role in bringing on new generation than it had done under the auspices of its previous charter. We then wanted to look at what other barriers exist to potentially Hydro Tasmania participating in that. Whether Hydro was going to go out and build something, which is still potentially on the cards, and if that was something likely to happen, what was the most prospective thing that Hydro might do. I think, that was probably go out and build a solar farm, as we have seen in recent days as the most prospective way to bring energy to market quickly.

In the context of that, removing that barrier, or - Hydro needing to bring a project like that through the parliament, we saw as a potential barrier that was relatively simple, in the realms of government, by way of regulation, to remove that. I think that is the central tenet of what we are seeking to achieve with that regulation.

**Mr BAYLEY** - Given that the market's complicated and there are plenty of private players with projects up in this space, why do you see it as a positive thing to lift the level of parliamentary scrutiny over the actions and investments of a government business? We've seen your government completely bungle the *Spirits* and the port facilities. In the context of that, in the context of a GBE review that's underway, that's completely not resolved, why is it a positive thing to lift the level of parliamentary scrutiny and leave it entirely up to you or whichever minister is in charge and Hydro Tasmania?

That's not saying the decisions are necessarily going to be bad ones, but why is it a bad idea to have parliament scrutinise those decisions? I think by anyone's expectation, a 750 per cent increase in the threshold by which parliament gets to have a look at the details of a major power facility is a massive increase. Nothing goes up by 750 per cent these days. How did you come to that figure and why is it a good thing to remove parliamentary scrutiny at the moment?

**Mr DUIGAN** - I think, essentially, we wanted to be unambiguous in our support for enabling Hydro Tasmania to play whatever role it felt that it could play in terms of bringing new generation to market and that's a position that I would fully stand behind today. In terms of the number, I think we took advice from the department and it settled on that number as being representative of typical large-scale solar developments, so that 288-megawatt development would fit into the scheme and the scope of that.

In terms of parliamentary scrutiny, look, we have seen people and the parliament take varying views on renewable energy projects here and elsewhere and my position is that this is a way for the government of Tasmania to signal to the market and to Hydro Tasmania that we see these kind of projects as critically important for our state and we would seek to remove the barriers where we're able to do and the change in that regulation would make that signal loud and clear.

**Mr BAYLEY** - It's optics? Basically, it's optics only?

**Mr DUIGAN** - No.

**Mr BAYLEY** - To the chair, did you see the 40 megawatt threshold for which parliament gets to scrutinise investments as a significant barrier? You have no solar projects on the table at the moment. It doesn't seem like there's any in the very near horizon, other than partnering

with power-purchase agreements. Is it such a massive threshold and problem and barrier that warrants lifting it by 750 per cent?

**Mr BOLT** - I think that we saw the change as having - a very long-term change. I can't predict exactly what kind of partnerships and scale of projects might come up in future. The fewer barriers to that - and we could certainly get ourselves into a position where relaxing that constraint would be beneficial to getting projects moving. That is certainly quite contemplable. Right here and now, there is no such project, but in the future there may well be, and I think the change was made with the future in mind.

**Mr BAYLEY** - But relaxing that constraint to the tune of 750 per cent. Do you agree that, by any stretch of the imagination, that's a huge increase in capacity and-

**Mr BOLT** - That's a policy matter, that's a judgement, and a debate between the minister and his cabinet colleagues in the parliament. It is not really for Hydro to comment on.

**Mr BAYLEY** - Optics.

**Mr FAIRS** - Thank you, Chair. Hydro Tasmania has had to carefully manage its energy supply throughout the year by importing energy and running its gas-fired generators at the Tamar Valley Power Station. Could the chair please outline what Hydro has done this year to ensure water storage is stayed above the Tasmanian energy security risk framework's high reliability level?

**Mr BOLT** - In general, in an average year Tasmania is able to meet its own energy needs, but 2023-24 was an exception. The total generation for that fiscal year was lower because of low rainfall in the second half of the financial year. As the minister said in his introduction, the second driest year since 1934. We, using the normal processes that we have in place, we set out to conserve our storages and avoid the risk of falling below the prudent storage level. To do that involved reducing a hydro output and substituting that effectively with an increase in imports - and I'll come to numbers in a second - and increasing the output of Tamar Valley Power Station by switching the, or by bringing the combined-cycle gas turbine, which is the kind of base-load unit that operates there, inter-service and reducing exports. What that meant was that the total imports for the fiscal year were 2062 gigawatt-hours, the exports were 860 gigawatt-hours. The net result of that was an import of 1202 gigawatt-hours.

We generated from our hydro resources 7467 gigawatt hours, compared to 8232 the year before. The Tamar Valley output was 221 gigawatt hours, compared to 71 gigawatt hours the year before. By that means, we essentially stayed just above - I think it was for the entire year - just above the prudent storage level. The low yield persisted into this financial year I should say. I know we're not here about this financial year, but it did, and it was the late-August rains, from memory, when we suddenly had an enormous increase of five percentage points, roughly speaking, increase in our storage levels that meant we were well above and remain above prudent storage levels now and we're back to a more normal mode of operation in which the combined-cycle plant is no longer operating, has not been for some time, and we're able to rely on, as I said, the conventional forms of meeting Tasmania's needs.

**Ms FINLAY** - I want to go back to what we were talking about before with the availability of energy in Tasmania. I remember, starkly, from our own electorate in Bass, concern about proponents being drawn to Tasmania to invest, say, in hydrogen, then departing

and, as part of their departing comments, saying that they couldn't access power to propel their projects. We know of the local project here with Norske.

I note your comments chair that, particular to that was price but, as I understand it, there were also issues with access to availability at that time. I suppose there are a couple of things at play. I previously talked about the language that's being used today around speed, quick, active, capped-out, someone just said, the fine member in the Dorothy Dixon used the words 'being careful with our power' - it is clear that there is action happening to bring on extra availability because we are in a situation where it's tight. The TCCI called it a crisis, but it is tight. Going back to the Boyer example, on the last day of parliament last week, I think it was Thursday, the minister for Energy - the Minister for the Environment, my apologies - tabled all of the emission reduction plans and in that there was the industrial processes reduction -

**CHAIR** - Ms Finlay, I need a question.

**Ms FINLAY** - What's the interaction between yourself as a minister, Hydro as an entity, and policies of the government where they're seeking to reduce emissions? How do conversations about prioritising the availability of energy to decarbonise and electrify happen?

**Mr DUIGAN** - Those ERRPs that were released the other day, in terms of emissions reductions and resilience plans, set out in reasonable level of detail what some of the opportunities are that exist in that space. Certainly, a lot of the businesses at that level of scale would need to be giving consideration to their decarbonisation plan. I know we have, you know, typically for me they are generally at a reasonably high level about aspirations that various businesses might have to do some of those things. Ultimately, they are typically things that will come down to a level of commerciality for those businesses. There is cost, and they will seek support from various agencies to do a number of things. I would point to the example of Cement Australia for example, and things that it's seeking to do, and accessing some federal funding for that particular job.

