

15 January 2021

Mr Stephen Clark  
Project Director, Marinus Link  
[team@marinuslink.com.au](mailto:team@marinuslink.com.au)

Dear Mr Clark

***Submission to Supplementary Analysis Report***

Thank you for the opportunity to comment and provide feedback on the *Marinus Link RIT-T Supplementary Analysis Report* (SAR). I also appreciate the briefing provided to TasCOSS staff by Mr Prateek Beri and our discussion of the project.

TasCOSS' submission to the Project Assessment Draft Report (PADR) focussed on our concerns regarding the potential price impacts of Marinus Link for Tasmanian residential customers. We raised the question of who will pay for the Marinus Link and expressed our concern that while there are net-benefits to the National Electricity Market (NEM) from this project, there is no commitment that Tasmanian customers will not be worse off.

**Price impacts of Marinus Link**

I note the additional information provided in section 9.1 of the SAR in relation to transmission pricing and welcome the further work that is being undertaken by energy market consultants to assess wholesale electricity price impacts. I look forward to those results as it is important to understand the impacts of Marinus Link on electricity prices for residential customers and determining the necessary policy responses by Government to ensure Tasmanian customers are not burdened with higher electricity bills.

The Marinus Link is not required to provide Tasmanian residential customers with a low-cost, renewable, energy supply. The Tasmanian Government has recently announced that our state is now 100% self-sufficient in renewable energy generation. Tasmanians have achieved this by investing in our renewable energy assets for over a century through our power bills and taxes. Tasmanian households should not be penalised for our 100 years of investment in renewable energy, nor be expected to pay a further premium for a project that will deliver most benefit to mainland NEM customers and developers of renewable energy projects.

**Fair cost allocation**

The SAR acknowledges the "who pays" question remains a key issue for stakeholders and an outstanding issue to be resolved, as the current transmission pricing arrangements would result in Tasmanian customers paying a disproportionate share of the costs of Marinus Link when compared to the distribution of benefits across the NEM regions.

The Tasmanian Government is on the record for stating Tasmanians should only pay their fair share for Project Marinus and the SAP states “... it is conceivable that Marinus Link may not proceed if the pricing issues cannot be resolved...”<sup>1</sup>. Yet there is no clear indication from the Tasmanian Government or TasNetworks on what constitutes our fair share or any indicator for measuring a satisfactory resolution to the “who pays” question.

TasCOSS is interested to better understand what is meant by Tasmania’s “fair share”. Considering data from the AER<sup>2</sup>, Tasmania’s annual electricity consumption represents around 5-6% of total consumption in the NEM. This ratio offers one measure by which Tasmania’s fair share of Marinus Link costs may be attributed. In the absence of other reasonable measures offered by TasNetworks or the Government, TasCOSS will be seeking a strong rationale for any fair cost allocation that assigns a share of Marinus Link costs to Tasmanian customers of greater than 6%.

Given the analysis in the PADR and SAP that mainland NEM customers are the major beneficiaries of Marinus Link, knowing the Government’s and TasNetworks’ position in relation to the state’s fair share of costs – prior to the determination by the Energy Security Board – will assist in assessing whether Tasmania will be burdened with a fair, or unfair, share of Marinus Link costs.

### **Rising threat from large-scale batteries**

This week (12 January 2021), Origin Energy announced plans to build a giant 700-megawatt (MW) capacity battery at its power plant in Eraring, New South Wales (NSW). Last month, plans were submitted for a 500MW mega-battery to be built at the site of the former Wallerawang power plant in western NSW. These big batteries in NSW are said to be the two largest storage devices in the world. Further, in November last year, a 300MW battery was announced for construction near Geelong in Victoria.

These three large-scale battery projects, totalling 1,500MW, were announced after the release of the SAR and therefore would not have been accounted for in updated scenarios, inputs and assumptions. Additionally, a recent report by Cornwall Insight Australia<sup>3</sup> estimates there is around 7,000MW of battery storage projects proposed or currently in the planning process in Australia, of which almost 1,000MW is set to be delivered by 2024 – before Marinus Link design and approvals are finalised or a final investment decision is made (2024), let alone construction commenced or the first link operational (2027).

This report also suggests that the Australian Energy Market Operator (AEMO) significantly underestimated battery storage forecasts in its Integrated System Plan. Given the rapid development of battery technology and accelerating reduction in costs, TasCOSS is also concerned that the uptake of large-scale batteries may not have been confidently forecast and therefore not accurately factored into Marinus Link business case modelling.

The ability to plan and install mega-batteries must be a serious threat to the Marinus Link business case and project viability. Large-scale batteries on the mainland will also support the energy grid's transition away

---

<sup>1</sup> TasNetworks, *Marinus Link: Regulatory Investment Test for Transmission – Supplementary Analysis Report*, November 2020, p84.

<sup>2</sup> <https://www.aer.gov.au/wholesale-markets/wholesale-statistics/annual-electricity-consumption-nem>

<sup>3</sup> <https://reneweconomy.com.au/big-battery-pipeline-nudges-7gw-in-australia-as-roles-for-storage-multiply-91206/>

from fossil fuels, support new investment in solar and wind projects and help the transition to a low-carbon economy. These batteries also have the advantage of doing so relatively rapidly when compared to the construction of a subsea cable.

### **Conclusion**

Understanding Marinus Link costs, the price impacts for Tasmanian consumers and the threats from rapidly-emerging battery technologies, are important for the Tasmanian community's confidence in the benefits of Marinus Link.

It is imperative that households are not burdened with Marinus Link costs through higher electricity bills and Tasmanian consumers are net-beneficiaries from this project.

TasCOSS looks forward to continuing engagement with Project Marinus and working to ensure that Tasmanian households are not paying disproportionately for significant infrastructure that principally benefits mainland NEM customers and proponents of renewable energy developments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adrienne Picone', with a long, sweeping flourish extending to the right.

**Adrienne Picone**  
CEO