

PUBLIC

THE JOINT SELECT COMMITTEE ON ENERGY MATTERS MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE, HOBART ON WEDNESDAY, 30 APRIL 2025

The Committee met at 9.15 a.m.

CHAIR - Well welcome, representatives from Marinus, to our Energy Matters hearing. We have been trying to wrap up our inquiry, though it is a very rapidly moving feast, and we appreciate your further appearance before the Committee. As you will be aware, all the information you provide to the Committee, everything you say here, is covered by parliamentary privilege. That may not extend beyond the hearing, just to keep that in mind.

It is a public hearing. It's being broadcast and recorded. If there is anything of a private or confidential nature you wish to share with the Committee, you could make that request, otherwise it's all public. Do you have any questions before we start?

Dr BURKE - No, thank you.

CHAIR - I will invite the three of you to individually do the statutory declaration on that little card there in front of you, and then introduce yourselves after that, your roles and that, so it's clear for anyone watching, and I expect you'd like to make some opening comments as well?

Dr BURKE - Yes. Thank you.

CHAIR - Yes, and then we will go to questions.

Dr COLLETTE BURKE, INTERIM CHIEF EXECUTIVE OFFICER, **Mr PRAJIT PARAMESWAR**, CHIEF COMMERCIAL OFFICER, AND **Ms CLARE GLEGHORN**, DIRECTOR CORPORATE AFFAIRS, MARINUS LINK, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Collette, if you would like to introduce yourself and just who else is at the table with you, assuming you are the lead spokesperson here.

Dr BURKE - Yes, I am. My name is Dr Collette Burke. I am the interim CEO and I have been a board member on Marinus Link for about two and a half years, and have stepped down into the interim CEO role, and will be returning as a board member after a new CEO joins us. Thank you for having me here today and I will hand to Clare.

Ms GLEGHORN - Clare Gleghorn, I am the Director of Corporate Affairs and I sit on the executive at Marinus Link.

Mr PARAMESWAR - Good morning. Prajit, Chief Commercial Officer, Marinus Link, been with Marinus for the last two years and I was here last time we met as well.

CHAIR - Yes, that's right. Thank you. Over to you, Collette.

Dr BURKE - Great. Marinus Link is grateful for the opportunity to again address this Joint Select Committee on Energy Matters. I would like to acknowledge the members who

have joined the Committee since the initial appearance last year, including Mr Michael Ferguson MP, and the Honourable Sarah Lovell MLC. Before we begin today, I would like to extend the sincere apologies of our Chair, Sandra Gamble, who was initially planning to appear before the Committee again today, but has been called away due to some important family matters.

I have stepped into her role in my capacity as the interim CEO and returning board director and I am joined today by two members of our executive team who you have just met, Prajit Parameswar our Chief Commercial Officer, and Clare Gleghorn, our Director of Corporate Affairs. Since we last appeared before this Committee, Marinus Link has made significant progress on several key milestones and we are working towards preparing our board and shareholders for the final investment decision.

With the indulgence of the Committee, I would like to briefly take this opportunity to provide an update of several of the key milestones and information that I anticipate will be of interest. In December last year, the Part B Revenue Proposal was published by the Australian Energy Regulator. This proposal covers the cost of construction of Marinus Link and the proposed revenue requirements to 2030. As part of this submission, Marinus Link Stage 1 total cost forecast was updated to \$3.86 billion. The further clarification of these costs was made possible with the completion of the competitive tender process for the securing of the suppliers for the submarine and land cables and the highly specialised converter station technology. With the updated costings we commissioned an update on consumer benefits modelling which indicates that, on average, households in both Tasmania and Victoria will be better off after investing in Project Marinus.

Taking these savings and accounting for network cost, a typical household will save between \$25-36 dollars on average every year. This is in addition to the range of further benefits that Marinus Link unlocks for Tasmanians, including enhanced energy security, an upgraded and more resilient telecommunications network, \$1.4 billion in economic contribution, and 1400 jobs during peak construction. That is for just Stage 1.

We have also made substantial progress on the final major tender for our balance of work civil package, with the shortlisting of two consortia who are currently in a competitive tender process. As part of this, we've been engaging with local businesses extensively, who we know are extremely excited about the opportunity to subcontract and supply our project.

In February this year we hosted an industry briefing in Burnie with a turnout of nearly 200 people from across the Tasmanian business community. Hundreds of local Tasmanian businesses have expressed an interest in working on Marinus Link, and we have provided this list to our shortlisted bidders in the balance of works tender to inform their tenders. I'm sure you'll agree that this is a great show of support from our local industry in Tasmania.

Further engagement with Tasmanians has occurred over January and February as our development application and environmental impact statements appeared on public exhibition. Supporting this important milestone, we hosted a series of engagement opportunities in north-west Tasmania where we spoke to hundreds of community members.

The Committee may also be aware that we have recently appointed the industry leader in Stephanie McGregor as our next CEO to lead Marinus Link beyond the design, development and approvals phase, and lead our capable team into the project delivery phase. Ms McGregor

has extensive experience in energy, infrastructure and project delivery in both Australia and overseas. She joined us on 31 March as the CEO designate and will assume the position of CEO on 2 June this year. At that point, I will resume my role as a director on the Marinus Link board.

In closing, I want to recognise that Marinus Link has recently been listed on the Australian Government's first ever National Renewable Energy Priority List. This list is a reminder that along with the many economic, consumer, energy security and telecommunications benefits that Marinus Link will deliver, it will also play a significant role in meeting emission reduction targets not just here in Tasmania, but nationally.

Finally, and with the consent of the Chair, I would like to table a number of documents that I am confident will be of interest to the Committee. We thank you again for the opportunity to join the Committee today and we are happy to address your questions.

CHAIR - Is there one of each of those for us?

Dr BURKE - Yes.

CHAIR - Is the soft copy able to be provided to the members online?

Ms GLEGHORN - We can arrange that.

CHAIR - That'd be helpful. Thank you. You're finished? Can you outline what you've provided to the Committee in terms of the documentation?

Mr PARAMESWAR - Thank you for your question. We've provided the revenue proposal that was published by the Australian Energy Regulator (AER) in December. We've provided the issues paper that was released by the Australian Energy Regulator, and Marinus Link's submission to it. We've provided the updated FTI report which was updated at the same time as when we provided the revenue proposal. We've also provided an independent report from Endgame Economics which talks about Endgame's independent view of the VEPC (Victorian Energy Policy Centre) analysis and submission to this Committee submitted late last year.

CHAIR - I'm sure they'll be really helpful. We'll need to have a bit of time to look at them. Some of the information of these questions may be contained partly if not wholly in those documents. I'd just like to lead off - Collette, you made the point that consumers will be better off. The modelling shows that. Can you tell us what the underlying assumptions that sit behind that modelling are, particularly in terms of the - well, let's just start with what your underlying assumptions are. What are you assuming with it? Then maybe other questions that fly from that.

Dr BURKE - Great, thanks for that question. I will actually hand to Praj, our Chief Commercial Officer, because he has been intimately involved in the modelling and building up of that analysis.

Mr PARAMESWAR - Thanks, Collette. Thank you for your question, Chair. If I can, this is an important point to clarify, and I was just wanting to ensure I can explain to this Committee the range of benefits to energy consumers that Marinus Link brings, and the wider

National Electricity Market. We have used these words interchangeably, so I just wanted to ensure that I explain it as well as I can.

We've got the net market benefits, so that's one of the benefits. We've got net consumer benefits and the broader economic benefits. So, we categorise these as three different benefits; the net market benefits are the overall resource cost savings in the electricity market as a result of Marinus Link. It compares the expenses for new generation and transmission assets, fuel and other resources that would be needed to meet future electricity demand. The net market benefits are modelled as part of the regulatory investment test for transmission or the RIT-T.

In short, new assets will be needed to meet future electricity demand. Marinus Link is the lowest-cost solution, by an order of \$1.4 billion, which does not include the additional benefit that we get from the concessional financing arrangements.

The next suite of benefit is the net consumer benefit, which looks at the impact on prices that consumers pay for electricity. This involves analysing changes in who produces electricity and where and how these changes affect wholesale prices. One significant factor is the competition benefits, whereby increased competition from Marinus Link is expected to drive lower wholesale prices.

MLPL has calculated typical household savings using the expected consumer benefits model by FTI Consulting, which we've tabled today, and expected network charges with inputs from AEMO (Australian Energy Market Operator) and TasNetworks, which takes into account the current cost estimate to construct Marinus Link Stage 1 and the current cost estimate to construct North West Transmission Developments, which TasNetworks has provided to AEMO. And the expected reduction in wholesale energy prices, overall, the net savings number is between \$25 and \$36 on average per year for a typical residential consumer, as highlighted by Collette in her opening statement.

On top of this, we have got the broader economic contribution that captures the direct and indirect flow-on effects to the Tasmanian and Victorian economies resulting from the construction and operation of Marinus Link. These have been modelled by Ernst & Young, account for \$1.4 billion in additional economic contribution in Tasmania and over 1400 jobs per year during peak construction period and that is just for Stage 1. These three reports are publicly available on our website. The FTI report has been updated and tabled today.

CHAIR - So, thanks for that information. In terms of the assumptions about whether the business case, if you like, or the findings that you have provided here, are they based on just the build of Marinus or does that presume that there will be a significant increase in other renewable energy coming into the market? What are those assumptions?

Mr PARAMESWAR - So, the assumptions that we have used for the RIT-T benefits, which is the net market benefits, and for the consumer benefits, which is modelled by FTI, is consistent with AEMO's inputs and assumptions report that was released two years ago. This is available publicly and these are the assumptions that AEMO used to model their integrated system plan. So, we've used AEMO's assumptions effectively in the modelling that Ernst & Young has done for the gross benefits and FTI has done for the consumer benefits.

CHAIR - So, the assumptions you have used, could you just outline the assumptions of the AER reviews without having to call them in to ask the same question, on which you have based your assumptions?

Mr PARAMESWAR - Sure. So, I wouldn't say AER have used those assumptions because AER have not looked at the study, but you mean AEMO?

CHAIR - Sorry yes, AEMO.

Mr PARAMESWAR - So AEMO, there are a set of assumptions that they've used. They consult extensively on these assumptions for two years and they talk to more than 1000 industry participants to come up with these assumptions. I will not be able to go through every assumption here, but I can have a look at it and probably get someone to send it through to me.

CHAIR - That will be helpful.

Mr PARAMESWAR - Essentially, very simplistically, the assumptions do look at the economic outlook. They look at three scenarios. They run a step-change scenario, they run a progressive scenario, and they run a green export scenario. Different scenarios based on different economic outlooks. They also look at what the policy positions are for each government and what they're going to do with renewable energy industry. They've got different assumptions for coal retirements and they've got generation cost figures that they also use from different independent experts, including the CSIRO that produces a GenCost model, which again is available publicly.

Mr BAYLEY - Can I just ask on that, notwithstanding you're going to get some advice and come back to us, just at a really simple level, I guess the question the Chair was asking is: is that \$1.4 billion and 1400 jobs just Marinus and just building Marinus or does it include a bunch of renewable energy developments, wind farms and solar farms and transmission lines, that you see Marinus Link as stimulating or facilitating?

Mr PARAMESWAR - I think the easiest and the simplest way I can answer this question is, AEMO will look at how they would meet the demand in the future. So, they look at an outlook from 2025 for the next 20 to 25 years. They will then look at the profile of the demand, how is the most cost-effective way I meet this demand? They'll run a scenario without Marinus, they'll have a number which will be in the billions of dollars. Then they'll have a number with Marinus, that number is \$1.4 billion better off than the counterfactual.

Mr BAYLEY - So that assumes the development of a range of renewable energy development projects in Tasmania?

Mr PARAMESWAR - I would assume so, I would also say that that is part of AEMO's consultation and they do include renewable energy targets in multiple jurisdictions. I would also say that they would include the Tasmanian renewable energy target in Tasmania.

Mr BAYLEY - Can you tell me, I assume there's the corresponding benefits on the Victorian side, and you've done a similar analysis for the Victorian government and for the Victorian financial investment decision. Can you tell us off the top of your head or have you got the information about what are the equivalent, or partner benefits for example, for Victoria? Is this just Tasmania or does this include Victoria as well?

Mr PARAMESWAR - The number perhaps that you referred to, which is the \$1.4 billion, they are the net market benefits. They are the benefits that the National Electricity Market gets from Marinus Link.

Mr BAYLEY - So that includes Victoria?

Mr PARAMESWAR - That is correct.

Ms GLEGHORN - Or everyone else connected up to Eastern Seaboard and South Australia?

Mr PARAMESWAR - That is correct.

Mr BAYLEY - Including the 1400 jobs?

Ms GLEGHORN - The 1400 jobs is Tasmania specifically and the modelling is 993 jobs for Victoria.

Mr BAYLEY - The \$1.4 billion isn't Tasmania specific, that's the project as a whole?

Dr BURKE - That's the NEM.

Mr BAYLEY - I think that's really important for us to understand, I heard that as being presented as this is the benefit to Tasmania: \$1.4 billion dollars, 1400 jobs.

Mr PARAMESWAR - I think there is a little confusion here because I myself have realised that the \$1.4 billion is the net market benefits for the NEM (National Electricity Market). That was the first benefit that I spoke about, then I spoke about the consumer benefits, and the third benefit that I spoke about is the economic contribution. That number also is \$1.4 billion and that number is the economic stimulus for Tasmania. That's right, that's why I was surprised as well.

For Victoria, there is a different number which I think I can provide to the Committee a little later.

CHAIR - Do you have the impact on the consumer prices in Victoria? Can you indicate what they would be?

Mr PARAMESWAR - We've tabled that, Chair, but I will try to refer to them now. Just give me a second please

If you refer to page 21 of the FTI report, we discussed there the reduction in wholesale spot price from the introduction of Marinus Link. In Victoria, the spot price for one cable is lower, between 12.6 to 13.9 megawatts an hour.

CHAIR - Okay, so the assumption here is this is just building Marinus, not all the other related infrastructure, or is this based on the same assumptions that AEMO used?

Mr PARAMESWAR - That is correct. This does include, as I said, the development that could come via the Tasmanian Renewable Energy Target. This also includes the assumptions that AEMO has used for developments which they have spoken with proponents. Again, this is available publicly. I am very happy to share the assumption spreadsheet with the Committee, absolutely.

Mr BAYLEY - The counterfactual assumes that none of those renewable energy developments go ahead in Tasmania?

Mr PARAMESWAR - There is a counterfactual assumption, again available in their inputs and assumption spreadsheet. I think there will be a level of renewable energy development that will progress without Marinus.

Mr BAYLEY - But not the same.

Mr PARAMESWAR - That is correct.

CHAIR - But less. Less than what would go ahead with Marinus.

Mr PARAMESWAR - That is correct.

Ms FINLAY - Well, in fact, we just landed on my question. We were presented with some evidence yesterday that indicated that perhaps prices might increase, and it was about those assumptions being used. There was an interest in the outcome if investment in renewables in Tasmania was unlocked, as a result of Marinus versus the outcome without Marinus, that the investment would not be unlocked and therefore what would the price implications and the difference be?

We were interested in understanding the impact on power prices of Marinus and no Marinus, with the reality of the difference between renewable investment. If Marinus does not come off, the amount of renewable investment in Tasmania is likely to be less, because some people's investment decision is based on Marinus. There was a suggestion that the assumption that led to lower prices for Marinus was about those differentials, including the same amount of renewable investment in Tasmania. Just wondering if you can speak to that.

Mr PARAMESWAR - Thank you for the question. The counterfactual scenario that AEMO has in its inputs and assumptions report does assume a level of renewable energy build. We have used the same assumptions, or I should say FTI has used the same assumptions here. We wanted to be as conservative as possible. We wanted to use documents that were available from independent sources, from experts, and that is what FTI has looked at. Again, I am very happy to provide that spreadsheet, which clearly tables the renewable energy development with Marinus and the renewable energy development without Marinus. I am confident there is a counterfactual scenario that AEMO has looked at which has some level of renewable energy build.

Ms FINLAY - Thank you. Can I take the questions to a different place now? Is there anyone else who has more questions on this?

CHAIR - Are there any other questions on the cost to consumers, which is really where we are at the minute? If I might, Janie, there was a recent determination that saw that

PUBLIC

Tasmanians would pay 27.6 per cent, which seems awfully unfair to Tasmanians, being a very small percentage of the population that hooks into the NEM. Can you provide any information about that decision, because that is a considerable concern to Tasmanian consumers.