We have conversations at a reasonably high level about a number of plans that people and businesses are seeking to do. In terms of where the rubber hits the road, you might have a greater level of detail. I won't speak for what Hydro does, but I think there is certainly opportunity for us here in Tasmania to leverage our brand, the things we want to do, and decarbonise. Hydro has a role to play in that. That's why we would seek to bring on new generation, why we would seek to build Marinus Link, why we would seek to double our renewable energy generation capacity in this state, because it is a massive opportunity for us.

**Ms FINLAY** - You mentioned Cement Australia. In the climate change Emissions Reduction and Resilience Plan, it highlights in the medium term, which is the first, the closest, the nearest term opportunity being Cement Australia. Equivalent to that is the reductions that would occur at Norske if they were able to access just 45 megawatts of additional energy. That would make a massive increase to the benefits in Tasmania. I've seen some figures where that's an example of, for instance, removing a third of all passenger vehicles in Tasmania, taking 14 Metro buses off the road. You talked about the King Island solar project before. It's the equivalent of the benefit of 20 times the King Island solar process, or converting 113 Metro buses to electric.

They just need 45 megawatts of power to change what is a coal-fired generator now, and to electrify. What role or what conversations are you having in terms of being able to support

that, which supports the local jobs, the local community, but also drastically reduces the emissions in Tasmania. I note they're not included in the climate change industrial processes example. What conversations are currently happening about being able to provide that energy to Norske?

**Mr DUIGAN** - I haven't had a conversation with Norske for a little period of time around their demand - or their interest - in more Energy. I guess I would start by saying that. I won't speak -

**Ms FINLAY** - Could I encourage you to have that conversation again with them?

**CHAIR** - Ms Finlay.

**Mr DUIGAN** - I won't speak for the conversations being had between Norske and Hydro Tasmania, knowing that Hydro contract with Norske.

**Mr BOLT** - Yeah, and I think we should give an update on the discussions with Norske, and - probably best that Erin does that.

**Ms van MAANEN** - We obviously have current arrangements with Norske that are into the longer term. They did approach us last year about seeking an increase in demand or an increase in load to their operations. That was something that we have engaged with them on discussion of. You mentioned that the chair had talked to reaching a commercial price. That's obviously one aspect, but the volume and the timing of that volume is also important.

We are in a scenario where we are relatively balanced between supply and demand. New demand can come online, but when you're talking about significant - I know, 45 megawatts you've couched as a small increase in demand. We're talking around five per cent of the energy consumption in the state, so it's not super small. It is still material. There is the need to understand where that additional generation can come from, for Norske or for new load more generally, an expectation that if we continue to have reliable supply, we want to see supply and demand at least balanced. Those conversations are obviously commercially confidential in nature, but we continue to engage with Norske in terms of their future operations and opportunities to improve outcomes through their energy supply arrangements and potential for new load. We will continue to engage with them on that basis.

**Mr BAYLEY** - We talked a bit about the \$1.6 billion capital investment program that you're running through. I want to talk about some of the Pedder dams, Scotts Peak and Edgar in particular. Obviously, there's a building momentum around draining Lake Pedder in the United Nations Decade of Ecosystem Restoration. There's a huge opportunity and given it's effectively a top-up for the Gordon Scheme - it can be done.

The Edgar Dam works were supposed to begin in October 2024. You spoke in relation to Cethana about cost estimates being a point in time and needing to add inflation, et cetera. A couple of questions there - why the delay? Why hasn't any work on the ground started? Is there a new start date and what's the new cost estimate?

**Ms van MAANEN** - With all projects, there are certain steps that we need to go through to be in a position to start. With Edgar, we've been working through the planning but we're also needing to work through approval steps to be able to progress with the works, particularly

around it being assessed with respect to the Commonwealth *Environment Protection and Biodiversity Conservation Act* (EPBC), given the location of the project and potential aspects around the environment and the Tasmanian Wilderness World Heritage Area.

One of the things we've spent more time on is working out how we are approaching the project, how we are managing that within respect to the location it's in and any potential environmental impact. That took some time in terms of working through. To be in a position to start we needed a dam works permit, which was granted in May 2023, and also an EPBC decision. That decision was given in May of this year and determined that it was not a controlled action, particularly because of the way we were intending to approach the project to minimise social and environmental impacts.

Parallel to that, we've been running a tender process for the delivery of the works in terms of contractors. That has been run in parallel this year. The preliminary works were anticipated to commence in October 2024. However, now the timing has been a little delayed and is expected to start in January after the Australia Day long weekend, so quite close to the start time in terms of the implementation of this project with respect to Edgar Dam.

In terms of the cost, the budget has been updated taking into account the outcome we've reached with contractors in terms of ability to deliver the project and the price at which we can contract the works for. The approved project budget, taking that into account and including contingency, is now \$35 million.

**Mr BAYLEY** - That's captured within that \$1.6 billion, that's part of that?

**Ms van MAANEN** - Yes, correct.

**Mr BAYLEY** - What about Scotts Peak?

**Ms van MAANEN** - We're really focused on Edgar Dam in terms of the delivery of that. Scotts Peak Dam also has a level of risk and we would like to be completing further works there in the coming years, but we would look to progress that project once we've completed the works at Edgar.

**Mr BAYLEY** - Coming back to Edgar, it has gone up from \$25 million I think was the last cost estimate, to now \$35 million. Is that fully funded? Has Hydro had to engage additional borrowings to fund that or anything?

**Ms van MAANEN** - We look to prioritise investment within our Strategic Asset Management Plan. In the current inflationary environment, costs will be sometimes greater than expected and sometimes costs can be less than anticipated, but we look to continually reprioritise our investments we're making on the assets within the budget envelope we have. We obviously need to assess that over time as well, but we're looking to progress this work within the current boundaries of the SAMP.

**Mr BAYLEY** - One last one on this, if I may, Chair. It requires that the permit condition includes a biosecurity washdown station at the intersection of Scotts Peak Road. What's the timeline and expected cost on that in terms of beginning construction and the construction cost of that washdown station?

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**Ms van MAANEN** - As to the washdown station specifically, I don't have that particular breakdown here so we can look at that, but it's within that project budget of \$35 million.

**Mr BAYLEY** - Could you take that on notice? Would you be happy to provide those figures of the specific costs for the washdown station?

**Ms van MAANEN** - I think we can have a look at what breakdown we can provide of the cost estimate.

**Mr BAYLEY** - Thank you.

**Mr PETERS** - For the project commencing in January, one of the first parts to get underway is the washdown station.

**Mr BAYLEY** - I would imagine so. Okay, minister, you're happy for that to be taken on notice? The cost estimate of the biosecurity washdown station.

**Mr DUIGAN** - Okay, if that's information you think you can provide.

**Mr BOLT** - We'll do our best and provide what breakdown we can on that and we'll look at whether or not that can be separated out.

**Mr BAYLEY** - If it makes it easier, the full cost breakdown on the Edgar dam project full stop would be useful. I'd imagine it would include that in it. Thank you.

