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Dear Sir or Madam,

RE: Marinus Link - Determination 2025-28 - Stage 1, Part A Early Works

The Tasmanian Minerals, Manufacturing and Energy Council (TMEC) welcomes the opportunity afforded it to provide comment on the Marinus Link - Determination 2025-28 - Stage 1, Part A Early Works as exhibited on AER's website.

TMEC's membership base represents an important wealth creating sector within the Tasmanian economy. The combined minerals and manufacturing sector employs 21,000 people and contributed \$3.1B in exports as of the 12 months to June 2022. Most of our members are based in regional areas of Tasmania and therefore provide critical employment opportunities away from public funded employers. Minerals exports alone account for 65% of Tasmania's commercial exports and is the foundation stone of many regional communities with 5,200 direct jobs.

TMEC understands the need for and importance of this pre-investment expenditure – TMEC notes early works expenditure has been defined as follows: "Any activity which commences prior to construction [...] if the activity can be justified as being necessary to:

- improve the accuracy of project cost estimates, and
- ensure that a project will be delivered within the time frames specified by the most recent Integrated System Plan."

With this allowable expenditure and the ability to recover costs at the appropriate stage, there is an equal expectation the early works has been completed diligently and surprises and cost escalations do not occur or are minimised once the project receives approval. TMEC expects any guarantee of recovering costs for early expenditure is contingent on that work bearing dividends during the project – otherwise what is the justification?

TMEC also notes the most recent developments recently announced which has both altered the proposal to one cable, with the second cable to be evaluated in the future and the alteration of the funding responsibilities between the three Government entities. TMEC is seeking a response as to how these recent announcements will affect this proposal including an update of Key Assumptions.

TMEC notes corporate costs are the single biggest cost incurred and forecast. We would like to see more detail as to how the corporate costs have been determined. This could include an organisational chart with average salaries by role. This clarity is vital to ensure MLPL is being very prudent with both the allocation of people to the project as well as ensuring salaries match the requirements of the work. For large corporations there can be some risk of the "Project" becoming a catch-all for other miscellaneous items.

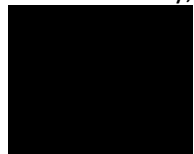
We acknowledge the proposal to ensure any proportion of the project funded by concessional finances should have this rate of return factored into the overall cost recovery model. TMEC is requesting MLPL make an explicit statement as to whether the lower borrowing rate is used in the calculation and a “market” rate is then not applied to the principal and interest, therefore MLPL are not profiting by charging consumers one interest rate and yet borrowing at a lower rate.

TMEC understands the need to make pre-payments to secure manufacturing slots but given this remains a project not yet approved, TMEC would like to see MLPL outline what the cost implications are to be should the project not proceed and therefore not see cost penalties be funded by consumers later.

MLPL appear to be taking heed of the feedback from the Community Advisory Panel (CAP) which is promising. While the responses noted in Section 2.3.3 Table 6 are designed to be brief, it would build consumer confidence if there were demonstrated examples where advice has delivered a specific improvement (eg. Cost consequence before and after following the application of the intervention). Of the highest consequence is the potential over run of the project – despite the scope being reduced. TMEC would encourage MLPL to do all it can to demonstrate this infrastructure project will NOT be beset with the over runs in schedule and time being seen elsewhere. This expectation is necessary otherwise why also have an “Early Works” budget?

Thank you for the opportunity to provide comment on the Marinus Link - Determination 2025-28 - Stage 1, Part A Early Works. Please don't hesitate to contact TMEC if you require further information.

Yours sincerely,



Ray Mostogl
Chief Executive Officer