Dr BURKE - Yes, Praj has done some work in relation to the difference between Tasmania and Victoria. I will just give you a moment to find that.

Mr PARAMESWAR - Thank you, Collette. Thank you, Chair. Chair, I believe you are referring to the cost allocation between the Victorian and Tasmanian jurisdictions?

CHAIR - Yes.

Mr PARAMESWAR - In our revenue proposal that was published in December, we've said that the cost allocation agreed was 27.6 per cent for Tasmania and 72.4 per cent for Victoria. This has been agreed by the shareholders. We have not been involved in these arrangements.

What I would like to add, if I can, is that the benefit that Marinus Link gets from concessional financing should not be forgotten here. Marinus Link gets concessional financing from the Clean Energy Finance Corporation. Again, this is available in our revenue proposal so I'm very comfortable to say this. The non-concessional indicative revenue that you'll see in our revenue proposal and the concessional indicative revenue that you'll see in our revenue proposal due to concessional financing, it's at least 60 per cent off the 100 per cent

There is that concessional benefit, number one, and from there the cost allocation is 72.4 per cent and 27.6 per cent, which is why overall there is a net saving at the end of the day for the consumer in Tasmania and Victoria. Holistically, the package from our perspective -

CHAIR - A net saving in the wholesale energy price or the whole price stack we're talking about?

Mr PARAMESWAR - Yes, the consumer savings that Collette referred to - the \$25 to \$36 is a result of the reduction in the wholesale energy price for a typical household customer. Then we deduct the network costs that accrue due to project Marinus, and then it's a net-saving number.

CHAIR - Right.

Mr PARAMESWAR - Again, the FTI report talks about the wholesale energy price reductions. The cost figures have been provided by the Transmission Network Service Providers (TNSP) in either jurisdiction. We have input from them.

CHAIR - I have one more question, Janie, before I come to you.

We know that the AER decision on Basslink has been delayed. It is now due to be made at the end of June with no certainty about what the decision will be, obviously. If it were to remain unregulated, which was the draft decision - and we understand that Marinus will be regulated - how do you see two links operating alongside each other, one regulated, one unregulated, and not being an issue under national competition policy?

PUBLIC

Dr BURKE - We haven't been involved in the Basslink scenario, but Praj has done some work in relation to what that means for Marinus Link.

Mr PARAMESWAR - Very simplistically, we've not been engaged in that process. From a Marinus Link Pty Ltd perspective, there is no direct regulatory impact between the AER's draft decision and the revenue-setting process that Marinus Link has.

CHAIR - In terms of if Marinus is regulated?

Mr PARAMESWAR - Marinus is an intending TNSP and you're absolutely right, Chair, it's expected to be regulated.

CHAIR - Do you believe there would be competition policy issues, being essentially a subsidised link currently owned by governments, that there could be issues with the National Competition Policy and the operation of that? If Basslink remains unregulated while they're currently the only link, they could make as much money as they like if they operate themselves without an agreement with Hydro. Once Marinus is built, they could be in a world of pain.

Ms GLEGHORN - I would suggest that's a question probably best directed towards a regulator in terms of their decision-making.

CHAIR - You don't think that the National Competition Policy is an issue?

Ms GLEGHORN - Again, that's a question for the regulator in their decision-making process.

Ms FINLAY - Just stepping back to the various benefits across Victoria-Tasmania consumers, are you guys aware of any proposals or any consideration by the Tasmanian government to transfer its stake in Marinus to the Commonwealth or Victoria?

Dr BURKE - Thank you. At this stage, Tasmania is a 17.7 per cent shareholder in the arrangement between - the shareholding agreement between Tasmania, Victoria and the Commonwealth. We are not involved in any discussion in relation to the shareholding agreement. We believe that that question perhaps might be best placed to the shareholders.

CHAIR - One of the shareholders will be here later.

Ms FINLAY - Yes, and that's why I was interested whether you were aware of any conversations that were happening at the moment?

Dr BURKE - Again, it's not for Marinus Link as a corporation to get involved in. That's actually a matter for the shareholders.

Ms FINLAY -Thanks.

Mr BAYLEY - I just have a clarification, if you don't mind us going back to the consumer benefits report we just discussed that talked about the various benefits, and just going back to the interim CEO's opening about the cost estimates, \$3.86 billion is what I heard for Stage 1. I note in this report in terms of key findings - and can you confirm what assumptions

they have used for cost, because they seem to assume - I will read it, word for word, under key findings:

This compares to the expected cost of Project Marinus across the same period of \$2.4 billion for one cable and \$4 billion for two cables, including associated costs of North West Transmission Developments project.

Why is that? Why would they have used an assumption of \$2.4 billion in all of this modelling, when it is clear that it's up to - does \$3.86 billion include - that doesn't include North West Transmission either, does it? That's just Marinus.

Dr BURKE - No, that's correct. That is Marinus Link Stage 1.

Mr BAYLEY - We're looking at almost \$4.8 billion with North West Transmission, yet can you confirm that this report has used an assumption of \$2.4 billion for one cable, which includes North West Transmission?

Mr PARAMESWAR - That's an excellent question. The benefits assessment that FTI and Ernst & Young have put together is calculated on an NPV basis for both the cost -

Mr BAYLEY - On a which, sorry?

Mr PARAMESWAR - On an NPV basis, net present value, basis for both the cost and the benefit of the project using the same discount rate and assessment period.

Mr BAYLEY - Oh, yes, yes.

Mr PARAMESWAR - The key point really from our perspective is that the benefits are calculated over a 20-year period. The life of the asset is for 40 years at this stage. Essentially, because the benefits are calculated over a truncated period, we have used an annualised approach to essentially calculate the costs as well. As the cost would have been amortised over the 40 years, we can only amortise it over a certain period because the benefits are also calculated only over a certain period.

This has been consulted, I believe, over the last five or six years throughout our RIT-T process, again available publicly, and the annualised approach was more conservative than the terminal benefit of the project approach, which is normally what you would do in the financial modelling analysis. We have used a more conservative approach.

Mr BAYLEY - I am afraid I don't understand that. You know, the present value of construction as I understand it would be \$4.8 billion?

Mr PARAMESWAR - Yes.

Mr BAYLEY - You are saying there is a net present value of construction that is assumed in this, including North West Transmission, of \$2.4 billion?

Mr PARAMESWAR - Yes, so the \$4.8 billion would be amortised over the 40-year asset life.

PUBLIC

Mr BAYLEY - Right, as a construction cost?

Mr PARAMESWAR - Correct, and so if you halve that, because the benefit is for half of the period, you would get \$2.4 billion.

CHAIR - Thank God we are not modellers.

Mr BAYLEY - How much is it going to cost the taxpayer, or the shareholders, to build? When they build it, how much will it cost in cold, hard dollars for Project Marinus and North West Transmission? Putting aside -

CHAIR - You could probably only answer for Marinus Link because TasNetworks is responsible for North West Transmission.

Mr BAYLEY - Sure. I appreciate that.

Dr BURKE - Yes. Our latest cost estimate, as we mentioned earlier, for Marinus Link Stage 1 is \$3.86 billion, which was in our AER revenue proposal.

Mr BAYLEY - Is that amortised or is that real costs? What are the assumptions behind \$3.86 billion?

Mr PARAMESWAR - They are in real dollars, in real 2023 dollars, correct.

CHAIR - In 2022 dollars?

Dr BURKE - 2023.

Mr BAYLEY - To be frank, I still don't understand the assumption of \$2.4 billion in this cost-benefits analysis.

Mr PARAMESWAR - I would be very comfortable to provide further information. Again, it is on our website. We've consulted extensively on this, but I'm very, very happy to provide that information. Very happy to do that as well.

Mr BAYLEY - Thank you.

CHAIR - One of the things you also raised was the 1400 jobs in north-west Tasmania. That's going to fill every plane because all these are going to be fly-in fly-out. I won't be able to get over to Melbourne to see my family. There'll be no seats on the planes. It'll take up a whole range of accommodation, and we know the pressures there. We've seen the displacement of local people, particularly disadvantaged people, of which there are many in the north-west of Tasmania. The transport sector will be - all those flow-on impacts - what's Marinus's role in addressing these?

Dr BURKE - Great. Thanks so much. Marinus, we've engaged quite extensively with community and local businesses in preparation particularly for construction starting in 2026. We have held a number of sessions with the potential constructors, the current bidders, as well as the local community. Clare has been extensively involved in that work and looking at how that will operate, so perhaps Clare can talk through our planning.

Ms GLEGHORN - Thank you, Chair. It's a really important question, and we're really acutely aware of those impacts. We want to maximise the benefits and minimise the impacts on the community, particularly in the north-west. As part of our balance of works contracts, so our two core proponents who are bidding for that work at the moment, a key requirement of that is they develop a workforce accommodation strategy. We haven't seen that work yet because we're not at that stage in the tender process, but that is a core requirement that they need to be able to produce to avoid those exact scenarios that you refer to.

The other part of that, though, that Collette has spoken to, is a really strong focus on local content and local jobs. Ensuring that it's where there are specialised - and yes, there will be some people who will be arriving in - but for the most part, we're really looking at encouraging local content, local employment. Over the course of the three 'meet the proponents' sessions, we had nearly 600 people, including a number of businesses - 200 of those were in Burnie - looking at opportunities for localised workforces to boost local economy but minimise the impact as well.

In addition to that, looking at training opportunities, so we really engaged with the local TAFEs, with the chambers of commerce, Business Northwest and others, and working very closely with the Industry Capability Network to ensure that the impact we have is a positive one in the north-west.

CHAIR - In terms of the training piece, there are a lot of skills that are needed. We have some challenges in that area, particularly in the north-west. We have some amazing engineering businesses, we have all that up there, but we have some real deficits in other areas. What specific work are you doing now? You can't train people overnight. What is actually happening there? How is TAFE being supported there, and the university? We are starting to do engineering at the UTAS Cradle Coast campus next year, I believe, but -

Ms GLEGHORN - It's actually something I'm really proud of, the work that we've been able to do. We're working very closely with TasTAFE. We've done some work to connect TAFE Gippsland and TasTAFE as well, to ensure that they're able to look really strategically at what skills are going to be required.

Obviously we have the Clean Energy Centre of Excellence now announced to be developed in Burnie as well. Fortuitously, there's one being developed in Gippsland, at the other end of our network. We've been able to connect those two institutions to be able to start to have really robust conversations about the training and capability requirements, how we ensure that we're sharing our facilities and teaching requirements and other things. Those conversations are things that we've been able to facilitate and enable as a result of our project in addition to the work we've been doing with the Industry Capability Network, Business Northwest and other chambers, to look at what those jobs are, and training requirements. It's well advanced and we're really heavily involved in it. It's an area you're quite passionate about as well.

CHAIR - Regarding that, what's your expectation about the number of positions that will require the expertise that cannot be delivered on-island, or not easily, that will require people to fly-in fly-out or to move to the island?

PUBLIC

Dr BURKE - Well, at the moment the Marinus Link team has done extensive work mapping all the different job types and has produced a jobs guide, which is available on our website, to look at all the different sorts of skilled workers and what the pathway and training and requirements that we are going to need and to map what those numbers would be. So, that is to help inform the community and businesses of what we'd be looking for through the course of the project, the actual balance of works contractor will actually be engaging those employees.

So, that's why we have connected the businesses and the community with those bidders and they're putting in place plans to look at what they will engage. They're obviously trying to build those networks through the ICN into the region, to look at what skills that they can actually obtain or train up during the course of the project. Because it is a five, six-year project there is an ability to do that throughout the project.

So, I think until we actually round out what the end of that procurement process is, we won't sort of understand what the mapping of their plan is and what access they've been able to have into skilled available resources and their planning for future.

CHAIR - Clearly, we need to be targeting high school students and, sadly, in my electorate and Craig's as well we have low educational aspiration. We have low educational attainment. A lot of our facilities struggle with decent facilities. That's not your responsibility; that's the state government's responsibility, but do you see there is a role to play for you there, to try to encourage improving the outcomes for high school students, in STEM subjects particularly?

Dr BURKE - Absolutely and, as Clare said, I'm very passionate about that, to developing particularly STEM and into construction and training and I have actually been involved in a training and development company in construction in the past. But we're looking at how we connect with the TAFEs in particular, so helping them map what the jobs guide looks like and connecting them into how that they can attract people into their TAFE courses and how they expand the courses to meet our needs. So, Clare's actually been involved in that working group about some of the work they are planning.

Ms GLEGHORN - And in addition to that, we've got a dedicated community team based up in Burnie and they've done a number of school visits and a number of engagements with the education and training sector as well because that is something that we see our project as being able to have, that legacy piece as well, which is probably the fourth benefit that we haven't necessarily spoken to around economic contribution, but what is that legacy as well in terms of upskill in jobs and particularly in the STEM space.

CHAIR - Yes, not all jobs can be facilitated through TAFE, not through TasTAFE or TAFE generally. What about the university? What work is happening there?

Ms GLEGHORN - Yes, certainly. So, I'd have to speak to the team in more detail, but I know that our community team, so my team in particular, have done a lot of work engaging with the university as well. At this stage, particularly around the development of the jobs guide and training opportunities, that focus has been on the TAFE, but absolutely there is a whole raft of work that's underway and will continue to build as the project progresses in that space as well.

CHAIR - Because all those jobs are high-paid jobs and that's important for the community as well.

Dr BURKE - So, we're currently looking at building in an attraction of graduates into the Marinus Link team as well. So, we are currently just in the early stages of planning for that, to look at taking on an ongoing program of graduates into the team to develop through the duration of the project because there is a good opportunity over that six years.

Mr GARLAND - Just back on the North West Transmission Developments, what up-to-date figure has TasNetworks provided to you as to the cost of that?

Mr PARAMESWAR - The number that we have used is consistent with what has been provided to AEMO, which is \$950 million for Stage 1.

Mr FERGUSON - Thanks Chair, and I have got a number of questions, but I just might indicate the subjects and then you can navigate when best to ask them. My first and main question will be about the project timeline and readiness, but I also want to pick up on environmental and planning approval past processes. I also want to pick up on the role that Marinus Link will play alongside Basslink and the different ways in which they are potentially going to be regulated.

That's where I want to go, but my first and main question now is about the project timeline readiness. As we'd be aware, contracts for the cable and converter stations are signed some time ago. I'd be keen to know if those elements of the project are in good health, and what is the overall project health in terms of bringing the interconnector online, on time. Also, what are any major risks that you may be dealing with at the moment, noting that FID has still not occurred, but nonetheless, you have a critical path that you're on. If you could address that first, and feel free to bring in some of those environmental and permitting - if you can.

Dr BURKE - Marinus Link, we've significantly strengthened our team and developing our team over the last 12 months to start mobilising, progressing towards our expected construction in 2026. Our team has been involved in quite a number of activities, particularly in preparation and readiness for the final investment decision. We've been preparing our board and our shareholders in preparation for that. In that process we've actually been going through and looking at the progress of the status we are at on the project at present, such as the cable and converter contracts that we have let - are quite well developed now. That work is currently in design process, and once we recommend the final investment decision to our board and they recommend it subsequently to shareholders, we're hoping for a decision in the second half of this year.

After that point, we will go to financial close and then we'll issue notices to proceed, so formal notices to proceed to the cable and converter contracts at that point, in preparation for them to go into manufacturing in the following years.

On the project overall, we're actually in the stage whilst we've got the final investment decision work happening - as with our new CEO that's joined us, she's actually focusing on the readiness for project and construction in 2026. We're doing quite extensive work to look at making sure our team is mobilised. We are in the process - we've identified a very strong delivery partner for the delivery of the project and we're currently in negotiations with that contract. We're looking at starting to mobilise the team for construction in the coming months

and that's to develop really strong team, strong systems in place so we can monitor and track the program right throughout.

Before we get to construction in 2026, there are still some activities, as I mentioned, financial close to get to, issuing the notices to proceed for the cable and converter contracts. Then in early next year, we hope to round out environmental approvals, as well as significant progress on our land acquisition at that point. At that stage, in 2026, we're hopefully ready for construction.

Mr FERGUSON - That's appreciated. I wonder, can I just get a comment on any regulatory approvals outside of the FID process that are relevant here, particularly environmental?