**Mr GARLAND** - This question is in parts and you might have to take some of it on notice. Over the past 10 years, can you provide the dam height graph data over time, the metres below and above spill level?

**Mr DUIGAN** - For all dams?

**Mr GARLAND** - Yes.

**Mr DUIGAN** - Wow, that's a lot. I don't think we can. That's a monster. No.

**Mr GARLAND** - No worries. Can I ask another question?

**Mr DUIGAN** - I'm sure we can give some sort of -

**Mr BOLT** - We can take it on notice to see what scope of information we can reasonably provide.

**Mr DUIGAN** - Yes, we're happy to give you something but I think that's a pretty deep dive.

**Ms van MAANEN** - Frequency, that sort of thing?

**Ms FINLAY** - Is it about Cethana particularly, given that you asked -

**Mr GARLAND** - No, just looking broadly across the whole spectrum of dams that we've got out there.

**Ms van MAANEN** - We certainly have key information that is publicly available and also reported on through OTTER (Office of the Tasmanian Economic Regulator) in respect of storage levels, if that's part of the question, but I guess we can look at what we can provide.

**Mr GARLAND** - No worries. When we're looking at the cost of Marinus Link, do we need to also add the cost of the Battery of the Nation infrastructure upgrades as well?

**Mr DUIGAN** - I'm happy to have a go at that in the first instance. Marinus Link is essentially the undersea cable part of the equation and obviously a contingent project of Marinus is the North West Transmission Developments. Those two projects typically are what gets called Project Marinus. We have some understanding of what the costs of those will be and there is a very substantial piece of work being conducted by Treasury at the moment in regard of the whole-of-state business case where you'd be looking to get some much higher-level certainty around the numbers in terms of hard costs for delivery of the project and also the benefits and returns to consumers over time.

As we work toward that, which will be in the first quarter of next year and released prior to the Marinus FID decision being taken, it will lay bare all of the numbers that we have in that space. That's work that is ongoing, but it is vitally important work I would say as well.

**Mr FAIRS** - Minister, I'm very keen on the education space to find out what Hydro Tasmania is doing to inspire our students, our youth, to consider a career in STEM.

**Mr DUIGAN** - Thank you, Mr Fairs, I appreciate that question. Across most industries in Tasmania and nationally, demand for STEM experience is soaring. Hydro Tasmania's Generation Hydro and Girls in Power are two different educational programs designed to engage Tasmanian students in fun and immersive activities that inspire an interest in science, technology, engineer and mathematics, the acronym STEM. The programs provide relevant hands-on experience for skills and careers. Hydro Tasmania aspires to increase the pride, confidence, and aspiration of young Tasmanians through its education programs.

Generation Hydro is designed to empower Tasmanian teachers, where they can select a program that works best for their students and schools, providing primary and secondary education resources that align seamlessly with their curriculum. The program lesson plans for both primary and secondary students are available for free download on the Hydro Tasmania website. Teachers can also request the team to come into the classroom for a class talk or organise exclusive power station tours for their students. I know that's always a popular thing for people to do. In 2023-24, the Generation Hydro team attended 49 schools teaching more than 4500 students between prep and year 12.

In terms of gender diversity in STEM, we have Girls in Power, which is a distinctive event offering young Tasmanian women in years 9 and 10 an insight into the exciting opportunities a career in clean energy can provide. The Girls in Power program began in 2022 with a \$100,000 Supporting Women to Succeed grant from the Tasmanian government to deliver two programs in each of 2022 and 2023. In 2024 Hydro Tasmania have run four Girls in Power events, two in the south and two in the north, with support from energy players across the state. This year Hydro Tasmania were able to double the number of girls reached from the

previous two years in one year alone. In September a two-day Girls in Power workshop hosted 35 students from eight different schools to participate in challenges that addressed real-world scenarios.

I would commend Hydro for the work it's doing to foster STEM and indeed gender diversity in that important field in the state. Thanks for the question.

**Mrs BESWICK** - Minister, we're looking at the fact that you have this 200 per cent renewable energies plan in next 10 years or so. How much is Hydro planning to be a part of that? We know in particular that in their generation summary, there's been a significant fall-off in the last five years. We've had weather issues this particular year, but in 2019 we had a generation of 10,000 gigawatts and in the last year just over 7500 gigawatts. There's a big concern that that's not getting anywhere near 200 per cent. It's dropping.

**Mr DUIGAN** - Thank you, appreciate the question. Our legislated 200 per cent by 2040 is where we are seeking to go. I think it needs to be looked at in the full suite of things that we would seek to do in the state. Project Marinus is very much central to that, being an enabler and a driver of renewable energy investment and development in the state. We know, for example, there is around seven gigawatts of proponent interest in the system, and having those proponents bring a relative fraction of that amount of generation into the state will see that achieved.

What we've asked Hydro Tasmania to do through that period of time and through the new charter is to look at areas where it can help facilitate some of that new generation coming to the island, and probably the pre-Marinus period over the next five years is one of those challenging aspects. We're seeing not just in Tasmania but around the country the loan market is having some issues in terms of bringing generation development on. That's why the federal government has leaned in so heavily with its capacity investment scheme. It recognises that the market alone is having some difficulty bringing these things to life.

In Tasmania, Marinus will play a very large enabling role in prospective generation coming online. That's how I would look at it, as a longer-term play with a few key steps. If you talk about hydro, you look at the Tarraleah redevelopment, which is a substantial project, and of course Cethana Pumped Hydro, which is another very substantial investment in increased generation for the state as well as revenue opportunities that present through greater interconnection. I'm happy for Hydro to have more of a say.

**Mr BOLT** - I can just supplement what the minister has said by saying we see ourselves, particularly with the charter having been modified, as playing an important role in helping to deliver TRET (Tasmanian Renewable Energy Target). We're not expected to be - and should not be - the total deliverer of TRET simply because there are deals that can be done in which we are the firming provider, but not necessarily the contractor, if parties choose to do that. We're not saying you've got to go through us, and that could arise in future.

We clearly are looking to bring more online in terms of not only our own assets being incrementally expanded, as we outlined before, but more importantly to assist wind and solar to get to the point of being able to be financed and built in the state through the auspices of power purchase agreements, and potential and future potential equity positions that we may take in those, but particularly through the avenue of PPAs.



We're part of the answer and we're looking to ensure that we can provide that additional capacity or stimulate that capacity in a way that still provides commercial and therefore financial value to the state. That is the journey we're now heading out on.

We will be clearer about how we propose to go about doing that - to a question that Mr Garland asked earlier - in outlining a framework which will say, 'How can you approach us? How can you progress through our stages of evaluation? Under what kind of criteria might a deal be done with you?' This is so there is some confidence and transparency that the public can have and that the market itself can have in approaching us both in terms of supply, but also for those who wish to grow their loads in the state, how might they approach us to do that as well.

