

26 October 2018

Mr Stephen Clark
Technical and economic lead
Project Marinus
TasNetworks
1–7 Maria Street
Lenah Valley, TAS 7008

Lodged by e-mail: projectmarinus@tasnetworks.com.au

Dear Mr Clark,

PROJECT MARINUS - Additional interconnection between Victoria – PROJECT SPECIFICATION CONSULTATION REPORT (PSCR) - (July 2018)

The Clean Energy Council (CEC) is the peak body for the clean energy industry in Australia. We represent and work with hundreds of leading businesses operating in solar, wind, hydro, bioenergy, marine and geothermal energy, energy storage and energy efficiency along with more than 5,600 solar installers. We are committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner.

The CEC welcomes the opportunity to provide feedback on TasNetworks' Project Marinus Project Specification Consultation Report (PSCR). The generation mix in the National Electricity Market (NEM) is transforming, which requires a transformation of the transmission network to ensure reliable and secure electricity supply that is in the long-term interests of consumers. Given this, the examination of Project Marinus is a welcome addition to the ongoing energy transformation debate.

The CEC would like to make the following high-level comments in response to the current PSCR.

- The Australian Energy Market Operator (AEMO) **has done an admirable job in developing the inaugural Integrated System Plan (ISP)** to identify key investments, including the potential for Project Marinus. However, it is important that more consultation be undertaken for future ISPs to fully capture the unique jurisdictional opportunities and knowledge relevant to Tasmanian-based ISP projects.
- **The Levelised Cost of Energy in wind and solar technology is falling** and is expected to continue to do so. The future system will be based on these sources, and network planning needs to accommodate this.
- There is a **diversity in resources, as well as differing periods of peak-demand** in Victoria and Tasmania. The project is an important mechanism to fully capitalise on diversity, which is a **key objective of the ISP**.

- **Thermal generators are aging and will soon reach the end of their economic lives.** Further, AEMO's Electricity Statement of Opportunities 2018 applied significantly higher forced outage rates to these generation sources than in previous years¹. This highlights that **thermal generation sources are becoming increasingly unreliable** – A more interconnected NEM can offer **system resilience** to the retirements and/or failures of aging thermal generation.
- **Tasmania has excellent wind resources** which are co-located with large-scale storage – **large-scale storage will be a necessity** for a future energy system that is low-cost, and low-emissions.
- Given the long lead times for transmission augmentations **early work to progress possible options is prudent** to ensure they can be constructed when needed, particularly should that need be brought forward.
- Tasmania has **additional flexible hydro generation and new wind projects** - with further interconnection, these resources could make an increased contribution to the mainland grid and help reduce electricity sector emissions. This may also support the case for the development of Renewable Energy Zones (REZ's) in Victoria and Tasmania, and the CEC would encourage consideration of this in the RIT-T process.
- With appropriate market settings/investment signals, strengthened interconnection between regions can ensure **efficient use, and development of regional resources** – Tasmania's storage opportunities and flexible generation may also assist in the uptake of renewables in Victoria.
- Interconnection will facilitate **competition benefits** and can help address **(regional) market concentration issues**.
- Alongside the current Regulatory Investment Test – Transmission (RIT-T) consultation process requirements, **TasNetworks are also releasing feasibility studies**, which is above and beyond what the RIT-T currently requires. This appears a very **transparent and consultative stakeholder approach**.

However, any economic cost/benefit assessment needs to be robust and clearly demonstrate a net benefit to end users and consumers.

Thank you for the opportunity to input into this important process. If you would like to discuss the issues raised in this submission, please contact either Ms Lillian Patterson (Director - Energy Transformation) on (03) 9929 4142 or lpatterson@cleanenergycouncil.org.au or myself, as outlined below.

¹ Australian Energy Market Operator's Electricity Statement of Opportunities 2018, Table 10, page 52.

Yours Sincerely,

[Original signed]

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