Dr BURKE - Yes, Clare's been involved in the environmental activities.

Ms GLEGHORN - Thank you for the question. Perhaps I can give an overview on where we're up to with the environmental approvals and permit status and then I can speak specifically to the Tasmanian approvals process. In relation to the federal EPBC Act (*Environment Protection and Biodiversity Conservation Act 1999 (Cth)*), we've been advised that the Minister's delegate will be making an approval decision under that Act by mid-May this year. In relation to the Tasmanian EPA, so that public exhibition process -

Mr FERGUSON - I beg your pardon. Can I just jump in there and can I just ask, are you just - have you just informed us that before an approval has been given, an indication has been made that it will be approved in May?

Ms GLEGHORN - The decision will be coming in mid-May. We've been informed of that.

Mr BAYLEY - About it being a controlled action?

Ms GLEGHORN - That a decision -

CHAIR - The decision to approve it?

Mr FERGUSON - A decision. Okay.

Mr BAYLEY - A controlled action decision?

Mr FERGUSON - A decision. Okay.

Ms GLEGHORN - We've been advised that the decision from the EPBC perspective will be in mid-May.

Mr FERGUSON - Okay. Not an approval, but a decision is what we've been told?

Ms GLEGHORN - Well, we certainly hope for an approval, but a decision, yes.

Mr FERGUSON - Exactly. Thank you for the clarity. Do continue.

Ms GLEGHORN - Thank you. Yes, so in relation to the Tasmanian EPA, so the public exhibition of those documents is now completed and the EPA board sent us their Request for Information (RFI) in March. We are just finalising and completing our response to that RFI and that should be imminently, if not today, within the coming days or week. The Victorian Planning Minister's assessment report, which is another element, so we're due to receive that imminently, so that should be very shortly and the other part of that is the offshore licence.

So, Marinus Link has an application under the transmission infrastructure licence under the *Offshore Electricity Infrastructure Act* and that is progressing, with the submission targeted for next month. In relation to Tasmanian approval specifically, so the timeline that we are looking for at that is, the EPA environmental protection notice for the Heybridge shore crossing is expected or anticipated in August this year, the Burnie City Council permit for the Heybridge converter station in September this year and the Tasmanian appeals process is likely to be completed in the end of March next year, so 2026.

Mr FERGUSON - That's great. Thank you for that overview. I don't need to explore that any further, Chair, but when the time is appropriate, I would like to ask other questions on how Marinus Link 1 would interact with Basslink, but I will just mention that now and wait my turn.

CHAIR - You go there, because I have already asked some questions about that, then I will go to Janie after you do that one, so pursue that now. That's fine.

Mr FERGUSON - All right. Thank you very much. Yesterday, we discussed with Hydro the different regulatory options that the AER is looking at with Basslink. Our government and our Parliament want to have it as a regulated asset, but the draft decision you would be aware of - and we expect a decision sometime later this year, apparently not July, it is extra time now - but my question is, what are the implications for Marinus Link if Basslink, as a different asset and a different ownership structure, is in fact left to a merchant model?

Dr BURKE - Thank you, Michael. I will go back to Praj, who actually made reference to Basslink and interaction with Marinus previously.

Mr PARAMESWAR - Thanks, Collette. Thanks, Minister, for your question.

CHAIR - He is not a minister anymore.

Mr PARAMESWAR - Thank you, Mr Ferguson, for your question. MLPL has been following publicly available updates on APA's proposal to convert Basslink from MNSP or a market network service provider to a regulated transmission network service provider (TNSP). We note the AER's determination or draft determination, and they are working towards their final determination. The process undertaken by APA - and with the AER is independent from Marinus Link Proprietary Limited, and we have not engaged in the process directly. There is no direct regulatory impact between AER's draft decision and the revenue-setting process for Marinus Link. We also think -

Mr FERGUSON - I appreciate the comments and the answer, but I think perhaps, if I can be more clear, what are the implications, though, of a merchant model on Basslink, if there are any, on Marinus?

Mr PARAMESWAR - At this stage, what I can say is that there are no direct regulatory implications. Marinus Link does not follow the same route as Basslink in Tasmania and Victoria, so it does give Tasmania the geographic diversity from an interconnection perspective. I think perhaps the question is probably better answered by APA. From our perspective, we are continuing on as an intending TNSP, to provide transmission services as a regulated interconnector once the asset is commissioned in 2030.

Mr FERGUSON - And thank you again and if I can just come in for a final time on this: I accept all of that and it makes perfect sense the way you have answered that, however, surely commercially there could well be implications for Marinus Link one way or the other. I recognise from the outset that MLPL is not making any representations on this matter, but a decision will be made. It'll either be regulated or it'll be merchant.

Are you saying to the Committee that really you don't see any commercial implications either way? And if that's the answer, that's terrific; I'm just seeking to get to that point.

Mr PARAMESWAR - At this stage, the regulatory model that Marinus Link Pty Ltd is working on is an intending Transmission Network Service Provider (TNSP) model. It's a regulated asset. The indicative revenue that we've highlighted in a revenue proposal will be scrutinised by the Australian Energy Regulator. The consumers of Victoria and Tasmania pay for Marinus Link.

At this stage I don't see any direct relationship between the points that you've raised, Mr Ferguson.

Mr FERGUSON - Okay, thank you very much.

Ms FINLAY - Just backtracking a little bit to the conversation and talking about the process between the final investment decision and financial close and the comment around locking in the cable and converter slots, what are the costs not to proceed with those agreements?

Mr PARAMESWAR - Thanks for the question. We've indicated this previously. The cable and converter contracts have been executed in August and May, respectively. It's a gated process so we're going through a limited notice to proceed where the cable and converter suppliers are going through the engineering and design.

We have a 'notice to proceed' gate, which comes through later this year and there are cancellation fees associated with the company not progressing with these contracts.

Janie, are you referring to those cancellation fees in your question?

Ms FINLAY - Yes, thank you.

Mr PARAMESWAR - These cancellation fees, and we've said this previously as well, have been underwritten by the Australian Government. These arrangements are commercial in confidence and these deeds have been signed with the suppliers and with the Commonwealth government so I won't be at liberty to provide this unless I seek consent from the government, Commonwealth government, Prysmian and Hitachi.

Ms FINLAY - Understood. Thank you. I appreciate the description of the process.

Can I just change tack a little bit? In your opening remarks, when you were talking about the net market benefits and the net consumer benefits and the net economic benefits, you talked about a range of assumptions and one of the assumptions that you talked about was future policy: your policy. We're days out from a federal election where there could be quite considerably stark energy policies going forward.

I am interested to understand what impacts a decision for the nuclear future would have on Marinus and what modelling and assumptions you've made around that, particularly in terms of the economic impacts that you have modelled?

Dr BURKE - I'll defer to Praj because he's actually been involved with how Marinus Link sits within the energy market.

Mr PARAMESWAR - Very simply to start off with, Janie, the FTI modelling assumptions that we've used and the Ernst & Young modelling assumptions are consistent with AEMO's IASR or the Inputs Assumption Sensitivities Report, which was published in 2023.

I just wanted to quickly digress there, if it's okay, and say that the EY report that we have on our website does articulate and provide the overview of all the assumptions that we've used and there are several thousands of those, but there is a very succinct overview in our report, so I'm happy to provide that report to the Committee after this session. It does talk about the overview of the assumptions, but also talks about the Inputs, Assumptions and Scenarios Report workbook, which is available on AEMO's website, which we will provide as well.

In terms of the question itself, at this stage we are not aware of where AEMO is at with what policy they are going to use. AEMO has produced a draft IASR, which is available publicly. They've consulted extensively over the last year or so with 900 to 1000 stakeholders. We've looked at the draft, we've provided feedback on the draft, and the final inputs and assumptions report will be delivered by AEMO by the end of July 2025. It is based on these inputs and assumptions that AEMO will model its integrated system plan (ISP), and a draft ISP will be released on, from memory, 11 December 2025, with the final in June 2026.

Ms FINLAY - Could I ask a different question, then? I might need a follow-up question. Given that you said these assumptions were borne out of 2023 - and I haven't got the reports that you've tabled in front of me, sorry - could you confirm or otherwise whether those assumptions included nuclear?

Mr PARAMESWAR - The assumptions -

Ms GLEGHORN - I'm happy to jump in. With regards to the potential future development of modular reactors, that would actually require significant policy change at that level. They'd not be expected to come online until 2035-37, so well beyond the time at which Marinus Link would be commissioned anyway. We're basing it on existing policy and existing AEMO assumptions, which I don't believe take into account those reactors. Again, we would be commissioned well ahead of that, and that would require significant policy shift, so we can't necessarily speculate on what may or may not happen after Saturday.

Ms FINLAY - Thank you for clarifying that it hasn't been included in the assumptions to date and, obviously, given the time frames for implementation, it's beyond where we are now. Has there been, at a board level or an executive level however, consideration or thinking about what would happen if that policy change does occur and the impacts therefore on whether Marinus will proceed or not?

Dr BURKE - At the Marinus Link board level, we have clear instruction from our shareholders to focus on development and priorities for Stage 1 for Marinus Link, and we've been told that is a matter for the shareholders at this point.

Mr PARAMESWAR - If I can add, Collette, one of the key points, Janie, is that AEMO are forecasting that Australia's electricity demand is set to double by 2050. All forms of energy technology that can be deployed in a cost-effective manner will be needed, if the nation wants to transition through to Net Zero. Back to Clare's point, I believe the key point is, when is Marinus Link expected to be commissioned, and when are nuclear reactors expected to come through, if they do come through?

I also wanted to add, and I don't have this in front of me, but the CSIRO has modelled the generation costs for wind/solar firmed, for gas, and of course, for small modular reactors (SMRs) as well. There is definitely quite an increase. The cost for SMRs - the levelised cost of energy (LCOE) for SMRs - is significantly higher than wind/solar firmed. Again, that's an independent expert providing that analysis.

Ms FINLAY - Thank you, I appreciate that update. Could I ask a different question? In terms of the linkage between Marinus and North West Transmission - and there's been a suggestion that the Rewiring the Nation would be abolished, and therefore that would impact that deeply concessional finance for the North West Transmission. In the event that that occurs, that shift changes as of the weekend, what are the challenges for Marinus in terms of the risks to the development of North West Transmission, and has that been considered? That's more imminent and relevant.

Ms GLEGHORN - Perhaps I can speak to our relationship with the CEFC (Clean Energy Finance Corporation) and then Collette can speak to the risk considerations. Certainly, we are well progressed with our discussions with the CEFC, as I believe TasNetworks is in relation to NWTN as well. We have received no indication that there would be any shift in the funding arrangements that we will have in place with regards to Rewiring the Nation, certainly both sides publicly anyway. We have not heard anything otherwise to suggest that there isn't support for the project from both sides, at a federal level as well. We don't have any indication to suggest that shift, but perhaps Collette can speak to the risk assessment.

Dr BURKE - We've been working very closely with TasNetworks on the North West Transmission Developments. We're closely aligned on our progress of our projects and our progress towards a final investment decision recommending to our board, and board to our respective shareholders. We are quite closely aligned and collaborate with the work we're doing on our program and their program to get to a final investment decision, as well as the construction and commissioning of the projects. At this stage, we don't see any issues that have been identified that will hinder us both achieving our current goals, but we are working very closely with them at present.

PUBLIC

CHAIR - Can I just add to that, it would be fair to say that whatever transition energy source the nation moves forward with, we are going to need transmission to support it.

Ms GLEGHORN - That is correct.

CHAIR - That is what you're saying, isn't it? Am I correct?

Dr BURKE - Yes, that's right.

Ms FINLAY - When you use the word 'aligned' with North West Transmission and Marinus, there have been lots of conversations about them being connected projects. What is the specific technical commercial term for the relationship between Marinus and North West Transmission? Is it just that you are two separate entities aligned or is there a commercial connection, a relationship?

Dr BURKE - Well, it's actually both. We are two separate entities that are quite well aligned, particularly on our program and progress. There's obviously a fairly big interconnectedness on the projects, because you need both projects to work. There are also about four different agreements that are in place between Marinus Link and TasNetworks, including a project coordination agreement, a master service agreement, and then two connection agreements. That's connecting Marinus back into TasNetworks and back into Victoria. So there are actually commercial agreements for the connections as well as agreements to cooperate and coordinate throughout the delivery of the project.

Ms FINLAY - On that, in terms of Marinus and your consideration, obviously there is a strong focus at the moment on the first cable and the first stage of North West Transmission. How progressed are you on the second cable and discussions with TasNetworks on the second stage of North West Transmission?

Dr BURKE - At the moment, our shareholders want us to focus on the development of Stage 1. We haven't had extensive discussions on Stage 2, but Prajit is leading the work in relation to the forward thinking and planning for Stage 2, so I'll hand to Praj.

Mr PARAMESWAR - At this stage, as Collette pointed out, the shareholders and the financiers have asked us to prioritise Stage 1. At this stage, we have not been able to progress Stage 2, but we do want to start working on it as soon as we recommend an FID, which is something that we are going to recommend as Marinus Link, by the end of May.

The key point for us is, we understand that Stage 2 is on the optimal development path in all three scenarios modelled by the Australian Energy Market Operator. There is significant option value, there is significant value in Stage 2 being developed. Of course, there are some other aspects that need to flow through, which is AEMO's modelling needs to continue to ensure and say that it is optimal for us to develop Stage 2. It is optimal from a timing perspective to develop Stage 2, so we are ensuring that there are external triggers in place for us, but also the dispatchable capacity, which is where the value is in Tasmania; that is something that we would need in Tasmania as well to fully maximise the opportunity and benefits of Stage 2. We are working through those elements, but at this stage that's not been our priority. That will be a priority in the first half of the next financial year.

Ms FINLAY - First half of the next financial year, so 12 months out?

Mr PARAMESWAR - Yes, I would - no, it'll be three months out, 1 July 2025, we will start the work.

Ms FINLAY - The coming financial year, thank you.

CHAIR - Can I come back to the interaction on the North West Transmission Developments? I don't understand the whole arrangement between the two companies there, but we know that the North West Transmission Developments - we had TasNetworks here yesterday talking about that to some degree. As I understand it, they still haven't completely finalised the route or got state landholder or landowner agreements for the whole project, et cetera. Is there a risk here that one could be ready and not the other? What does that mean for Marinus Link?

Dr BURKE - We trade our respective programs and our milestone programs for the Marinus Link project as well as the North West Transmission Developments project. They're quite aligned in the completion of the projects and what that commissioning profile looks like. Yes, we have identified there's a risk there if the timing - if there are any delays on either project, what the impact of that is. We've done a current assessment, which is included in what the assessment of potential delays would be in our current cost estimate. We don't think it's significant at this point in time. We're not seeing any concerning issues.

CHAIR - You've got a contingency there, that's what you're saying?

Dr BURKE - Yes.

CHAIR - Built into the cost that you've already outlined.

Dr BURKE - In our normal process when we develop our cost estimate, we would look at things like what the risk profile is, and cost up those risks that we put into our revenue proposal, including risks of delays, we build in float into our program. We look at what the potential outcomes could be in the scenarios around that, and make allowances for that. We believe we understand what their program is and they understand ours and we're aligned, and what the potential risk of variance is.

CHAIR - How does the interaction, assuming that Marinus Link is built and regardless of whether the North West Transmission is or isn't, in any event, the network in Tasmania would be connected - what's the arrangement at that point, between TasNetworks and Marinus Link?

Dr BURKE - As I mentioned before, we have connection agreements that will be in place. Praj, do you want to talk about how they will operate?

Mr PARAMESWAR - Sure. To start off with, if I can also add, Collette, that from a regulatory perspective we also look at the benefits assessment as Project Marinus, which includes Marinus Link and North West. The costs of North West have been included in all our benefit assessments that we've done. On the connection arrangement itself, as Collette rightly pointed out, we'll have agreements with TasNetworks in Tasmania, and at this stage AusNet in Victoria, and VicGrid, which plans to be the Victorian jurisdictional planner. That will give us

the right to access the network. Those rights, of course, will come with some arrangements in place. That's what we're working with TasNetworks -

CHAIR - Financial arrangements, we're talking about?

Mr PARAMESWAR - There will be some financial arrangements in place. We will need to pay a connection charge. You would generally see that we will have some exit fees that we will have to pay, yes.

CHAIR - There'll be a connection charge that TasNetworks is required to pay, am I right? Just to be clear.