All of that is the journey we're heading on. Exactly how much capacity that will result in us contracting is of course difficult to predict with any kind of certainty, but we're looking to have an upward trajectory to the point of those numbers you mentioned earlier.

**Ms van MAANEN** - With respect to existing generation, a couple of points - we expect around 9000 gigawatt-hours on average from the hydro system, which tends to be what's considered when we're looking at the achievement of the target. You'll see in that summary there have been years where we've been above that, as well as years below. We don't see a material downward trend in that. We would expect to see high levels again in future years.

What the table also doesn't have in it is the wind generation that's already existing in the state. We have a partial ownership in some of those wind farms and some are privately owned, so there is obviously generation above the level presented in that table as well, and transactions proceeding like the Northern Midlands Solar Farm will see a material increase and progress towards the interim TRET target.

**Mrs BESWICK** - So in the future, obviously with shifts, we'll see that perhaps -

**Ms van MAANEN** - Yes, we'll see overs and unders.

**Mrs BESWICK** - change the way we show, and actually so that it shows more clearly. You've got [inaudible], you've got gas, you've got your hydro and then you've got another section for the Bass Strait Islands.

**Ms VAN MANNEN** - Yes, because this is just the generation from our 100 per cent owned assets, and the wind assets I'm referring to don't fall in because this is a Hydro Tasmania annual report. Certainly, there is data for the wind generation as well.

**Mr PETERS** - I think the generation mix will change over time as well depending on the level of inflows, but also depending on what outage we've got coming up. Depending on when we take stations out for maintenance, there'll be less generation as well, so over time it will fluctuate, but again with being able to import and having the other generation in the state, we're looking to make sure that the state's energy demands are balanced.

**Mr BOLT** - We will report on what we've contracted and what that's produced. Because it's a charter obligation, it's relevant to put that in our annual report. You will see those breakdowns even though that's not what generation we own. Nonetheless, I think it would be wise of us to report that so that we give you a full account of what's going on.

If I can just, without stretching the patience of the Chair and the committee, on the numbers you mentioned about the reduction - that's essentially just the natural variation that you see in rainfall in the state. It is quite volatile from year to year, and so doesn't of itself indicate a major ongoing reduction in our output. It's just one of those swings and roundabouts - if I can use a vernacular - of rainfall affecting what we can produce in any one year, and other years it'll be a lot better than that.

**Ms FINLAY** - I'm just wondering if we can move our attention to the changes that are going to happen with Basslink on 1 July next year moving into a regulated asset. At the moment, you pay a facility fee. I'm just wanting to understand what conversations have been locked down and what commitments have been made around what will now happen, how those funds will be redirected and to what purpose? If you are no longer paying them, what will you do with them now?

**Mr DUIGAN** - If I perhaps may - the Basslink regulation is still a matter that is before the AER. It's a conversation essentially occurring between APA, the owner of Basslink, and the Australian Energy Regulator. We would expect to have a determination, I think, in February next year around regulation of Basslink. The Tasmanian government's position is that that is, far and away, the best outcome for that asset. In the history of Basslink it has been paid for essentially by Tasmanians and Tasmania. We would see that there are benefits for both sides of the strait. Regulating that asset is a way to reflect that. I should say it's not a done deal.

**Ms FINLAY** - No, but you'd be preparing for it, because it's not very far away. I'm just wanting to understand what the conversations are around the preparation, and that if that happens, what conversations have happened about how those funds will now be utilised?

**Mr BOLT** - That's a fine question. Very much subject to a decision which, as the minister indicated, hasn't yet been made. It also goes to the question of how we seek to get access to interregional residues. I'm sorry to be technical about it, but an initial consideration is how we manage the trading risk across the regulated link, when we don't have direct access to those residues through the facility agreement we now have in place. I'd say at this stage, it's too early to tell exactly what that money will go to -

**Ms FINLAY** - Could you unpack that sentence a bit more, please?

**Ms van MAANEN** - I think in simple terms, when you have two regions with regulated interconnection, there will be a price difference between the price in Tasmania and the price in Victoria. At times that's referred to as an interregional residue. Under the regulated framework, market participants can bid in auctions to purchase those residues. They would do that if they're trying to match balance and manage the risk of generating in one region and that potentially being then consumed in another region. They want to be able to have certainty over the price at which they're able to sell that megawatt hour, in simple terms. I don't know if that was simple enough, but in a regulated scenario to the extent that Hydro Tasmania as part of its trading strategy wishes to have access to that interregional residue, will need to be through that process. There may be a level of cost in procuring that, but that would not be yet of the order of magnitude of the existing cost.

**Ms FINLAY** - We talked before about percentages of things. There may be some consideration for that, but then there will be a balance of funds that would otherwise have been

allocated to the facility fee. It goes to questions not only in this output, but in other outputs today. It cannot be the case that these things haven't been considered. In consideration of that next year, I'm wondering if you can share with the committee how, to the benefit of Tasmanians, there will be an increase in price to direct customers for transmission associated with that regulated asset and things? There's a lot of things in the mix when this may or may not - if this happens on 1 July, and I'm wanting you to share with the committee your thoughts, either internally or thorough conversations and direction from the minister, around how those funds will now be allocated.

**Mr DUIGAN** - Certainly from my perspective, and I'm happy for Hydro Tasmania to answer your question, we haven't sought - as government pre-empt what the decision will mean, there are, as you would expect, a range of outcomes that would come from a decision or non-decision, whatever the case may be. We haven't leaned into, as government pre-empting that decision, we'll wait for the decision to land. Whether Hydro has done more thinking about it, I would be happy to pass that question to the chair.

**Mr BOLT** - The default scenario is that it would simply add to our returns and increase the scope for dividends. That's the default scenario. We haven't sat and allocated it to some other use at this point.

**Ms FINLAY** - As opposed to not sharing with the committee a range of things that you may have considered, you're saying at this stage there hasn't been further consideration than them, other than just being consumed with general operating?

**Ms van MAANEN** - Certainly we've considered how operationally we need to adapt to the change. That's part of our preparation within our commercial and trading area, to be ready to operate in a future where it could become regulated on 1 July next year or later. I guess what you're asking, in terms of the allocation of any benefit for funding from that, we do not have plans to redirect that cash, if you like, into another end. It would simply be an improvement in our performance which would flow through in terms of our financial results and through the dividends for government.

**DEPUTY CHAIR** - Last question and then we will go to Mr Bayley.

**Ms FINLAY** - It's interesting because we've talked previously about scale, and this is a different scale obviously, but in terms of the significance of funds invested, projects being delivered, operational financial results, as I understand it and I may not be correct, but it's somewhere between \$70 million and \$90 million per annum that we are currently using as that facility fee, which when collected over time is a significant fund. Given there are instructions in the charter and government rhetoric around wanting to be able to secure the lowest possible prices and there are cost-of-living pressures and all sorts of things, I suppose I would have expected that there may have been more intentional conversations around how that might be considered as opposed to just falling into -

**Mr BOLT** - The difficulty in taking a particular amount and saying we'll flow that through is, as we've just been observing, our returns, our revenues are quite volatile year to year, so we have to make those decisions based on the total result of the organisation, which has a lot of variable factors in it, of which that's only one. That really is a question for the entire budget, not for that item alone.