Mr PARAMESWAR - We are connecting to the network.

CHAIR - So you'll pay TasNetworks?

Mr PARAMESWAR - We will be obliged to pay TasNetworks to connect, and AEMO for that matter, yes.

CHAIR - Once commissioned, how is Marinus Link expected to be utilised in practice? For example, during a typical year, do you anticipate the interconnect will be exporting at full capacity - from Tasmania, we're talking about - for large periods, making Tasmania a net exporter? Or is it most likely to be on standby except in peak events? I'm trying to understand what it's likely to look like. You can predict the future, I'm sure.

Mr PARAMESWAR - If I were able to predict the future I wouldn't be sitting here. Chair, a very good question. I don't have the modelling at hand, but I can answer it just from the first-principles perspective. During the months of June to October, Tasmania receives two thirds of its inflows. During those months, if the wind blows, in addition to the water coming through, and the sun shines, Tasmania will export most of its energy. In other months, Tasmania will most likely enjoy the opportunity of importing more cost-effective energy from the NEM during the days, as you might be viewing if you do have the time, the prices are mainly negative during the day. The opportunity for Tasmania is to import that energy during those 8-to-10-hour periods when the sun is shining, the wind's blowing, store that energy into the Gordons, the Poatinas and the John Butters, and then respectfully provide that energy to the market when the market needs it the most.

As I said, perhaps during four or five months it will provide a lot of energy to the market because it has the energy which falls from the rain. The other months, I would say it will swing to capacity, which is it will import that energy when the price is right for the energy to be imported and then use the dispatchable capacity that we have in Tasmania to optimise the opportunity.

CHAIR - With climate change, we are seeing quite different rainfall patterns. This year has been a particularly bad year. We spoke to Hydro yesterday about that. The state relied on the Tamar Valley Power Station, the gas-fired power station, to supplement supply to save the water, if you like. What modelling, if any, has Marinus Link done around the impacts of climate change and these changing patterns that could impact this?

Noting in Tasmania we use a lot more energy in winter because we need to be warm, and if we're moving away from other forms of heating then we'll be relying more on electricity for heating, and, on top of that, the transition to decarbonising major industry and the transport sector, et cetera. Can you talk to us about modelling or what understanding you have with regard to the impact of climate change?

Mr PARAMESWAR - Sure. Again, going back to AEMO's inputs and assumptions, AEMO uses 10 different years in terms of what the inflow forecast could be or what the variances could be. Again, I don't have the numbers at hand - but they model anywhere between 6500 gigawatt hours to 10,000 gigawatt hours and the numbers that you perhaps referred to would be close to 7000 gigawatt hours. So there are different years modelled and essentially the ISP includes the outputs from these modelling scenarios. AEMO does look at these constraints. AEMO does look at what the variances could be in terms of the inflow scenarios. Again, that is something that we can provide as part of the IASR workbook, which I've committed to provide, and we'll also provide the overview of the inputs and assumptions which is already included in our Ernst & Young gross benefits modelling.

CHAIR - Just to be clear then, you are saying that AEMO looks at this over a 10-year period which is - that's the past 10-year period, not the future which, of course, is hard to predict. I accept that; but we know that there are changes happening in that space. Is it right that that modelling feeds into the pricing? Hydro could, potentially, make a nice tidy sum if it works well for us.

Mr PARAMESWAR - I wouldn't want to talk and speculate in terms of what Hydro could do but AEMO does look at these weather patterns in its modelling and the future in its modelling is, as you rightly point out, informed by the past many years, and that's the best information that it has, at this stage.

CHAIR - It feeds into the pricing.

Mr PARAMESWAR - If you're referring to the FTI modelling, that is correct. FTI modelling does look at these variables as inputs and essentially models, appropriately so. Every year you'll have a different pattern. There'll be several permutations and combinations that will go into their PLEXOS model to come up with outputs that you're seeing in that FTI report.

Mr BAYLEY - I've got a couple of questions. In terms of the operations of Marinus Link at the moment, understandably you run at an operating loss given you're still in development stage, a loss of \$10 million or so. The 2024 annual report shows an equity contribution of \$167-odd million and then there's discussion about grants as well. Could you just talk the Committee through how you are being kind of funded day-to-day in terms of your operations at the moment? Given you have no independent revenue-generating stream, how are you paying for this? Where's the money come from? You're doing a hell of a lot of work and commissioning a lot of reports and the like. Where is this coming from? Can you give us an idea of which shareholders are giving how much money?

Dr BURKE - At the moment, the shareholder agreement has a different percentage of portion to the shareholding between the Victorian, Tasmanian and Commonwealth governments and they agreed what the equity is, which is 20 per cent of the total cost of the project of \$3.86 billion is the equity contribution. We agree a program of what the equity core will be at different stages throughout the project when we reach certain milestones.

Mr BAYLEY - For example, 2024, the last financial year, I guess is the only one you can really give us information on, what was the contribution from the three shareholders to Marinus Link PL for your operating expenses, and to keep the doors open and the reports flowing?

Dr BURKE - I don't have the total number for this financial year, but I understand that particularly TasNetworks and the State of Tasmania to date have contributed \$103.5 million to the Marinus Link project, that is to date, throughout the project.

Mr BAYLEY - Yes. I understand that. TasNetworks was made whole in last year's budget for that. What about operating expenses going forward? What do you expect in terms of commitments from the three shareholders?

Dr BURKE - As we go through, when we get to our final investment decision and we're issued with a decision from the shareholders of a positive final investment decision, we'll go to financial close, and at that point the shareholders will agree the equity contribution and also what that program of equity release will be.

Mr BAYLEY - I appreciate that. I guess I'm asking you what are those contributions up until that point? To keep you going now, you're running at a \$10 million-a-year loss, according to the last financial year. Someone has to pay for that. Where is that money coming from?

Dr BURKE - We've actually agreed what the equity cap is to get to the final investment decision. I don't have that number at hand, but we can get that during the session.

Mr BAYLEY - Could you provide that for the Committee?

Dr BURKE - Yes, thank you.

Mr BAYLEY - That's an equity cap. Could you just talk us through what is an equity cap - that's the maximum amount each of the shareholders will contribute?

Dr BURKE - It's a maximum amount the collective shareholders have agreed for the development and approval phase to get to FID and to financial close.

Mr BAYLEY - That would be great, I'd appreciate that. Also distinguishing that \$103 million. I'm keen to understand, as I understand it, that's a contribution that's been made -

CHAIR - Will that be fully expended in that amount, or is there -

Mr BAYLEY - Yes. Or are there ongoing contributions from the Tasmanian government as a result?

Dr BURKE - The total equity contribution - I'll get that number for you of just what's been expended to date for all shareholdings, but Tasmanians' total equity contribution for the whole of Marinus Link, for the \$3.86 billion, is 17.7 per cent of the 20 per cent equity share, which is \$137 million in total. So that's the total for the entire process.

CHAIR - That's for the complete build?

Dr BURKE - Yes, but I will get the number.

CHAIR - I think what you're asking, Vica, if I could, is that of the \$103 million that's already been contributed on Tasmania's behalf, how much of that comes into that cap?

Ms GLEGHORN - That's a figure we can come back to the Committee with, yes.

Mr BAYLEY - Yes, I think so. Is there an expectation - is Tasmania making contributions from an ongoing perspective up until that financial investment decision? Or is Tasmania's contribution capped at that \$103 million?

Dr BURKE - I think they haven't been asked to make contributions recently and I think they would then decide what equity commitment they were going to make when they achieve the final investment decision. I will get the number for you for the total expenditure for shareholders to date.

Mr BAYLEY - Thank you.

CHAIR - One assumes that then is a matter for the shareholders to - if Tasmania says, for example, we can't afford to pay our 17 per cent of that amount. That's not a matter for Marinus, it's just a matter for the shareholders to fight out.

Dr BURKE - Yes, so if there is a change in shareholder agreements, if the three shareholders decided to make that change, that is a matter for them, and Marinus Link is not involved in that discussion.

CHAIR - Assuming that Marinus does get the positive decision, what measures are in place to ensure transparency and accountability as the project moves forward? Will Marinus Link provide regular public updates on progress and expenditures? For instance, can we expect annual reports and progress reports to be tabled, such as in Parliament, or what other public visibility will there be during the construction period?

Dr BURKE - Regarding reporting, I am not sure what is actually available publicly. We don't have a requirement from an annual report at present, but that may change if our shareholder agreement changes after final investment decision, but reporting to our shareholders actually occurs on a monthly basis and will occur right throughout the duration of the project, to the shareholders as well as monthly meetings with senior shareholder officials.

CHAIR - So, other than the minister or on Tasmania's behalf, let us just focus on Tasmania here, the minister will get regular updates, it is up to the minister obviously what they do with those, but this is a really high-risk project for the state in terms of the financial contribution required. Maybe it is a question for the shareholder minister, but surely people of Tasmania would be concerned not to have any oversight of this or vision of it?

Dr BURKE - I would think that would be a matter for the shareholders of how they release information publicly, but we have a commitment under the shareholder agreement to report to our shareholders.

CHAIR - Yes, okay. This is again probably not a question for you, there has been some commentary around the decision to relieve TasNetworks of the responsibility and going to a shared federal or Australian Government-, Victorian Government-, Tasmanian Government-ownership of this with the comments made at the time that the Tasmanian share could always be bought out by either the Australian Government and/or Victoria. If that was the case, it could be the fact that Tasmania, if that happened, would have no visibility of what's happening, the cost, which will end up being as part of the regulated asset base, they will then fly back to Tasmania, is that a fair comment?

Dr BURKE - Well, we are not a party to any discussion for a change in shareholder arrangements and so, it's not something that's for Marinus Link to comment on.

Ms GLEGHORN - To add to that, obviously, yes, that's a shareholder discussion with regards to the formal reporting. We certainly have a number of avenues where we're communicating directly with the community with regards to community updates, regular information sessions, formalised liaison groups and community-organised groups. With regards to that, we have our consumer advisory group as well. So, there are other mechanisms within which we have a lot of visibility and obviously through a number of our channels as well, but I take your point with regards to the shareholding agreement.

CHAIR - Yes, I mean the people of Tasmania are most concerned about what it's going to cost them and the impact on their energy bill; that's their direct connection to it. So yes, it's a concern.

Mr GARLAND - How is Marinus Link being coordinated with the development of new renewable generation storage projects in Tasmania? For example, are there commitments or plans from Hydro Tasmania or private developers to build the pumped hydro, wind farms and other projects that would supply energy through Marinus Link? And conversely, what happens if these generation projects face delays or cancellations? Would Marinus Link risk being underutilised?

Dr BURKE - I will hand to Praj, who can talk about that.

Mr PARAMESWAR - Thank you. At this stage, from Marinus Link perspective, we have articulated the need; the case for the need is that AEMO's ISP says Marinus Link is actionable, urgently needed, and that is based on assumptions made by the AEMO in terms of direct relationships or any commitments made to any developers. I don't believe we have made any commitments to any developers, if that answers your question. Chair, can I come back to your question? Sorry, Mr Bayley's question; I believe you asked what is the economic contribution to Victoria from Marinus Link and we refer to the economic contribution being \$1.4 billion in Tasmania. The Ernst & Young report talks about the economic contribution being \$1 billion approximately in Victoria.

Mr BAYLEY - \$1 billion and 993 jobs I think I heard?

Mr PARAMESWAR - Okay, thanks.

CHAIR - Okay. We are pretty much out of time. Is there anything you wanted to add before we wrapped up?

PUBLIC

Dr BURKE - No, but we really thank you for the opportunity to come and join you and discuss our project. We are pretty excited about it and we have made really great progress and hopefully we've been able to answer your questions today.

CHAIR - Thank you, I appreciate that, we will write to you about those couple of matters that you have agreed to take on notice, so thank you for that. It is a really complicated project that most of us have trouble getting our heads around a lot of the stuff. So, I do appreciate you taking the time to more fully explain them for us. So, thank you. Thanks for your time.

WITNESSES - Thank you.

The witnesses withdrew.

The Committee suspended from 10.46 a.m. to 11.01 a.m.

PUBLIC

CHAIR - Thanks, Minister. It is somewhat disappointing that you're online, and the team. We do prefer to have people in front of us, but be that as it may.

What is said before the Committee today is covered by parliamentary privilege that may not extend beyond the hearing, as I'm sure you're aware. It is a public hearing. It is being broadcast, and recorded for *Hansard*. If there's anything of a confidential nature you wish to share with the Committee, you can make that request. Otherwise, it's all in public session, as you would appreciate.

Mr CRAIG LIMKIN, SECRETARY, DEPARTMENT OF STATE GROWTH, **Ms VANESSA PINTO**, ACTING CHIEF EXECUTIVE OFFICER, RENEWABLES, ENERGY, CLIMATE AND FUTURE INDUSTRIES (ReCFIT), **Mr SEAN TERRY**, EXECUTIVE DIRECTOR ENERGY, RENEWABLES, ENERGY, CLIMATE AND FUTURE INDUSTRIES (ReCFIT), and **Mr ADRIAN CHRISTIAN**, DIRECTOR, RENEWABLES, ENERGY, CLIMATE AND FUTURE INDUSTRIES (ReCFIT), DEPARTMENT OF STATE GROWTH, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED VIA WEBEX.

CHAIR - Over to you, Minister, to make some opening comments if you wish to do that. Then we'll direct comments. If there's any concern about who's speaking, and Hansard - we might get you to identify yourselves if we have challenges with that.

Mr DUIGAN - Thanks very much, Chair, and we will do all that we can to make sure it is clear and understandable for Hansard. Thanks for the opportunity to appear before the Committee and continue the ongoing conversation about energy in Tasmania. As mentioned, I have seated at the table with me Craig Limkin, Secretary of State Growth, acting CEO of ReCFIT, Vanessa Pinto, Executive Director of ReCFIT, Sean Terry, and Ace Christian, Director of ReCFIT, who is to my Chief of Staff, Ilise Bourke's left.

I start by acknowledging the traditional owners, the Palawa people, and pay my respects to elders past and present.

I know you've already heard from many witnesses in relation to Tasmania's long and proud history in clean energy, and of course the importance of ensuring access to safe, reliable and affordable energy into the future for Tasmania. It is my strong belief that Tasmania is on the cusp of realising a significant opportunity for our state as Australia and the world look to decarbonise. Using our natural advantages and our existing hydro-powered energy system, Tasmania is well-placed to benefit as we move into the future.

Since my last appearance before the Committee in November, we have continued to focus on progressing Project Marinus, supporting new on-island generation and new emerging industries to grow the economy, and of course working to ensure Tasmanians have access to the lowest possible power prices.

I'm also pleased by progress to bring new energy generation to our state, with four wind farms now in the major projects approval assessment pathway, and changes being made to streamline that process for energy projects. We've also seen progress on solar projects, with Weasel Solar Farm recently submitting its project for EPBC approval. We've run a register of interest and subsequent expression of interest for our hydrogen hub at Bell Bay, and I expect to be in a position to announce the outcome of that process next month.

I was also pleased at the recent launch of the Blue Economy Cooperative Research Centre facility in Lutana in March, boasting one of the largest hydrogen electrolyzers in Australia. As that industry develops, we're seeing a greater focus on alternative clean fuels such as green methanol, methane and biofuels. We are, as a government, developing a future clean-fuel strategy to ensure our policy settings support these industries.

Underpinning all this new load and generation in the state is increased interconnection and on-island transmission. Marinus Link and the North West Transmission Developments will be a critical element to support all these interconnecting elements, including strengthening our energy security, and the ability to continue to deliver the lowest possible power prices for Tasmanian customers. All of these elements point to the critical importance that the energy industry has as an economic driver for our state.

As the Committee will understand, Project Marinus is now nearing final investment decision, a critical milestone for the project and for the Tasmanian government. With the Committee's indulgence, I would like to outline some key elements of the government's approach to its final investment decision. Given the size and scale of this decision, with Marinus currently estimated at a value of \$3.8 billion alone, the final investment decision for Tasmania must be carefully considered and all impacts weighed against the potential benefits. This consideration will be informed by the Project Marinus whole-of-state business case and FID recommendations from the boards of Marinus Link Proprietary Limited and TasNetworks, which are due at the end of May.