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**Mr BAYLEY** - To continue the thread on the Pedder dams upgrades, you've taken on notice the full cost breakdown for the two dams, the Edgar and the Scotts Peak dam, including the washdown station, but I'm interested in Scotts Peak specifically in terms of the timing. It was originally scheduled for 2025-26 and is now pushed out till 2029, although the works on that dam are acknowledged as being urgent as well. The Edgar Fault can't be determined to be inactive, so there is a real risk there, and the flood modelling maps have been released in relation to the Huon River downstream at Huonville. Why was Scotts Peak pushed out from 2025-26 until 2029? What's the reason, given that works are urgent and I guess it would make sense to bundle them, both from an EPBC assessment perspective and a contracting and works perspective? What's changed?

**Ms van MAANEN** - There's always considerations in terms of efficiencies of doing things at the same time, but there's also things to be considered in terms of the staging of our capital program, availability of resources to complete works and balancing timeframes in which we'd like to address risk with what's practical to complete the works. With respect to the different risks, Edgar Dam is seen as having more urgency to complete the works because of the evacuation warning time being less in terms of populated areas downstream, hence why Edgar is preferenced. We will be looking at completing Scotts Peak after Edgar, as I mentioned.

To come back to your question in terms of the washdown stations, two washdown stations are being put in place for the Edgar project at a total cost of around \$440 000, one being placed at Scotts Peak turn-off and one at Edgar Dam. Together with the sealing of the Scotts Peak Road, these will make a difference and really substantially manage the biodiversity risks in terms of predicting the wilderness area.

**Mr BAYLEY** - Are you still then able to take on notice the cost breakdown of the full projects for Edgar and Scotts Peak?

**Ms van MAANEN** - Because Scotts Peak has not progressed to the stage where we're not ready to deliver on that, we only have early estimates for that, whereas for Edgar, we're at a point that we're proceeding to delivery, so I think we'd be looking to provide a level of breakdown on Edgar, with Scotts Peak closer to the time that we were making it.

**Mr BAYLEY** - Scotts Peak was originally budgeted at \$50 million for commencement in 2025-26 but is now pushed out to 2029. What are your working estimates now in terms of the cost of that upgrade in 2029?

**Ms van MAANEN** - I'd have to come back on the detail of that, but we wouldn't be looking to provide a high confidence estimate until closer to the time that we'd implement.

**Mr BAYLEY** - But you must have -

**Ms van MAANEN** - We'll have an allowance within the strategic asset management plan, which we've referenced, I just don't have the figure to hand.

**Mr BAYLEY** - Thank you. Coming back to the delay, apart from the risk and the evacuation timelines around Edgar and Scotts Peak and staging, are there any other significant reasons as to why you would do that? When are you going to put in a referral for Scotts Peak to the federal EPBC if that was a barrier or a complication when it came to Edgar?

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**Ms van MAANEN** - We would be looking to do that as we're approaching the implementation of that.

**Mr BOLT** - On the total cost breakdown of the Edgar Dam project, if we release that we're effectively signalling to all those who made a bid for the work the total cost that they can actually bid to. We don't regard that as a prudent thing to do. It's commercial-in-confidence, therefore, so we really can't provide that.

**Mr BAYLEY** - The breakdown?

**Mr BOLT** - The breakdown of the entire project.

**Mr BAYLEY** - Just the total cost?

**Mr BOLT** - Giving one item is not going to give the entire game away to the market, but the whole project would.

**Mr BAYLEY** - Just on these, the projects are getting pushed out and the costs are going up, as they do and will. Have you done any modelling on the opportunity cost, the option of decommissioning the dams and redirecting that investment elsewhere in other generation capacities or stimulating investment elsewhere? Have you done that sort of alternative scenario?

**Ms van MAANEN** - The Gordon Power Station and the Gordon-Pedder storage are really important parts of our asset portfolio. We're talking about around 13 per cent of annual generation in megawatt hours, but more importantly than that, the deepest storage in Tasmania and in fact the deepest storage in the country in terms of the National Electricity Market. What they form in terms of part of our overall portfolio is significant.

**Mr BAYLEY** - Pedder's contribution is relatively modest, though, with respect - 57 megawatts. That's relative -

**Mr BOLT** - I think the figure is 42 per cent of the catchment of the Gordon-Pedder combination.

**Mr BAYLEY** - What, physical catchment, area?

**Mr BOLT** - It harvests a lot of water. It then goes through the canal and into local water.

**Mr BAYLEY** - I guess that's part of the problem in terms of lost values.

**Mr DUIGAN** - It is certainly not government policy to be looking at those options.

**Mr BAYLEY** - I understand that. I'm just interested in Hydro's contingency planning and whether you've modelled an alternative scenario that decommissions those dams and looks at investing the \$200 million it might cost perhaps by 2029 to upgrade those dams into something else.

**Ms van MAANEN** - As I said, they're important assets. Our role is to operate them safely, reliably and efficiently.

**Mr GARLAND** - Is it a smart idea for Hydro to further unlock hydro storage capacity into the National Electricity Market (NEM)? What risks does this pose if we do so?

**Mr DUIGAN** - I'll have a swing at that. We know via the regulator that the cheapest forms of generation are wind and solar, even cheaper than existing standing Hydro power assets, which I think is a difficult concept for many people to grasp, but that's the information provided to me in this role.

As we would seek to build more of those wind and solar variable renewable assets and put downward pressure on prices, the value of that deep storage which lives in our Hydro dams, in our Hydro assets, increases in value. If you think of what's missing elsewhere through the energy transition, it is that deep storage and that's something we are very fortunate to have here. We can use it in the first instance to back up and firm the energy we require on our island and we can do that in spades. That's important. That's the highest and best use. The next highest and best use is the opportunity that it presents to provide some of that firming into the NEM. We can do that in the market on our terms. That's a substantial opportunity, as I say often, for the state of Tasmania. It is something we need to and we should be looking very seriously at. With those few words, I refer to the chair.

**Mr BOLT** - Consistent with that, the opportunity is for us to be able to extract greater value from the water utilising the deep storage and utilising a future pump storage option which would allow us to be importing cheap solar from the mainland, storing it in dams and playing it back at a much higher price when needed, either for on-island use or for mainland use. Consistent with our charter, we're looking for opportunities to grow on-island uses that are commercially viable for us. It's not incompatible - in fact, it's quite compatible to do that. At the same time we want to realise some of that value by selling it, exporting it to the mainland, because the beneficiaries of that are, not only those receiving the power, it's also the Tasmanian taxpayer through our dividends. We see those things as being compatible. The question is to get the balance right and to make sure that we do put a strong focus on growing load and jobs within the state, within our commercial remit, but then also providing those opportunities to trade, and put some money into the Treasury coffers.

**DEPUTY CHAIR** - Was there a follow-up -

**Mr BOLT** - Chair, I do have an answer to Mr Garland's earlier question on lake and dam levels here. That is, we share full historical data on our lake levels and dam levels, including spill levels with the Bureau of Meteorology, and it's accessible through their website.

**Mr DUIGAN** - Through the bureau's website?

**Mr BOLT** - The bureau's website and I can give you a link, but I won't read it out now.

**Mr FAIRS** - One of the most unique and fascinating opportunities is to go to these open days at power stations. I've been to them a number of times and I still find it quite fascinating. Obviously, COVID changed that, but since COVID and, for example, open days this year, is there any update you can give us on the open days that have been held?

**Mr DUIGAN** - Thank you, Mr Fairs. Yes, anyone who has been to the Tarraleah Power Station will be thankful for that experience. It's great to see these community events are

occurring again. Open days are an important educational activity that help Tasmanians feel connected to, and see the value of, Tasmania's hydro-power network. Tasmania has a lot to be proud of with our world-class hydro-power system and open days provide an opportunity for the public to go behind the scenes and learn how the hydro-power stations work.

Three successful power station open days have been held since November 2023, at Tribute Power Station on the west coast, at Liapootah Power Station in March 2024 and, most recently, one at Cethana Power Station last month, and that's also a good one, having been there. Altogether, more than 560 people attended these events. This is another way that Hydro Tasmania gives back to Tasmanians, with staff volunteering their time on weekends to help run the events. The Tribute Power Station tour was attended by 142 people, with 95 per cent saying they would recommend future events to others. An impressive turnout of 245 people attended the open day at Liapootah, participants treated to a tour of the power station and workshop and also saw the headrace and tailrace. Following the tour, attendees were given the opportunity to chat further with Hydro Tasmania staff. Overall, visitors rated their open day satisfaction at 4.8 out of five and 81 per cent of survey respondents said they had a greater understanding of Hydro Tasmanian electricity generation as a result of the open day.

Another fantastic open day was recently held at Cethana, late November, 150 people attended and were taken behind the scenes of the power station. They also had a close-up look at the dam wall and the spillway, and Hydro Tasmania's education program, that I spoke of earlier, Generation Hydro was also there to share facts and figures in an engaging and fun environment. I would like to thank the local Lions Club who provided food on the day with donations going back to local community projects. I thank the Hydro Tas staff who help facilitate those things. They are interesting pieces of infrastructure.

**Ms FINLAY** - Going back to the question about Basslink and the direct-connected customers. I get that, if there's an associated increase in transmission costs that will come through a TasNetworks question, but I'm wondering about its impacts from your perspective? You've done your internal work on how that trading will happen, but what impact will that have on direct-connected customers, when or if that link becomes regulated from a Hydro perspective? Does that change your agreements or costs or facilities there?

**Ms van MAANEN** - I think I understand the question. if I'm getting it wrong, you can let me know.

**Mr BOLT** - If the contract price varies, is the question, with industrials, once that kicks in. I don't think there's any provision for that, but Erin is better answering that.

**Ms FINLAY** - Yes.

**Ms van MAANEN** - We're certainly not privy to the arrangements for how the cost allocation and how those costs will be shared across customers, so that'll be a question for us to answer. There is one aspect that we directly engage with major industrial customers on and that's around load tripping. That load tripping supports important import volume over Basslink and that is a service that may transition to being procured by APA as the owner, or AEMO (Australian Energy Market Operator). That's kind of more of an operational impact, not one that we see as a significant issue for our commercial arrangements.

**Ms FINLAY** - Yeah, okay. But work has been done - in the event that it does become regulated on 1 July, work is being done with the MIs to provide certainty about those expectations about managing tripping and load?

**Ms van MAANEN** - There have been interactions between us and those customers, and those customers and other stakeholders in that respect. That's more of an operational transition.

**Ms FINLAY** - That leads me then to the conversations - without talking about anyone specifically, and maybe talking in percentage terms, not numbers, but energy cost agreements, or their power agreements with the major industrials - even though some things are a couple of years out, that's not a very long period of time. I know there are some immediate agreements. Can you provide some comfort to the committee about where those agreements are at, and where there are any risks in not reaching agreements, and what sort of impacts that may or may not have?

**Mr BOLT** - We're certainly very conscious of the fact that securing existing jobs on commercial terms for us is a priority for the Tasmanian community at large and a priority for us. Discussions are progressing pretty satisfactorily. We can't say much more than that at this stage because, again, they're commercial-in-confidence, but it's a high focus for Erin and her team. Do you want to say any more about that?

**Ms van MAANEN** - I think the key message would be that they're seeking to - when contracts are up for renewal, or long-term in nature and have different end dates, we're certainly in some active discussions with our major customers around those renewals. We progress towards seeking an outcome that can see them continue our operations, and are also commercially positive for Hydro Tasmania so that we reach a mutual outcome.

Without going into any detail, in respect to how they're progressing at the moment, we're comfortable that they're progressing in a positive direction.

**Ms FINLAY** - Okay. Are you likely on all instances to re-enter into long-term agreements, or are there likely to be interim measures put in place to secure long-term -

**Ms van MAANEN** - With the nature of the scale of the operation we're talking about, long-term certainty is important. That's certainly what we're working towards.

**DEPUTY CHAIR** - Did you have a last -

**Ms FINLAY** - I was going to move off that, but - I thought I still had one more question.

**DEPUTY CHAIR** - I'll let you ask it. I'm just trying to keep track of the tally. I think the Greens have possibly asked more questions than Labor according to the tally, so I'll let Labor ask a couple just to keep the thing going.

**Ms FINLAY** - I was going to go back just to general comments now. At the very beginning I opened up with some questions around Momentum, Entura, and the Tamar Valley Power Station, around privatisation. There is the overall GBE review going on from government at the moment. You've put on the record security for Hydro and those subsidiaries or part-owned pieces, that there are no intentional current works around privatisation. I'm just wondering what other conversations are happening in the scope of GBE review and where



Hydro are considering their contributions to that conversation, where things might change. I note that the new Charter, although new, was signed by the previous treasurer, whether there's been any sort of conversations with the new Treasurer in place in terms of those arrangements and the overall context of reviews of GBEs in Tasmania?

**Mr BOLT** - The GBE reform proposals are just that at this stage. We take them very seriously and think there is much merit in them, but they're drafts that we'll respond to to government. Once finalised, then obviously we'll take the appropriate steps to implement what comes out of that. I'd say, having said all of that, that much of what is envisaged in that draft package is already embodied in our Charter. I think the government got onto that pretty quickly after the election. Making sure that we understand our broader role in the Tasmanian community is already wired into our operating instructions. I think that attitude was already pretty well-embedded within Hydro, but this has made it really clear what specific things we need to do, and we're going about doing those.

In many ways, I'd say we're already implementing much of the spirit of what's being sought in there, but there are also other aspects of the detail of governance reform that we will get to once they've been locked down by government. As I say, at this stage they are still proposals.