Of course, other policy elements and impacts within the government's control will also need to be considered to make an informed decision in Tasmania's best interests. In anticipation of making the decision, I have established a dedicated taskforce made up of a team of experienced senior executives from Renewables, Climate and Future Industries Tasmania (ReCFIT) and Treasury along with other government agencies to advise the government. Separately, an expert advisory panel will also advise me and the energy Committee of Cabinet, which consists of the Premier, the Treasurer and the Minister for the Environment, and this will be comprised of experienced, knowledgeable energy experts from around the country to ensure that we thoroughly consider the advice received.

In terms of the next step, the whole-of-state business case will be considered by the government in coming weeks. Both the boards of Marinus Link and TasNetworks FID recommendations will be provided to shareholders by 31 May 2025. For Marinus, this will go to the Australian, the Victorian and Tasmanian governments. The recommendation for the North West Transmission Developments will come to the Tasmanian government, as owners of TasNetworks.

Along with the other shareholder governments of Marinus Link, we are collectively due to make a final investment decision by August 2025. The Tasmanian government will publicly release the whole-of-state business case 30 days ahead of its final investment decision, as previously committed.

I would thank the Committee for the indulgence of allowing me to read that in and also for its efforts in holding those hearings and I recognise the work you've done over the last couple of days and I'm happy to provide my evidence to you.

CHAIR - Minister, if I can ask at the outset, the people who have been or are to be appointed to the taskforce in this expert advisory committee, can you provide the names of those people to the Committee either now or on a question on notice?

Mr DUIGAN - Yes, certainly, I can take it on notice.

CHAIR - Okay, we'll take it on notice.

Clearly, one of the things that concerns people - and why we've been talking about Marinus particularly, there are other matters obviously in this whole inquiry that we've been looking at - but can you explain to the Committee how you see it's possible that a final investment decision can be contemplated and actually determined before all the costings are known and before the AER has completed its determinations with regard to the cost passed on to customers?

Mr DUIGAN - It's potentially an unusual big decision insofar as there will be some matters outstanding. What is obviously pressing for the shareholders of Marinus is to undertake its big decision prior to the execution of contracts around the cable and the converter station and notices to proceed with those very large aspects of the project so that is the reason for the FID timing being what it is. We're using, as I say, our very best endeavours to know and understand what the likely impacts are and the benefits obviously which form our reason for driving this project forward. We see there are great benefits to the state of Tasmania particularly, but the underlying reason for the timing of the FID is around those very large components of the project which need to be progressed.

CHAIR - In terms of the impact on cost to customers, though, when the AER hasn't made a determination of that, we don't have any guidance at this stage from how the cost will be apportioned; there was an agreement signed by the shareholder ministers with the 27.6 per cent requirement for Tasmania to pay.

I'm just trying to understand that the AER will obviously make a determination based on the regulated asset base of Marinus Link and to make decisions about this before we know what that is, is that putting the cart before the horse?

Mr DUIGAN - Look, the AER has published a draft determination, so we have reasonable understanding of those impacts. The AER has documented the Marinus Link revised milestones, and my understanding is that the AER will be publishing its initial draft decision on 12 May 2025 on the market-tested construction costs, which will be the missing piece to which you allude. Therefore we will have some degree of certainty around the level of cost that will need to be recovered through the building of Project Marinus.

CHAIR - You do accept, though, that's one of the biggest concerns to the Tasmanian people - the cost they'll have to pay?

Mr DUIGAN - Absolutely - understanding the cost implications is critical. That's why we have commissioned the whole-of-state business case, which is a very large and, I would hope, robust piece of work that will really in detail consider, to the very best of our ability with the information available, what the cost implications are but also what the opportunities for Tasmania are.

There are a lot of elements that go together in this project; there are a lot of things to consider. Obviously, cost is one of the very substantial things to consider, and what it does cost Tasmania. We need to be really clear about our expectation that it doesn't unduly burden Tasmanian customers ahead of any other customers who may see benefits. That's one of the real focuses of the government that will drive our decision-making as we consider our final investment decision.

It's really important to know and understand that this is a decision that hasn't been taken yet. We will take our whole-of-state business case, further information from the AER, which is due in the next couple of weeks. We will look at the FID recommendations from both companies, and we will get the best possible people to test that advice before we go making any decisions about what we do for the State of Tasmania.

CHAIR - Minister, if I understand it, you've already agreed that the Tasmanian customers will pay 27.6 per cent of the cost?

Mr DUIGAN - No, I certainly don't agree with that at all. One of the other things that we really need to consider is the fact that Project Marinus is being debt-financed through a very substantial concessionary financing opportunity through the CEFC. Likewise, the North West Transmission Developments is being financed with a high level of very deeply concessional debt funding from CEFC. Those two mechanisms, along with Tarraleah, which also has access to that deeply concessional finance, flow directly through to customers. Those concessional finance arrangements flow directly through to, in the case of North West TD, for example, Tasmanian customers directly.

CHAIR - What is the 27.6 per cent apportionment to Tasmania, with the other part to Victoria, relate to, then?

Mr DUIGAN - That is the cost allocation that is currently proposed. There are a number of things that flow into this, and that's why you would see on the transmission cost, and transmission costs being higher for Tasmanian households in comparison to Victorian households, but then when you look at the net benefit, it is broadly the same across jurisdictions because of these other mechanisms that are contained within the project that flow -

CHAIR - At a later time, perhaps, can you provide a more detailed explanation of how that will work? When we look at this at face value, it seems that Tasmania is taking a disproportionate amount of the cost for our population. When you look at not just the Victorian population, but the whole of the population that's connected to the NEM.

Mr BAYLEY - Disproportionate to ownership as well.

CHAIR - Yes, and our ownership, 17 per cent. If you're able to provide, even at a later time, a detailed explanation of that, because that's not clear to me, and it would be less clear to most people of Tasmania.

Mr DUIGAN - I might ask the Secretary to speak about the detail for which you ask. I know it's not a simple thing, but I would point to the suite of arrangements that make up the project as a whole delivering an equitable outcome. That's as it's designed. Then our job, as a government taking an investment decision, is to make sure that is borne out in fact. Craig, if you have anything to say about that.

Mr LIMKIN - For clarity, the Tasmanian customers will pay 27.6 per cent of the annual maximum allowable revenue (MAR) associated with Marinus Link. I'll talk about the other things, as the minister said, but the 27.6 per cent is the MAR for Marinus Link. The AER provides the assessment of what the MAR is, and that's to cover the costs of project debt, employee debt, depreciation, operation costs, and that's what normally forms the basis of the maximum allowable revenue.

As the Minister said, in our case, because of the arrangements with the Commonwealth and Victoria, our debt is deeply concessional. It's an 80/20 debt-to-equity split for Marinus Link and it is deeply concessional. It's not accurate to say the construction costs of either project is all that the customer pays or is directly linked to what the customers pay. They will pay an annual amount for the life of the asset. Normally those lives of the assets are around or over 50 years, to cover those elements.

The typical MAR as paid by customers is going to be significantly reduced by the concessional financing for the Marinus project. That's your take as your core, and then when you put in, as the Minister said - you know, Tarraleah has deeply concessional rates that are required to go to customers. North West TD has deeply concessional rates which will be required to go to customers. This will start to offset the impact on the MAR and Marinus Link.

You can't just look at this on a project basis. You have to look at it as a program of works that links to deliver an economic development project for our state. All of this will be assessed, as the Minister said, through the whole-of-state business case and through the government taking a final investment decision. This will be the policy advice that our teams provide to the government for the government to consider. That advice, as the Minister said, is not yet done because we have a number of inputs that have to come in, big decisions from the companies, finalisation of AER or draft decisions, so their inputs in, and a number of other things.

What I can say to you, Madam Chair and Committee, is that is the work that we will be doing over the next three months, to provide that advice to the government so they can weigh up the impact on customers as part of their final investment decision that they will take.

Mr BAYLEY - Minister, we had the three government-owned energy businesses in the room yesterday and, understandably, they didn't want to answer too many questions in relation to the government's announced agenda to investigate privatisation of government-owned assets.

A couple of questions for you in relation to this: The Premier, in his state of the state, and since, has ruled out Hydro as the holy cow, and it's not going to be considered for sale. We did hear that Momentum and Entura are wholly owned subsidiaries of Hydro and the staff are considered part of Hydro. As you go into this process and you consider this process, can you categorically rule out job losses in any of the energy businesses, should you go down the pathway of selling and privatising them?

Mr DUIGAN - What I would say is that there is a process underway. I don't think it's in my remit to do any guaranteeing of those types of things. I think what we need to do is make sure we do the work very thoroughly. It's important, as the Premier and I think the Treasurer probably said, that our government businesses are working in the interests of Tasmania and Tasmanians. We will do a detailed and thorough analysis prior to making any decision about

proposed restructuring divestment. I can't answer - I don't think it is in my remit to be answering the question that you talk about. What I'm focused on is making sure that our energy businesses are very active in engaging in the process, so that we know and understand what any implications are or might be. There is a process in train.

Mr BAYLEY - When it comes to that detailed analysis, obviously Tasmanians, when it comes to the energy businesses, are most concerned about a couple of different things. One is jobs and the jobs that are held within those businesses, quite substantial numbers of jobs. The other is costs, that may well be passed on via power bills and power prices. As part of that detailed analysis, are you looking at and will you report publicly on the potential for job losses or rationalisation if any of those businesses are sold? Also, will you be looking specifically at cost implications for Tasmanian customers when it comes to the energy businesses?

Mr DUIGAN - I think, you know, absolutely, if we're saying that these businesses need to run and continue to run irrespective of ownership circumstance, in the best interests of Tasmania and Tasmanians, then cost is absolutely a key consideration there, and in the energy space probably is principle. Given what we have said to our energy businesses since the election in terms of rewriting ministerial expectations that providing power at the lowest possible cost is chief among our expectations, yes, that would be very much one of the considerations.

Mr BAYLEY - One of the considerations, but if the detailed analysis that you're undertaking demonstrates where some rationalisation of jobs within those businesses would be, and/or an increase in cost to consumers, would that be a trigger to then rule out the sale of those businesses?

Mr DUIGAN - I think I need to - as you're probably well aware, this is a process being run by the Treasury. I have limited interaction with that process beyond committing to overseeing the energy businesses as they continue to deliver in the best interests of their customers and Tasmanians, so -

Mr BAYLEY - For you as minister -

Mr DUIGAN - that is not my focus, is on making sure our energy businesses continue to engage with the process, because we are running a process, so that's important, they are the experts in their field, they're the subject matter experts. We need them doing what they are doing and what they have done for a period of time, and that is to deliver affordable energy for Tasmanians.

Mr BAYLEY - I'm asking as minister, then, in terms of your contribution to Cabinet conversations, would you consider a loss of jobs through the rationalisation of those businesses, the privatisation of those businesses, and/or an increase in cost to consumers through transmission prices or power prices, full stop - would you consider that to be a red line that shouldn't be crossed, and therefore those businesses shouldn't be privatised? Is that something you'd be prepared to rule out?

Mr DUIGAN - As I say, this is a process that needs to consider the best interests of Tasmanians, and I think that the things that you highlight there are probably held within that bucket.

PUBLIC

Mr BAYLEY - The interests of Tasmanians would be in the jobs and the costs, yes, I think we would all agree on that, but does that mean then that you wouldn't make decisions to rationalise those businesses?

Mr DUIGAN - As I say, this is a process that is ongoing, that is being run out of Treasury and Finance. I am focused on my businesses doing the jobs that they need to be doing right now.

Mr BAYLEY - I think Tasmanians would like you to set some sort of thresholds or red lines in that regard, but I understand you've got the process going. I think it would be useful and it would be reassuring for government to make clear its intentions, or where those thresholds are, so that when your detailed analysis is public, we can understand on the basis of what your decisions are being made.

CHAIR - I'll take that as a comment. Janie.

Ms FINLAY - So, from that answer, Minister, do you consider that you've been sidelined in the process of consideration of privatisation of the energy businesses? Because yesterday, we heard from TasNetworks, in your portfolio, that they weren't aware of what was being proposed by the Premier with the 99-year lease and others. They were clearly setting themselves apart and separate to government and that consideration, and we also heard from Aurora yesterday, who were so nervous about the process that they've had to engage a lobbyist to protect the interests of Tasmanians.

We heard yesterday from Aurora that a significant number of Tasmanians are in hardship and they're unique in the country in terms of the care that they are giving to Tasmanians, and that could be at risk through privatisation. So as Energy Minister, do you or will you have regard for the energy businesses and the role they play in supporting Tasmanians? Yes, there are jobs and yes, there's cost to consumers, but there's also care to Tasmanians. As Energy Minister, will you play an active role in that and advocate for those businesses and for Tasmanians in the process, or have you been sidelined in that?

Mr FERGUSON - Chair, point of order, if I may briefly.

CHAIR - Michael, we are straying from the terms of reference. Is that the point you wanted to make or -

Mr FERGUSON - That occurred to me, but no. I think we can be - well, no, I wasn't going relevance, but I could very easily, given that there is a different Committee dedicated to that area of interest. No, my point of order is that I think it's wrong to be putting words in the mouths of witnesses that appeared yesterday, and it's unfair on the Minister to receive a question which suggests that Aurora appointed a consultant to protect the interests of Tasmanians. They didn't say that.

CHAIR - No.

Mr FERGUSON - It's unfair on the Minister to get a question like it, so I just want to make that point, and I wouldn't like to see this continue, because otherwise it's just going to be 100 per cent political.

PUBLIC

CHAIR - Yes. Thanks for the comment, Michael. I do take that point. I thought, as you said, Janie, that Aurora's evidence didn't suggest exactly what that person was appointed for. So, we do need to be cautious. There are a couple of processes going on in the government at the moment. So, if you could narrow down your question to a specific question and please try to keep our questions succinct, all of us, that includes me, so that we can get through the information we want to get through today. So, Janie, do you have a specific question?

Ms FINLAY - Yes. As Minister for Energy, are you actively advocating in the process? You seem to defer it to the process, but are you as Energy Minister -

CHAIR - No, no, are you actively considering - just narrow question, Janie, specific question.

Ms FINLAY - Are you actively considering the energy businesses in that process?

Mr DUIGAN - Yes.

CHAIR - Do you have another question, Janie?

Ms FINLAY - Yes, I do. I have two questions. You mentioned the 30 days. Back to the final investment decision and then the process that goes to Tasmanian government's final investment decision, the 30 days, I think it's unclear at this stage when the 30 days commences, and on commencement, whether the 30 days - whether the clock can stop in that time. Exactly at what point does the 30 days commence?

Mr DUIGAN - I believe the shareholders agreement has a provision in it which says 30 days prior to the government or the shareholders taking a FID - I've got some information here:

The government has committed to publicly releasing the whole-of-state business case 30 days before it takes final investment decision. The government expects to take final investment decision in mid-2025.

I expect the whole-of-state business case to be made available on or around 1 July, being 30 days ahead of announcing FID, so on or around 1 July.

Ms FINLAY - Thank you. My final question at this point, Chair: in terms of conversations that you've had internally in government, with advisers, with ReCFIT, with the different departments, have you requested or have you been provided, verbally or otherwise, with any consideration of the pros and cons of Tasmania relinquishing its equity shares, stakeholder share and shareholder share to either the Commonwealth or the Victorian government?

Mr DUIGAN - It has certainly been a topic of some conversation over time. It's one of those things - what is the appropriate level of shareholding for Tasmania to have? I think one of the really key considerations about Tasmania continuing to have a shareholding and an equity stake in the project is the fact that that continues to give us some reserve rights around the FID decision and board membership and our options to put once the project is commissioned. I think there are a number of very good reasons for Tasmania to be around the table. I wouldn't like to see a project of this nature being contemplated without Tasmania having substantial representation because ultimately this is a decision that will affect, in large part,

Tasmania and Tasmania's energy consumers. It is important that this is a Tasmanian idea. It's a Tasmanian project since its inception. It's important that we remain at the table until the link is up and going and, potentially, beyond that.

Ms FINLAY - Thank you.

CHAIR - Can I just follow up, and I'll come to you, Luke, after that?

Minister, currently, as you said, we're in a tripartite ownership of Marinus Link. From your perspective, how is the state ensuring that the state's interests are protected and that governance is sound, particularly as we were out talking to Marinus representatives earlier today and they have no obligation to publicly report. They don't have an annual report or anything like that that they're required to do, or to table in Parliament, for example. I'm interested in how you're ensuring that and will Tasmania have clear decision-making input and transparency in this partnership to oversee project delivery and cost management and what will that look like?