**DEPUTY CHAIR** - Last one and then we'll go to Mr Bayley.

**Ms FINLAY** - I'm interested particularly because some GBEs operate quite differently. For instance, with some GBEs there are no internally - with say wages and bonuses, there are no bonus provisions in some, but I note that over recent years, quite substantial collective bonuses have been applied internally. I'm wondering whether that look is a bit of a question. I think over a million dollars over the last - you know - and there are some that don't have that at all. So, I'm just wondering whether any conversations about those sorts of internal financial considerations are being had. Perhaps, minister, that's a question to you in terms of aligning all our GBEs and state-owned companies in that area.

**Mr DUIGAN** - Yes, certainly. The GBE reform is a piece of work that, obviously, government's leaning into being led by the Treasurer and what I would say is that we are very focused on hearing the thoughts and the experiences of our GBEs and offering them ample opportunity to feed that into the process. It's important when the state owns a large, mature, successful business like Hydro Tasmania, that it hears from it if it seeks to do things around GBE reform. That's a point I would make.

In terms of what the actual reforms are that come out of this process, I won't go into those heavily because it's not something that I am directly engaged with at this stage. It is work that's being headed up by the Treasurer with input from various stakeholders, through the way - there has been some high-level statements made about things that we would expect to see and, as the chair has mentioned, a lot of that's already in evidence in Hydro Tas.

**Mr BAYLEY** - Look, we're obliged to ask questions about Entura every year because there have been concerns raised about some of Entura's activities internationally, Sarawak and a dam project there being case in point and the displacement of indigenous people because of that dam that Entura was working on. Last year, we spoke of the, I think it was a framework, and you reference it in the annual work -

**Ms van MAANEN** - Sustainability screening.

**Mr BAYLEY** - the sustainability screening, and there's also an integrity framework. I was wondering if you could talk us through that process. In particular, are you willing and able to table the integrity framework and the sort of sustainability screening process for the committee, so that we can see exactly what concerns you take into account there?

**Mr BOLT** - I think they're in a - we won't go into the detail, but just to reinforce something that I think we made clear last year, we take very seriously that Entura's operations overseas are done with a very strong focus on it being beneficial to communities and meeting ethical and sustainability considerations. I'm pretty confident that they are going about that task with great application, but you asked some detailed questions and I won't continue to -

**Mr BAYLEY** - Just on that, maybe I'll come back to that, if I may, but just on that, and I hear that and that's really welcome to hear. But, of course, the Sarawak project was condemned by a lot of people in terms of its impact on Indigenous people and their rights and displacement. I note the annual report now says that the only project Entura's internationally involved with in Indonesia is closed. Can you tell us about that? Has the project just finished or your involvement has finished or?

**Mr BOLT** - I'll ask Erin to deal with that.

**Ms van MAANEN** - In terms of the status of the projects on the table, where they're closed, it's simply that that package of work that is indicated in there has been completed as at the end of the financial year, so it's not an ongoing piece of work, and the others are flagged as such. With respect to the screening process itself, so the framework is informed by the UN's guiding principles on business and human rights. The integrity management system also forms part of our quality system, which is independently certified to ISO 9001. The documents or the process itself includes kind of flow charts, decision matrices, and reporting forms that allow us to assess the client and the work, with respect, against key criteria to ensure that we're comfortable with that, from the perspective of sustainability, safety and governance.

From our perspective, it's a very robust process that we're putting projects and clients through. There are always, in any business, learnings to take away from previous engagements and that's something that we are, I guess, live to as a business and would continue to do so, but that is methodically applied to Entura's work. With respect to the 2023-24 year, all new companies and projects were subject to this screening, of 124 screens conducted, 115 of those projects were found to be low risk.

**Mr BAYLEY** - That's different to the integrity framework, though?

**Ms van MAANEN** - The screening forms part of that framework.

**Mr PETERS** - In regard to the integrity framework, there is an Entura web link that we can provide you that provides that information.

**Mr BAYLEY** - Does it actually provide the framework in its entirety or just some pointers as to what's considered?

**Mr PETERS** - It's got reference to the relative code of conduct sustainability principles, modern slavery considerations, competition law protocol and environmental policies.

**Ms van MAANEN** - I think what's important is it outlines the key aspects that we're assessing through that process as opposed to - I don't think a process document necessarily adds to that. It really provides that information on what we're looking at when we're screening.

**Mr BAYLEY** - The Sarawak project is in Malaysia and it's actually still current. Have you run that through the integrity framework again since it's been developed, or has the integrity framework been changed since Entura made a decision to engage on that project?

**Ms van MAANEN** - We'd have to check the specific detail. We continue with all of our kind of policies, guidelines and processes internally. They have regular review cycles that they go through, so we don't set and forget these policies. They continue to be updated when needed.

**Mrs BESWICK** - With regard to the health of the Macquarie Harbour, what work is being done to assess the impact of flows from the power stations, and if the science shows the flows are having a negative impact, what changes will be made?

**Mr DUIGAN** - I would point to the fact that Hydro Tasmania is an active participant in the Macquarie Harbour Skate Recovery Working Group, and obviously has a substantial presence in that area. I would point to the fact that there is substantial modelling work underway to understand the particular bathymetry of the harbour and how inflows interact with weather events and things of that nature.

What I would say, noting all that detail which I will let the team get to shortly, is the fact that we've made it very clear that Hydro needs to be an active participant in that program and understand how it intersects with the Skate recovery and so on. I will point to Erin to give you a bit of detail.

**Ms van MAANEN** - I think as people appreciate, the dynamics around the oxygen levels in the harbour are quite complex, and we certainly acknowledge that river flows are one aspect that feed into that and that we have a role to play in that because of our operation of the power stations into those river flows. We are working actively as part of the recovery team, as the minister has mentioned, and the focus at the moment is on ensuring we have sufficient modelling to make decisions about what adjustments to operations may be required to contribute to improving the health of the Skate and the recovery efforts into the future.

That is really to say that we acknowledge that flows are likely to be part of the recovery planning, and that we're open to exploring what actions we can take to assist with that. We have already completed models that will contribute to broader modelling of the harbour, and that's now ongoing. Once we have more results from that modelling process, we'll have a better understanding of what actions we can take.

We'll continue to work through the recovery team to ensure that modelling is completed while also taking steps around contributing to the ability to observe and take measurements that feed into such models, then once we have outcomes from that, we'll look at what actions we can take to contribute through flows. We're really working through our process actively as part of that team to make sure we better understand the situation and what actions we can take that will have benefit.

**Ms FINLAY** - I'm interested in the full scope of works that are potential in the future, whether it be Hydro's own projects, whether it be the offtake agreements that you're agreeing with others, whether it be Battery of the Nation, full Tarraleah or others to bring on generation. You talked about a healthy position financially. I'm just interested in any early conversations that might have been had to change your arrangements or the maximum borrowing limits with TASCORP, whether you're close to or hitting that limit, or whether you're close to or hitting that limit, or whether you've had to have any early conversations around that?

**Ms van MAANEN** - I might let Tim add something in a minute, but at a high level, we assess our borrowing limit and the arrangements around our borrowing on an ongoing basis. We regularly - where there is a need to make an adjustment to that, that's something that we work through with the shareholder as well as with TASCORP. I'll let Tim make some comments.

**Mr PETERS** - As the CEO's pointed out, we regularly look at our borrowing and debt and ability to repay the debt. During the year we've approached Treasury and also TASCORP around what that debt may look like into the next 12 months. We have rearranged our borrowing limit within that 12 months to make sure we have facilities available.

With the upcoming projects around Tarraleah and Cethana, as we progress to the final business case, we think we will do that again. We think that's prudent to make sure that we are sustainable and work within our limits.

**Ms FINLAY** - In that answer, I think I heard you say that you have sought to change the borrowing limits for the 12 months ahead. Can you share with the committee what the current limits are and via what degree that's been increased?

**Mr PETERS** - I can give you a breakdown. At the moment, we're looking at - core borrowing limits are \$935 million. Our standby facility is \$30 million. Our interest rate swaps are \$824 million. Our guarantee limit with AEMO is \$250 million.

**Ms FINLAY** - In the year ahead and in future years where you will need to consider that, have you ever found yourself in the situation where you've breached those limits unexpectedly or without advance consideration of that?

**Mr PETERS** - No, I think the Hydro portfolio is very well contained. If I go back over the last 10 years, we've never had to write a letter like that before. It's due to the influx of requirements in regard to the particular projects around Cethana and Tarraleah. Subject to those mega projects, Hydro's a very sustainable business.

**CHAIR** - We have one question from Ms Finlay to answer that we took on notice.

**Ms van MAANEN** - If we can just go back to an earlier question, which was in respect to the number of businesses seeking new energy load. Over the last 24 months, we've had discussions with 13 proponents for varying loads of scale, including both new proponents and existing loads.

**Ms FINLAY** - Great, thank you. My question at the time was of those, how many provisions have been made for new or increased load? How many of those have you satisfied?

**Ms van MAANEN** - Those discussions are ongoing.

**Ms FINLAY** - Thank you.

**CHAIR** - Does that satisfy your question on notice enough to get rid of it, Ms Finlay?

**Ms FINLAY** - It does. Thank you.

**Mr FAIRS** - Could you update the committee about Hydro Tasmania's efforts in the Tasmanian community in regard to the community grants program?

**Mr DUIGAN** - Thank you. I appreciate the question. Hydro plays an important role in supporting the community. In 2023-24, Hydro Tasmania's annual community grants program provided \$28,153 in funding support to charities focused on sports and wellbeing, children and families, physical and mental health and community connection. This is the eighth year of Hydro's community grants program with grants of up to \$5000 awarded to six community groups around the state.

Tassie Mums, which provides essential baby and children's items to social service and health organisations across the state, was awarded a grant of \$5000. Funds will contribute to the Safe Travels project, which provides vulnerable babies and children with safe, prearranged car seats and prams.

Salvation Army Launceston was awarded a grant of \$5000 to revitalise a grass area into a communal, sheltered seating space where the community can meet, sit outside and have breakfast, lunch or coffee.

Spring Bay Suicide Prevention Network, which runs activities to foster social connection on the east coast, was awarded a grant of \$4770 to purchase live life alarms for at-risk elderly community members who live alone. The alarm alerts a nominated contact if there is a medical event such as a fall.

Miracle Babies provides support to premature and sick newborns and their families. Hydro has provided a grant of \$3983, which will assist in delivering 60 NICU survival packs to the Royal Hobart Hospital.

The Swimming Association of King Island operate the community swimming pool at Grassy on King Island. The association will use its grant of \$5000 from Hydro to install a non-slip surface to the pool surrounds. The Arthritis Foundation of Tasmania was awarded a grant of \$4400 to deliver two half-day events for young people aged 18 and under affected by juvenile arthritis and their families. Hydro Tasmania's grants make a real and positive difference to Tasmanians and continue the business's long history of supporting the state and, as you can see, there is a pretty diverse portfolio of people who are supported through that program.

**Mr BAYLEY** - A quick one to finish up on the Paradise Dam in Queensland, described as a spectacular infrastructure fail - maybe outdone by the *Spirits*, I'm not sure - but it was announced by the Queensland government earlier this year that it would need to do significant work to effectively rebuild a whole new wall. Hydro had an involvement in that dam in design

and other elements. Do you have or anticipate any liability in relation to the work that needs to be done in regard to the dam?

**Ms van MAANEN** - With respect to our role in Paradise Dam, Hydro Tasmania consulting, or Entura, was part of a four-member alliance of firms that designed and built the dam. Our specific role within that group was to assist with the initial site investigations and provide design work. Our design involvement was from October 2003 to December 2005. With respect to the design work that we completed, our work complied with then accepted industry standards and practice, we had a world-leading expert involved engaged to support the work and the design was also peer reviewed.

We note that there have been a number of findings regarding the construction of the dam and corrective work which have been accepted by the Queensland government and are to be applied to future dam projects. We have no involvement in the current activity on or off site.

**Mr BAYLEY** - And you don't anticipate any liability issues or any indications from the Queensland government about them wanting to pursue parties involved in it?

**Mr BOLT** - The government has given no indication of that. We're keeping our eye on developments. That is all we can do in that situation, but there's no public indication or any kind of indication from the new government that they wish to pursue us over this issue.

**Mr BAYLEY** - Have you internally discussed contingencies and how to deal with it, should they wish to do so?

**Mr BOLT** - We've had a good look at the risks arising from the Paradise Dam situation. As Erin's indicated, there's quite a lot of factors involved in that and we're only one player of many, but yes, we've discussed it and we will now simply have to keep our eye on developments but at this stage the risk radar is not hotting up, so to speak.

**Mr GARLAND** - If we're importing cheap solar energy from the mainland, why are we underwriting a solar farm in Tasmania?

**Ms van MAANEN** - It's a good question. Looking at it from the outside perspective, certainly through interconnection we're able to import at low prices, sometimes negative prices when there's excess renewables on the mainland, but within our portfolio there are still significant instances where we're running high-value hydro power at times of low prices as well. When we're in those periods you can look at times where we're at full import, we're fully exhausting our ability to import, and there is still space for more energy in the Tasmanian system in those price periods. As to the value of solar in-region, one is that it's in-region so you're not reliant on that interconnection for it as well, but it allows us to use our hydro power assets at more beneficial periods and it's a way to get additional megawatt hours on the ground in Tasmania as opposed to being reliant on imports for another region. Yes, we benefit from excess low-price solar from the mainland, but we will also benefit from solar being developed within the state.

**CHAIR** - The time for scrutiny of this organisation has expired, so I thank you for your attendance. We'll stop the broadcast now while we swap over and get ready for the next organisation, which is TasNetworks.

# **PUBLIC**

**The witnesses withdrew.**

**The committee suspended at 11.33 a.m.**