Mr DUIGAN - It's a good question. Obviously, I have regular engagement with the Chair and CEO of Marinus Link and that has continued through all my time in this role. In terms of broader engagement that we have with the project, I think probably the Secretary would have something to say. Tasmania also has a seat on the Marinus board, as you'd be aware but, Craig, you can probably detail how the mechanics of Tasmania's involvement with the project works.

CHAIR - And best interests are served.

Mr DUIGAN - Yes, of course.

Mr LIMKIN - As the Minister said, there is a Tasmanian on the board and he meets regularly with the board. He also has regular conversations with the department, either myself or members of ReCFIT, to understand what are the issues there and the relationships with Marinus and how he represents the best interests of Tasmania through that without causing an issue with his fiduciary duties as being a director.

I have attended the Marinus board meeting a few times to discuss matters directly with the full board to firstly test some assumptions but seek information to help us do it, and also their willingness to provide us with information.

We have a monthly shareholder meeting at officials level. That is a meeting of the Victorian Secretary, me and either the Commonwealth Secretary or Deputy Secretary, depending on availability. At that period of time Marinus Link's Chair and CEO presents information to us, and we act in the best interests of our jurisdictions, but also as a collective group, to make sure that we are testing matters. Through those forums we have personally tested the veracity of costings, we have asked questions regarding timing for government decision-making, we have asked questions numerous about CEFC financing and the terms and conditions around that. That's at a high level. Our team at ReCFIT meets regularly with Marinus at various officer-level meetings to really test cost assumptions, test ways forward to make sure that we're getting the best interest from the state. There is regular reporting.

In addition, we have independent reviews and assurance processes across the suite of projects that are occurring, to make sure that if we have - if there are challenges, those

challenges are picked up early, and that we can have conversations to rectify those issues. Those matters will continue between now and the end of a FID decision, and then we will move to a different mechanism of reporting and management, because once we move into a - should the government take a positive FID, and all the shareholders take a positive FID, we will move to an active project that requires different skills. We will look at how we bolster teams through experts in infrastructure and energy to actually do that. We are not just thinking of a here-and-now focus, we are also thinking on the horizon as well.

CHAIR - If it wasn't for this Committee -

Mr DUIGAN - Just into - the ultimate demonstration of our acting in the best interests will be the fact that the FID decision needs to be unanimous from all shareholders. If Tasmania isn't convinced that it's in our best interests, then that will not be the case.

CHAIR - Okay. The question I was asking is about public reporting. Let's assume for this point a positive decision on that. If it wasn't for this Committee, the public would have very little access to information about the ins and outs of Marinus and the interaction with the North West Transmission Developments, and the whole picture really. Marinus clarified that this morning. They do not have, at this stage, a requirement to publicly report. I hear all the reports that are done internally there.

This will have a significant impact on Tasmania, on every consumer, and particularly on north-west Tasmania in terms of the positive impacts, but also quite negative impacts that will occur potentially if the whole thing is not managed properly in terms of displacement of local people. That's a very genuine concern that I hold, and I know that Craig also holds that. I'm trying to understand what public-facing scrutiny there will be, and what public-facing reporting there will be during the critical stages of this.

Mr DUIGAN - When you talk about the critical stages, they are the construction -

CHAIR - After a positive decision. Let's assume a positive decision.

Mr DUIGAN - Okay. I would imagine MLPL would, like any publicly listed company - well, any proprietary limited company would -

CHAIR - But they have no requirement, Minister, they have no requirement.

Mr DUIGAN - Craig, do you have anything to give comfort here?

Mr LIMKIN - What I would say, first of all, is that the next big decision for the three shareholders is the final investment decision. As the Minister has articulated, the government is committed to putting out a whole state business case, and will inform the community about why they have taken this decision, whether it's positive or negative, whatever the FID decision is.

CHAIR - Beyond that, it will be a public document; I get that, that's the public-facing information. It's if there's a positive decision, Marinus Link said today they have no requirement to publicly report.

Mr LIMKIN - So, I was just clarifying, Madam Chair, that's the next big decision, as the Minister said, by August. Following that, should it be a positive FID, like any construction project, Marinus will move into public reporting in relation to how they will work with the community on matters, how they will have to inform the community about construction time and everything. So, my expectation, and everything that I have been told at this stage, is that Marinus will provide the shareholders with information on how they publicly report and move forward with the project as part of the final investment decision that will be able to be weighed up for that.

If you are looking for a requirement for public reporting in relation to financials, like an ASX company for example, I will have to consider that and provide some advice in the future because at the moment Marinus is not required to because it is not a public entity that is required to publicly report under the shareholders agreement.

CHAIR - No, but it's owned by the people of Australia. It is owned by the people of Australia. So, Minister, you're the shareholder, okay, so you will get information as the shareholder. Can you make any commitments about publicly informing Tasmanians about the progress, and I am talking post-FID, as a positive FID, because otherwise this could completely blow out of the water in terms of cost and then those costs will be passed on, et cetera, or do we need to re-establish a Committee? What do we need to do to ensure there is public vision of what's going on?

Mr DUIGAN - I think it probably demonstrates another good reason for Tasmania continuing to have a seat at the table and certainly that aspect hasn't been necessarily at the forefront of my thinking, but I think that it probably does raise a question about what the public-facing reporting would look like and that is probably a space that we could look at.

CHAIR - Well, maybe you could come back to the Committee with your thoughts on that if it has not really been fully contemplated.

Mr DUIGAN - Yes, as I say.

Ms FINLAY - Thank you and I think, Chair, your questions on that are really critical because it seems unclear how that public reporting will happen, even in the mind of the Minister. Can I just clarify for my own language, so there will be a recommendation to the shareholders which is called a final investment decision around 31 May and then the whole-of-business case comes out 30 days prior to August and then there is -

So each, Victoria, the Commonwealth and Tasmania all do their individual contemplations of what has been recommended to be that final decision and then you will have your own Tasmanian final investment decision and then it will collectively come together and make and then you will go to financial close. So, is there sort of two FIDS, a combined one, which is a recommendation that you all then go away and contemplate and that is where the whole-of-business case is considered? So, 31 May, 1 August with 30 days prior, which is July, and then you go to financial close, are they the correct steps?

Mr DUIGAN - So, MLPL and TasNetworks, the North West TD, will provide FID recommendations on 31 May. Shareholders in the case of Marinus, MLPL, will take on board that recommendation. The Tasmanian government will take the TasNetworks one, consider that. The whole-of-state business case will then be considered as part of that, be one of the

inputs for the state government to make a final investment decision and then all three shareholders will come together, as I understand it, in August to communicate what would need to be a unanimous position for the project to go ahead.

Ms FINLAY - Thank you. That is what I thought.

But I think a little bit like you said before, unless we had this Committee, that would have been completely not understood publicly.

Mr GARLAND - I want to talk about community solar banks. In January 2025, the Commonwealth government announced its \$100 million Community Solar Bank initiative. The investment will provide shared solar systems and help to lower electricity costs for more than 25,000 households. This will create a fairer electricity system and reduce emissions. The Australian Government is partnering with states and territories to deliver this program. Shared Community Solar Banks help households who can't install their own systems. This will allow more households to benefit from renewable energy, including people who rent their homes, live in apartments or can't afford to install their own system.

As part of this program, projects have been announced in Queensland, New South Wales, Victoria, Western Australia, the Australian Capital Territory and the Northern Territory.

CHAIR - Get to your question, Craig.

Mr GARLAND - Tasmania has the lowest solar uptake in the country. Why, Minister, is Tasmania not a part of this program?

Mr DUIGAN - I would point to the fact that I think the growth of solar PV installations in Tasmania is the second highest in the nation, only behind New South Wales at the moment. I think it's been a slow burn, but we are seeing pretty substantial growth in solar installations in the state and that's great and we really support that through our Energy Saver Loan Scheme and various other implications. As to why Tasmania is not included in that national scheme - and I think Ace -

Mr CHRISTIAN - I don't have any information on that particular program.

CHAIR - Adrian Christian, that was.

Mr DUIGAN - We have nothing particular on that national program.

Mr GARLAND - According to AEMO's 2024 ISP, if consumer energy resources, rooftop solar, batteries, et cetera, are well coordinated, they help deliver reliable and secure energy, offset the need for grid scale investment and reduce costs for consumers as well as the energy sector emissions. Without effective coordination of consumer batteries, around \$4.1 billion of additional grid scale investment would be needed, increasing the costs that are reflected in consumer bills. That figure is nationwide.

It has also been acknowledged that they are -

CHAIR - Question?

Mr GARLAND - I will get to it in one second - they are disruptive to the business model of transmission network providers. What is TasNetworks' role in this coordination of consumer batteries and what role does or should the state government play?

Mr DUIGAN - It's an exciting and evolving space, the consumer resources area and one that I think Tasmanians would be interested in playing more of a role. TasNetworks, as you may be aware, has secured some funding for the rollout of, I think, eight community scale batteries and it's in the process of initiating delivery of two of those community batteries at Shorewood Park and Glebe Hill. We're in the process now, I think April, TasNetworks is planning to have these batteries on the ground in April to enable a commissioning process with a launch to follow. I've been informed that design and procurement activities have now commenced along with community and stakeholder engagement. It's very much my expectation that TasNetworks is active in this space. As I've said, it's a good place for Tasmania to be active. I think we've got communities of people who are very interested in this.

So currently two batteries are out on the ground and there are also plans for a further six community batteries at the following proposed locations - Hobart, Launceston, Brighton, Kingborough, West Tamar and Glamorgan-Spring Bay. As I say, it is an evolving space. Ace, I'm not sure whether again, more generally, you have anything to say here as to CER (consumer energy resources) and Tasmania's operations in this space?

CHAIR - Could you pass the microphone up a bit, Minister?

Mr DUIGAN - Sorry.

Mr CHRISTIAN - Through you, Minister. Mr Garland is exactly right. The ISP includes, if you look at the forward period of the ISP, there are rather large assumptions about the role that consumer energy resources will play in meeting energy needs and offsetting the need for otherwise grid-scale investments. That's certainly the case and we remain actively involved in the work program coming through the Energy Ministers Council, on the policy arrangements to support CER. It's a main focus for the AEMC and for the Energy Ministers Council.

Mr GARLAND - Minister, the cheapest form of renewable energy is solar. According to the AEMO Step Change ISP for 2024, AEMO has modelled the least-cost method to meet the growth in electricity use projected to 2040 is by increasing our rooftop solar generation from 240 megawatts to 1.7 gigawatts, which is almost a fivefold increase in where we are now. Minister, we know you have grand plans for major wind farm developments, but what policy targets and initiatives do you have to meet this fivefold increase in rooftop solar generation over the next 15 years?

Mr DUIGAN - What I would say is that we have a very firm policy of doubling our renewable energy generation by 2040. That's the thing that keeps us on track and keeps us looking at all of the options that are available to us. As I said, we're seeing really good growth in the number of rooftop solar installations that are going in in Tasmania. We are the second highest level of growth for that particular thing; I think we are the state that probably has the lowest capacity factor in our solar offerings, that doesn't mean that they're not viable, because they are. We're seeing that, I think, also not just in rooftop PV, but we're also seeing that because of substantial interest and indeed commencement of grid-scale solar projects in the state as well. As you would be aware, currently there are multiple numbers of grid-scale solar

projects that we are looking to get off the ground and supporting through our energy businesses like Hydro Tasmania.

Again, I point to the Energy Saver Loan Scheme being a great enabler of building solar; it's been the principal beneficiary of that scheme with more than \$50,000 worth of loans facilitated through that.

I'll read in, as of 31 March 2025, there have been, this is around the Energy Saver Loan Scheme, 6278 applications settled at over \$52 million in value, that's 78 GW hours of energy generated through solar PV. Due to the success of the scheme, it's now projected that up to \$65 million in loans will be settled by October 2025. It has been an excellent driver of rooftop PV and I would say that currently as we stand, rooftop PV in Tasmania goes on to meet around 3.3 per cent of our annual energy generation.

So more to do, and as I say we are we are interested in electricity generation of all shapes and sizes and that, I think, is a good story.

CHAIR - I'll go to Vica and I'll come back to Luke.

Mr BAYLEY - Thanks. Minister, I'm keen to understand a little bit more about the landowner consultation and compensation process and how that's rolling out in terms of North West Transmission Developments. TasNetworks has been tasked with developing a fair and contemporary compensation framework for farmers, which is obviously welcome, and that includes strategic benefit payments, buyback options, clarity on route selection and eventual decommissioning. The questions are:

- (1) How is that going? Can you give the Committee an update on progress in that regard?
- (2) What's the government oversight of TasNetworks in relation to that process, the principles that guide the framework and the like?
- (3) Very specifically, how will payments be calculated in relation to compulsory acquisition or other impacts on landowners and how do you guarantee that it's going to be fair and equitable?

CHAIR - There are a few questions here.

Mr DUIGAN - I am happy to talk about that because I think it's an important one and one that we seek to get right.

What is very important to recognise is that landowner compensation is structured and delivered through the *Land Acquisition Act* (LAA), through the payment for easements and that's where I see very much the compensation story being told. That's about paying for the land on which the easement will run. If there is injury to the business through the fact that you can't run your pivot through its full range of operation, you should be compensated for that. LAA is where that lives.

The Strategic Benefit Payment is essentially, in my view, a way to facilitate having the conversation, to 'open the gates' if you will. We want to have a payment to farmers, given that farmers often bear a disproportionate weight of hosting transmission facilities. A lot of us get the benefits of these projects when they're up and going and reliable power to our homes, but

farmers actually have towers on their land so there is good reason for providing some compensation for that and that is through LAA.

What we want to do is have a process whereby they feel incentivised to open the gate and have those conversations with TasNetworks. We want the absolute least level of disruption to any farming operations, and that requires, obviously, pretty detailed conversations between farmers and TasNetworks, land agents, about tower placements and alignments and all those sorts of things. It tends to be a conversation that can take a while to evolve.

Currently, we are engaging with TasFarmers, and have been for some time, and I think it's probably fair to say that our expectations are still some distance apart as it relates to the Strategic Benefit Payment, and we will continue to have conversations. I am looking forward to some facilitated discussions happening in the coming weeks to enable us to get to that fair and reasonable place that I believe everybody hopes to get to.

It's worth noting that LAA payments and, of course, the Strategic Benefit Payment form part of the project costs and ultimately come at a cost to energy consumers, so making sure we don't disproportionately burden energy consumers to unduly compensate a smallish section of the community is also an important consideration. But fair to say that we are taking our cues from the Strategic Benefit payments that have been enacted in other jurisdictions, New South Wales and Victoria particularly, and to a lesser extent Queensland, but work is ongoing.

CHAIR - Did that answer your question, Vica, or not?

Mr BAYLEY - That's good.

In relation to the *Land Acquisition Act*, what do you see your role as minister in overseeing and ensuring the fairness? I've heard you articulate there the balancing act that I can appreciate in terms of compensation versus cost to consumers. What's your role as minister in overseeing and making sure that that is indeed fair, equitable and appropriate?

Mr DUIGAN - In terms of LAA, ReCFIT is involved, but it is a valuation proposition, essentially. Making sure that that is fair and equitable, whenever that tool is used, for whatever reason it's used - and I haven't heard many complaints from people regarding easement payments and those sorts of things, that it's not fair and reasonable. Obviously it's a two-way conversation because we need to compensate for the land but also compensate for a range of other potential industries. It is a service that's delivered by the Valuer-General, as you'd probably expect it to be.

Mr BAYLEY - I appreciate that, and I appreciate ReCFIT would be the ones at the coalface negotiating with those landowners. I reflect on the experience in my electorate in relation to the fifth lane of the Southern Outlet. There was a lot of discontent from those landowners, not only in terms of payments, but process. There was a lot of concern and a lot of attempted engagement with the Minister to intervene and introduce some clarity into what was going on, and they had a difficult time there. I'm looking for a commitment from you around a personal engagement around this to make sure that the process that is undertaken is fair, equitable and transparent, not only in terms of those payments but in terms of route selection and assessment itself.

Mr DUIGAN - Right, sorry, so apparently in my previous answer I may have conflated the fact that LAA is done at arm's length by the Valuer-General. Strategic Benefit Payment - TasNetworks is doing a lot of the work on that, with support from ReCFIT. There is some separation of those two elements.

Mr Bayley, in terms of your question around LAA, again, it is a process run by the Valuer-General. I'm not sure that it's incumbent on me to be making any commitments here about that process, noting that it is at arm's length from the government.

Mr BAYLEY - Look, the final compensation decisions and the land value assessments I accept are done by the Valuer-General, but it's clearly the department that manages those conversations with landowners. As I indicated, the experience in relation to the fifth lane on the Southern Outlet was less than satisfactory for a lot of those landowners. They were seeking a greater ministerial engagement in that process so that some of those things can get ironed out. I was just looking for a commitment that you would keep in touch with those landowners and ride that process hard and closely to make sure that it was doing the job it is, and the Act is being implemented in the way that it's intended.

Mr DUIGAN - I fully support the intent of that question. We value our farmers and I want to see them duly compensated for hosting transmission. As I've said, I recognise the fact that they bear a disproportionate burden in this space. Yes, I want a fair and equitable outcome, and that would be my commitment to them.

CHAIR - I want to make the point on that, if I might, Vica. Thank you for separating out the value proposition that's assessed by the Valuer-General. The value of the land is a tiny proportion of the strategic value of that asset, if it impacts on the capacity to farm, it separates their farm in half or something, whatever. Just to be clear, the strategic value assessment is a process that's being undertaken by ReCFIT, is that correct?

Mr DUIGAN - The Strategic Benefit Payment is essentially something that is being, in the first instance, negotiated by TasNetworks with individual landowners, with the support of ReCFIT.

CHAIR - That will form a portion of any compensation payment in addition to or included in what's the value of the land as assessed by the Valuer-General. Am I right?

Mr DUIGAN - That would be a flat per kilometre, or per pole per kilometre

CHAIR - Per square metre?

Mr DUIGAN - No, per kilometre, a linear measurement. For example, if you host in New South Wales an ISP transmission line, a 330KV line, for one kilometre, you will receive \$200,000, paid over, I think, 20 years, thereabouts, in addition to what you receive as compensation for the easement from the Valuer-General, which would be a separate larger payment.

CHAIR - To be really clear about that, I think it's important that the landowners understand it. If you need to further clarify this afterwards, there was some confusion there, we're happy for you to do that at a later point.

PUBLIC

Mr DUIGAN - I am and happy to clarify it now if anyone would like me to do that.

CHAIR - You're happy with your response now?

Mr DUIGAN - I believe so.

CHAIR - Okay, I'm just giving the opportunity.

Mr DUIGAN - Thank you very much, appreciate it.

CHAIR - I don't want to railroad you.

I'll go to Janie. I think Michael just put his hand up, but I'll go to Craig and then to Michael. So, Janie, to you first.

Ms FINLAY - Thank you. I've got two questions. Minister, since you invited that clarification, can I confirm: you don't have a current algorithm for calculating that Strategic Benefit Payment agreement with landowners yet though, do you?

Mr DUIGAN - No. That is still a work in progress.

Ms FINLAY - Great. So, my first of two questions, speaking of communities, is it still your intention to declare a REZ in the north-west?

Mr DUIGAN - As you obviously would be aware, we put out draft legislation and did do some community consultation in the north-west, which was floated as our first REZ (Renewable Energy Zone) declaration. We're currently in the process of having a good hard look at what we heard from the community, because I think what I have repeatedly said publicly, I wouldn't be in the business of, you know, recklessly declaring a REZ if it was determined to be not supported by the community that we're asking to host it. What we're doing at the minute is having a good look at what we heard, because there were obviously the open meetings, but then there was quite a degree of tighter and more focused consultation, some one-on-one sessions that we did up there - attracted to all the things that the REZ presents, but still looking to understand whether that's the best way to do it or is there another way?

Ms FINLAY - Thank you for the update. I appreciate that. What's the time frame do you think on a decision on that?

Mr DUIGAN - I think we're getting close to having a pretty good handle on what we heard - midyear.

Ms FINLAY - Going from north-west out to Bell Bay, the work on the offshore terminal, just wondering how progressed the business case for that is and when you're intending for that to be completed? Also, if it's fully funded to get to completion?

Mr DUIGAN - The offshore terminal is obviously of interest to us, but it is a piece of work that sits in the TasPorts remit. There might be an update that the ReCFIT team, who would have been briefed in recent times, may be able to provide. That would be Ms Pinto, Acting CEO of ReCFIT.

Ms PINTO - Thank you. Through you, Minister. My understanding is TasPorts is actively progressing this as a development. Some of the areas that they're looking at is the area of coverage that's needed for the terminal. They're looking at what the options would be within the Bell Bay area to achieve that quantum of area. That's part of the in-depth work that they're doing at the moment.

Of course, they're also looking at where the development opportunities are for that, noting that this is an area that Victoria, has as a part of their policy position, has legislated to develop offshore wind, so there's certainly a market for offshore wind development. A terminal of this nature would be crucial for being able to bring in all of the component parts within the base and also within the turbines for then moving across to wherever the locations are offshore. That offshore area off Gippsland is one of the areas. As I understand it, there's a lot of active work that TasPorts is continuing.

Mr DUIGAN - I can add to that a little bit with TasPorts working towards completing a comprehensive business case by mid-2026, subject to funding and commercial agreements with industry proponents. Through the Office of the Coordinator-General, the Tasmanian Government has developed a pathway and prepared an application to the Australian Government for an appropriate funding source to support scoping, design and planning studies to service some of the increased maritime demand at Bell Bay - so, a business case by 2026.

Ms FINLAY - Minister, or through you to someone else, by mid-2026, does that time frame sit comfortably in terms of being able to then benefit from the opportunities? Mid-2026 seems late for the business case.

Mr DUIGAN - Again, it's work that TasPorts is doing, so I'm not sure that I would be commenting necessarily on that, but anyone, Secretary, might have something to say.

Mr LIMKIN - What I understand is that TasPorts is in regular contact with potential wind partners and has been engaging in discussions on logistic matters, timing, et cetera. The advice I have from TasPorts is that the timing they are working on has been worked through with those industry partners.

Ms FINLAY - Thank you. In your introduction, Minister, you mentioned making a determination on the lead project for the hydrogen hub, and you said that you were hoping to get to that next month. I'm assuming that's May. Do you have any idea about whether that's likely to be mid or late May, or likely to push out from there?

Mr DUIGAN - I believe the date that has been communicated with proponents is 1 June, so late May would be my expectation for a formal announcement to be made.

Mr GARLAND - Minister, I have a question from an affected land owner in your electorate. How will the compensation scheme seek to compensate property owners who don't host transmission facilities but whose land will be devalued as a result of these huge wind turbines or transmission towers?

Mr DUIGAN - As we were discussing with Renewable Energy Zones, community benefit schemes are probably the most prospective way for people who don't host them. If you host a wind turbine, you obviously get paid for hosting that turbine. If it's in the paddock next door, you don't. That's part of what REZ legislation is - defining what should be the community

benefit for community disproportionately affected by hosting a renewable energy asset for the greater good of the state. That is work we would seek to do. In the case of Cellars Hill Wind Farm, I believe, they're talking about a \$1000 discount to your power bill every year if you live within - I would be guessing as to what distance away from the turbine - but you know, within a reasonable distance of that wind farm or the LGA. So, these are some of the emerging things that I think will really help because, for the life of the wind farm you get \$1000 a year off your power bill, then you might be persuaded that that is a good thing to do.

So, again, as we seek to nail down what community benefit schemes look like, I think those pieces of work hold the answer to the question that the constituent is asking.

Mr GARLAND - Okay, thank you. Also, is your department planning for a scenario where Marinus Link does not proceed as a project and, if so, what does it look like, particularly in terms of additional renewable energy generation in Tasmania?

Mr DUIGAN - The no-Marinus scenario - look, it is certainly one of the considerations. What I do know of the whole-of-state business case, it does contemplate the no-Marinus scenario, so we get an understanding of what the energy landscape looks like in Tasmania with Marinus and with no Marinus - understanding what power prices look like, understanding what investment potential looks like, understanding all of those things, which I think is important.

In terms of what we would then do, and I have given it some anecdotal thought, but I must admit most of my energy has been around framing up the best possible way to make a decision on Marinus, and I think what we do if it doesn't go ahead, I think that that is - just as an aside, one of the really interesting things that does occur to me and is contemplated, is the fact that, at some point, Basslink will come to the end of its working life, potentially in 20 years or so, and we will need to then consider what we do in that circumstance.

Further interconnection, I think everybody would agree that a level of interconnection is required for energy security on-island, and knowing how long something like an interconnector between Tasmania and the mainland takes to plan, progress and build, that would roll around pretty quickly as well. So, that is another thing that I think about in a no-Marinus scenario, our energy security going forward. I better ask the department what work they have done around thinking about no Marinus. Thank you, Sean Terry.

Mr TERRY - Look, there is not a specific body of work where we have gone out and modelled a whole range of scenarios. Certainly, our focus is on Marinus Link and the North West Transmission to be on and meeting our Tasmanian renewable energy target; but if there was a decision around no Marinus, then it is not like we'd have to have this work done straight away, so we've got time to go away and look at what a new kind of energy landscape looks for in Tasmania in that kind of scenario.

So, you are kind of looking - planning out to 2030 and 2040, but I would have to say our focus is very much on Marinus 1, North West and the Tasmanian Renewable Energy Target. If that changes, we will just recalibrate our thinking and our forward planning.

CHAIR - Can I follow up on that question, just one thing on that. I take on board your comments, Minister, about Basslink has a life and we know it has had one disastrous outage, in 2016 I think it was from memory, so we do understand that. But I would have hoped that you would be encouraging your department to be thinking about the state being more self-

reliant, including with the transition away from fossil fuels in our transport sector, in our major industries, which is going to require additional energy regardless of whether we build a new link and have an existing link or not. Isn't that a fact?

Mr DUIGAN - Yes, it certainly is. You know, what I think we have to recognise is the link enables all the investment in new generation. It's much more difficult to frame up a case for a new generation on-island without the link; the link is an enabler for a whole lot of economic development on-island. We're about to go out for consultation on our future clean energy fuels strategy, things like that - and Project Marinus enables all of those things. Tasmania has its own small market functions and we could meet our needs, no doubt about that, but the economic opportunity is much greater than that. That's where our thinking is.

Mr FERGUSON - Thanks, Minister, and your team for your answers. I really appreciate your subject knowledge and your openness with us on those questions - some easy, some hard. My main question concerns workforce development and training. Before we do that, Chair, if I may, I want to pick up a final or a further question on the matters to do with LAA and Strategic Benefit Payments.

Minister, while you're working through that and no doubt trying to find a happy medium, if I can put it that way, between land owners and the energy business, I just want to clarify, who would pay for any increased financial outlay in the form of a Strategic Benefits Payment? Through what mechanism would it be paid? Would it be through TasNetworks? If so, how is it recovered? Is it authorised through a change to the maximum allowed revenue (MAR) through the federal regulator, or is it just less profitability to TasNetworks and therefore less dividends?

What I'm getting at is, through what way will it be paid, and is it the case that it will be paid by, effectively, the Tasmanian people?

Mr DUIGAN - It will be paid for by the Tasmanian people. It would need to be approved by the AER for TasNetworks to recover that cost. As you would be aware, the AER has very strict guidelines about only approving what is - it has a special set of words - 'prudent and efficient'. There have been examples where the AER - in New South Wales and Victoria, I believe - has agreed to those Strategic Benefits Payments being able to be recovered by the transmission provider through charges to customers, but that would be the mechanism.

Obviously, there is a substantial tension between keeping our power prices as low as they can be and providing a further level of compensation and incentive to landowners to host transmission.

Mr FERGUSON - Thank you. Just to clarify, did you just say that in Victoria and New South Wales, one or both of them, that's what's occurred? An amount has been authorised through the MAR by the regulator?

Mr DUIGAN - Yes, that's my understanding, that the AER has approved that recovery in those jurisdictions. Ours would also, as I understand it, need to be approved by the AER.

Mr FERGUSON - It would need to be justified. Are you able to say today, or take it on notice, whether it's at full value? Has the AER recognised the Strategic Benefits Payments at

full value, or have they said, 'No, you've paid this amount but we're only prepared to accept this lower amount as 'prudent and efficient'.?'

Mr DUIGAN - I would need to take that on notice. My understanding, and in discussions that we have had, is that as the Strategic Benefits Payment goes up, you run into the likelihood that the AER would not approve it, and then it would be a budget risk.

Mr FERGUSON - I wonder if you might be good enough to take that on notice and come back to the Committee. It's of interest to me, because for anybody who supports the principle of Strategic Benefit Payment, I want to be cautious that it doesn't lead to an unreasonable increase in power prices for our everyday Tasmanians because it is very clear that that is exactly what will happen. Striking a healthy balance is very important to me. Thank you for your answers.

Chair, if I may go on to workforce development? This morning we spoke with Marinus Link, and, broadly, they're saying 'on track' for the critical path, both for the shore-based converter stations and cable orders and so on, and then broadly on track for the overall project delivery to the end of the decade. Both I and the Chair asked questions about that, and the Chair's focus was around how we can make sure that young people - well, all people, but in particular young people in the north-west - can get their slice of the Tasmanian economic reward for being part of this big investment. I share that interest from the northern community, and I think we all share it around the state.

I recognise that a lot of this will be in a different minister's portfolio, but I hope that you're able to tell us about what the government is able to do, with or without other levels of government, to really make sure that when the tenders are released and awarded and contractors start employing and getting subcontractors on the ground and on the water to deliver the project, that as much as possible, Tasmania has been ready, willing, and able to put forward the workforce. Would you speak to that for me? If you need to take it on notice because there's more work required, that'd be fine, but I think today's an opportunity to ask that question and stimulate that response.

Mr DUIGAN - Thank you, Mr Ferguson, appreciate that question. It is our great opportunity, but no doubt it provides and presents some challenges as well. Perhaps the most obvious thing that we're doing in conjunction with the Commonwealth government is the investment of, I think, \$27.5 million into the renewable energy centre of excellence in Burnie, which will be a facility aimed at skilling up Tasmanians to meet the workforce needs of what we would see as very large and very likely investments in renewable energy. There is that piece of work around providing a training opportunity for those people.

It's so critically important that that work is done in close consultation with industry, because I think there is a great need for industry to inform what the workforce makeup that we will need is. That's work, and obviously the Minister for Skills and Training, Mr Ellis, is leading that and doing the work there, and I know industry is engaged. That's a really important part of what we're doing.

In our energy businesses, I would point to their apprentice programs, where we are seeing increasing numbers, increasing interest in the Hydro and TasNetworks apprenticeship programs. They are important elements to this. We are, again, in consultation with industry, working on our Bell Bay renewable services hub, which is aiming to get the industries around

Bell Bay tooled up to participate in the delivery of more renewables. Vanessa, I know you've been working there to hear what industry is saying.

Through ReCFIT, also, we have our Renewable Energy Approval Pathway, which is a new initiative and backed with \$14 million worth of funding. That has case managers. Each renewable proponent in the state has a dedicated case manager. We're going out and talking to those proponents and trying to understand what they see as their needs. That's important that they're feeding that back to us. Again, more broadly across government, I would talk to areas like our high-vis army programs and things in that skills and training centre that are hoping to provide a skills pathway, noting that we will need lots of people. One of the things that potentially has been missing has been the large signal, and I would have to say that I see Project Marinus as that very large flag dropping to say to people in Tasmania and beyond, that this is real and this is happening, and we will need people to fulfil this project and this destiny for our state.

Mr FERGUSON - Thank you. Chair, if I may just bookend this subject, where the Minister might be prepared to - how will I put this - Minister, would you work with your colleague Minister for Skills and Training, as well as the Education Minister, so Ministers Ellis and Palmer? Given that there will be a decision, potentially, to go ahead as soon as August this year, that would be the green light to really activate that careful planning of not just provision of education and training, but how we activate the people who ought to be involved in this and can reach for really well-paying jobs and start to plan for that.

The Chair this morning mentioned kids in high school. I think that's absolutely spot-on. Kids in grade 9,10,11,12 this August, we should be reaching out to them very proactively and saying 'think of yourself as helping to build this'. I won't labour the point, but it will require much more than just building a centre of excellence.

CHAIR - Do you have a question, Michael?

Mr FERGUSON - Yes, I'm asking the Minister if he will develop that really strategic piece of work with those colleagues and perhaps the other levels of government?

Mr DUIGAN - Thank you. I absolutely take your point.

CHAIR - Luke?

Mr EDMUNDS - Thank you. My question goes right back to when we were talking about the privatisation work that's been done and announced, and your comments about the analysis and the implications. Do you expect that work to include modelling around costs for consumers and, indeed, jobs?

Mr DUIGAN - I would expect this to be very detailed work. I don't believe anybody would expect us to embark on decisions of this nature and importance without having done the work. I would think the businesses - and that's certainly been my advice to the energy businesses - is to make sure that they're feeding into this process with the highest level of detail available to them. Of course, we are only interested in doing things that benefit the state. Obviously, costs and employment implications are things that would be taken into consideration.

Mr EDMUNDS - You expect the businesses to be quite proactive during this process?

Mr DUIGAN - Certainly that's been my advice to the energy businesses, yes.

Mr EDMUNDS - Yesterday, TasNetworks said that they've had no requests for any information through the process. That's good feedback, thank you. That was going to be my question, about whether you would encourage it.

My last question on that would be, those recommendations should not be made without the clear input from Tasmania's energy businesses?

Mr DUIGAN - Certainly, my advice to those businesses for which I have a responsibility is to make sure that they are active participants in the process. I don't have the visibility into the process - it's been run out of the Department of Treasury. At what stage that process is, I can't comment on, but I would certainly expect them to be taking advice from the energy businesses, which are, as you know, large mature businesses.

Mr EDMUNDS - Appreciate it. Thank you.

CHAIR - Minister, just to pick up the other point that I raised with Marinus, as Michael referred to, was the training and the opportunities there for the north-west coast, particularly, which would host the key infrastructure. The other impact there that is critical is the access to housing and the transport; including I am talking about transport across Bass Strait. You know, if a lot of those workers, particularly the highly and specialised skilled workers, needed to fly across on a regular basis, that will just about occupy the majority of seats coming into the north-west, which then disenfranchises north-west residents.

So, can you inform the Committee as to what your role is in addressing the very real issue of housing and having local north-west coasters displaced from their homes? If rents are put up, the company can pay higher rental considerations and the transport piece and what action you will be pursuing to address those very real challenges?

Mr DUIGAN - Thank you, Chair. Certainly, as a cabinet, we have been around the state and speaking to the Burnie City Council around its concerns in this space and its thoughts. You know, it is a situation that we will face; housing will continue to present issues for us in my own patch, which includes George Town and Bell Bay.

The local government there has been doing quite a bit of work in considering how it meets these sorts of challenges. I think in the broader housing-transport context, we do have the Secretary of State Growth sitting with us. Certainly from an energy perspective it is, to some degree, removed from my direct responsibilities, but Craig, you would have some visibility here.

Mr LIMKIN - Thank you, Minister, and through you. Madam Chair, one of the things that we have already commenced doing - and I will use a skills example in a second - across the various portfolios in State Growth is preparing some preparatory work should the government take a positive FID decision on Marinus in its board.

A wide range of various mechanisms or elements we need to consider going forward. So, just going back to Mr Ferguson's question on skills: the government currently has an Energy

Skills Compact and Associated Priority Action Plan, which was signed on 14 November 2023, and this is a partnership between the Government and industry on how do we get the skills in relation to delivering these major renewable projects? And those priority actions do not, at this stage, consider a narrowness moving forward.

It signals that the plan would need to be changed subject to the Government making that final investment decision on Marinus. And so, we would then work with industries such as the Civil Contractor Federation Tasmania, Fulton Hogan, TasNetworks, Hydro, to really update and plan out the implementation of this. We've got to remember that, should the government move Marinus forward or the shareholders move Marinus forward, it is not an instant decision.

We have some time to plan, but we are doing the preparatory work as well. In relation to housing, for example, the government has the Housing Strategy and the Housing Action Plan, with a number of key actions by region. Similarly, we would work with Homes Tasmania and within the Department to look at how do we update that plan given that Marinus is an economic development opportunity, it's not just an energy development opportunity, so it brings in the opportunity for our civil sector, our skills, our housing and construction industry. And so, that will be updated. One of the things that we have already commenced work on with all the energy businesses, Hydro, Marinus, and TasNetworks, is a planning on what we would do on our roads and looking at how do we model the potential impact on our roads of additional construction vehicle movements, moving of kit, et cetera.

As I have said, we haven't started that work but we've begun the pre-planning work to commence that work. We will work across government, should the Government make this decision, across all the portfolios impacted. You mentioned impacts on airlines - that will be something we will need to work through as well. We are starting that preparatory work, but we'll move, should the Government make those decisions to work across the portfolios in my remit but also my colleagues at secretary level who are all engaged with this.

CHAIR - We know how long it takes to get houses built in Tasmania and the speed with which they're done, so you do need a long lead time. I certainly hope it's a focus if the FID is positive.

Minister, would you consider workers camps to be a suitable mechanism to support FIFO workers?

Mr DUIGAN - It's an interesting point and I'll go back - Hydro Tasmania is an interesting one. If you think about the Tarraleah redevelopment and Hydro buying back the Tarraleah village in anticipation of needing to house its workers - it has also purchased land, I believe, near Lake Cethana for exactly that, and what a 2025 workers' camp looks like is an interesting question.

I have spent some time with George Town Council in their contemplation of considering its worker needs and they are less attracted to worker camps and more to quality housing infrastructure that has a benefit long-term, whether it's a camp for five years that turns into a nursing facility or a hotel over time; how can the community derive a benefit from temporary worker accommodation which is needed for the construction but not necessarily the ongoing?

CHAIR - Minister, I make the point that Tarraleah and Lake Cethana are remote. Burnie is not. It is remote to here but it's not remote in terms of it is a township. There are people who

live there now. It is the same with George Town. I take the point there that they're not so keen. I can absolutely understand that.

We saw with one of the mines on the west coast, they built a camp on the outside of Zeehan - not in Zeehan, on the outside of it, which has an impact on that local community. I really would like to hear from you whether you think that's an appropriate mechanism because we have heard that's been contemplated.

Mr DUIGAN - We need to be thinking about what the options are. We need to consider these things. My preference would be to see infrastructure that provides a benefit, particularly if you're talking about the city of Burnie.

I don't think temporary accommodation is a viable solution in a situation like that. I think you would want to see accommodation that goes on to have a benefit over time.

CHAIR - If I go on to another area, Minister: we know that recently legislation passed through the Parliament to remove constraints on Hydro Tasmania undertaking large generation projects up to 300 megawatts, up from 40 megawatts without parliamentary approval.

How will the government ensure robust accountability and transparency around Hydro's investment decisions under this freedom? Will there be independent scrutiny through Treasury or the Economic Regulator of the business cases for any major new projects Hydro pursues?

Mr DUIGAN - As part of our election commitment, we committed to refocusing Hydro on playing more of a role in delivering and enabling new generation in Tasmania, and I'm very pleased to be able to report that that has borne some fruit already in terms of Hydro striking a PPA with the Northern Midlands Solar Farms. So that's really positive. We wanted to send a signal to the market, to the community, that Tasmania was open for business and we're not giving Hydro a free pass. I think that's very important to consider.

I would expect later this year that the Tarraleah redevelopment potentially will come to Parliament for its approval to continue on with that. That is a process that will require the impetus of Parliament to go on, and we're still bringing projects over 300MW through Parliament, except when they're exempt already, which is obviously wind. As I mentioned during the course of that debate, the 300MW limit was chosen with solar installations in mind, around particularly that 288MW that we are seeing. I think we have four grid-scale solar projects of 288MW on the books at the moment.

Whether Hydro plays a role or not in any of those remains to be seen, but we're certainly not seeking to provide a free pass for Hydro, noting it can enter into wind development, but you'll see Tarraleah later this year and you'll see Cethana later. There is an existing capital-investment assessment process for all government business major investments, and so it would be the responsibility of the Treasurer. So the treasurer would need to be signing off on that level of investments, I would say.

CHAIR - As the Minister for Energy, how will you, on behalf of the government, balance Hydro's expanded development mandate with the need to encourage private-sector investment to avoid perceptions of market dominance and conflicts of interest, as Hydro has the capacity now to take on much larger new generation projects beyond Hydro, like talk about wind and solar?

Mr DUIGAN - We have asked, and Hydro will be producing in the coming weeks/months, its policy for how it will engage with the market in terms of supporting, or indeed partnering with, new generation. So that will set out the guidelines by which Hydro will participate in those sorts of developments, so I'd expect that to give some clarity to what you are asking about there.

So it gives the proponent a better understanding of how they would engage with Hydro, but it also sets some parameters around Hydro's engagement and involvement as well.

CHAIR - So that piece of work will be provided to you?

Mr DUIGAN - Yes. That will be publicly available.

Mr BAYLEY - Can I ask on that, Minister, how do you input into that? I guess we were quite appalled with the Parliament voting away its oversight role when it comes to Hydro, and upping that limit from 40 to 300MW; you say that Hydro is developing a policy in terms of how it guarantees this sort of expanded capacity, and its investment going forward is going to be well targeted and in the public interest. But what do you see your role as in that space? What is the government's role and what do you see as the role for you, as the minister, in overseeing Hydro and inputting into that policy development so that it lines up with your thinking?

Mr DUIGAN - This has been a piece of work that has been in train since shortly after the election and is a reflection of that. Obviously, I meet very regularly with the Hydro executive and Hydro Chair, very regularly, and we work on these things together. My and the government's expectations for Hydro to be an enabler of economic development in the state is being translated through this piece of work.

So I have an expectation that the government's expectations will be reflected through this piece of policy work.

Mr BAYLEY - Thank you. Just while we are on meetings, a question that popped into my mind a while back, if you don't mind me going back, is in relation to Marinus and meeting with the other shareholder ministers. When was the last time you met with the other shareholder ministers, Victorian and national, and federal government ministers; and how regularly do you meet; and how regularly do you expect to meet in the lead-up to these financial decisions?

Mr DUIGAN - We certainly meet on a six-monthly basis, you know, have face-to-face meetings on a six-monthly basis. There would be anecdotal phone conversations around various issues that pop up from time to time, but certainly structured six-monthly meetings, noting that there is a much higher level and cadence of engagement at officer level.

Mr BAYLEY - I appreciate that. But as the shareholder ministers, as the shareholders, yes, I was just interested in how often you meet and six months sounds, given the severity of the significance of this as a development, both in terms of impacts and cost, I would have thought perhaps you were meeting more regularly, but that is just my view.

Mr DUIGAN - And again, as I say, there are not-stipulated phone conversations that happen as well.

Mr BAYLEY - When was the last time you met, then? Have you got that at hand?

Mr DUIGAN - I don't have - not at hand, no.

CHAIR - Can that be provided?

Mr DUIGAN - When was the last ECMC?

Mr LIMKIN - Through you, Minister. We will have to take that on notice and get you an answer. I would like to note that currently the Commonwealth government is in caretaker and so, therefore, the Commonwealth Minister does need to operate through the caretaker conventions and so, at this stage, all the engagement is at officials level.

Mr BAYLEY - I appreciate that. For the last four weeks, yes.

CHAIR - It hasn't been on for six months, though, yes. We would appreciate the date of the last face-to-face meeting.

Mr BAYLEY - Or maybe, if you are happy to take it on notice, maybe you could provide-

Mr DUIGAN - 14 March, was the last online catch-up.

Mr BAYLEY - That is just shareholders as opposed to all energy ministers?

Mr DUIGAN - No, that was all energy ministers.

Mr BAYLEY - What about as shareholders though? Like specifically talking about your ownership of what is a massive proposal? When have you last met as a trio of shareholder ministers? Maybe you could provide us the list of dates over the last year-and-a-half or two years, when you have met?

Mr DUIGAN - I will take it on notice.

Mr BAYLEY - Thank you.

Ms FINLAY - Oh, now that you have asked that line of questioning, I have just forgotten my line of questioning. I will pause for a minute.

CHAIR - We have only got a few more minutes left, so if it doesn't come back - if you cannot remember, I will go on to something, Janie. Minister, you talked earlier on about the hydrogen projects, the importance of those. So, in terms of those getting underway, like - it's acknowledged that green hydrogen remains more expensive than alternate fuels at present, necessitating government support, such as the \$8 million Green Hydrogen Price Reduction Scheme.

So, Minister, what benchmarks will the government use to gauge the success of hydrogen initiatives? For instance, is there a targeted cost per kilogram of production volume, by which the industry should become commercially viable without a subsidy?

Mr DUIGAN - As you say, in its very early stages, which it is, green hydrogen particularly is more expensive than alternate fuels. I think what is important to recognise, and I think it's probably widely accepted, that 2024 wasn't a great year for the green hydrogen industry in Australia and probably elsewhere around the world, but what remains true of Tasmania is that Tasmania has a compelling offering in that space. It did back in the early days when there was a gold rush mentality to bring proponents here to the state. They were attracted here by the fact that we had a green grid and we've got plenty of water and deep ports and carbon opportunity as well.

It's a greenfield industry, it's taking some time to shake out, but Tasmania's offering through time remains compelling. I'm really confident as we continue to work our way forward we'll have a proponent for our hydrogen hub at Bell Bay - I was at Lutana the other day, where the BOC electrolyser, which is a nationally significant electrolyser, a 750-kilowatt electrolyser, is now producing green hydrogen in the state. We'll have our green hydrogen buses up and running in the not-too-distant future.

CHAIR - Finally.

Mr DUIGAN - I hear people's frustrations and I have them myself, but this is new to us all. New regulations have to be drawn up for dealing with all of this. What I'm confident in is that Tasmania is a good place to make green hydrogen. We see that as a government, that is a place for us to be supportive of. We've got our \$70 million commitment. In terms of the specificity of your question around level of support, I think those things will need to be said at a federal level. There will need to be some support for early producers and I would expect that support to be forthcoming.

CHAIR - Do you then think it's important to have, or do you have, an exit strategy to - we don't want to be subsidising this forever, necessarily. Do you have an exit strategy? Will you develop one - acknowledging it's not going to be needed next year?

Mr DUIGAN - What the Tasmanian state government has is a green hydrogen price reduction scheme. That's an \$8 million scheme to support Countrywide, which is the successful proponent for that particular scheme to build refuelling stations around the state. That scheme is only drawn down when that proponent starts to sell into the market. We would see it as an \$8 million exposure, but it's an exposure that only is materialised once the proponent begins to deliver fuel into the market. That's our level of exposure there. I think it will be required at a higher level than the Tasmanian State Government for these industries in their early instances.

CHAIR - Unless there's a really quick one, Janie, we're going to be out of time.

Ms FINLAY - I'll give it a crack. When you are responding to the increase between 40 megawatts and 300 megawatts for Hydro, it was implied that the PPA was achievable because of that, but as I understand it, they're not linked. Are there any limits on large solar projects in Tasmania receiving PPAs from Hydro?

Mr DUIGAN - No, not I'm aware.

Ms FINLAY - As long as they can negotiate, they're open to submissions and negotiations?

PUBLIC

Mr DUIGAN - Sorry, what was the question?

Ms FINLAY - I am aware where someone made a comment recently that they had missed out on a PPA with Hydro and I was just checking that there are no limits to people applying for PPAs for large solar projects in Tasmania.

Mr DUIGAN - No there are not.

Ms FINLAY - Thank you.

Mr DUIGAN - No, we would expect those conversations to continue.

Ms FINLAY - However, PPAs with Hydro could have happened before the increase, the 40 to 300 that was already -

CHAIR - They already did.

Mr DUIGAN - Yes, it's only an issue around Hydro owning or building.

CHAIR - That's correct. It was a bit of a tenuous connection I thought myself, Minister, but there you go.

Ms FINLAY - Yes, it was.

CHAIR - We will wrap it up there. Is there anything you want to say in closing, Minister?

Mr DUIGAN - I understand the Committee's been going for a good long period of time. You've spoken to lots of people, you've done lots of work. I'm really interested in providing good, accessible information on energy to people in Tasmania. The Committee's been very helpful in doing that. The work that you will do will help further provide energy information to Tasmanians. Thanks for all you've done.

CHAIR - Thanks, Minister, and thanks to your team. We'll write to you with some of those questions that you've agreed to take on notice at a later time. Thanks for your appearance.

Mr DUIGAN - Thank you.

The witnesses withdrew.