

Mr. Arek Gulbenkoglul
General Manager, Network Expenditure
Australian Energy Regulator
GPO Box 3131
Canberra, ACT, 2601
contingentprojects@aer.gov.au

Dear Sir,

Rio Tinto Aluminium (Bell Bay) Limited known as Bell Bay Aluminium (BBA) welcomes the opportunity to make a submission on TasNetworks' NWTB Stage 1 early works contingent project application.

Located in Northern Tasmania, Bell Bay Aluminium is a producer of primary aluminium. Our site is situated at the mouth of the kanamaluka / Tamar River, approximately five kilometres from George Town and 45 kilometres from Launceston. Over 500 employees work here, making Bell Bay Aluminium one of northern Tasmania's largest private employers.

Operating 24 hours, 365 days a year, we produce around 190,000 tonnes of aluminium annually. Most of our metal is exported around the world to be used in industries ranging from transport, construction, packaging and electrical. Bell Bay Aluminium operates as part of Rio Tinto's Pacific Operations group and is a wholly owned subsidiary of Rio Tinto.

The North West Transmission Development early works project proposed by TasNetworks as part of the broader Marinus Link project raises concerns for our business. There is no doubt the project is required to enable connection of Marinus Link to the National Electricity Market and create opportunity for new renewable energy and new load entrants. The concern for an existing load customer like BBA, is under the rules BBA is required to fund its part of the project based on its demand, yet it is not a beneficiary.

TasNetworks states in their submission:

We understand that large scale projects have financial implications for our customers. With the current cost of living, prudent project spending has never been more important.

While the actual increase in network charges for customers associated with NWTB will be less because of the concessional finance arrangement, any increases in network charges are expected to be more than offset by savings in wholesale electricity costs associated with Project Marinus in the future.

In our business wholesale electricity costs are irrelevant as long-term energy contracts underpin the financial viability of our operation. In turn this provides a guarantee of revenue for the term to the provider to help underwrite their own investments and operations.

The regulatory investment test for transmission (RIT-T) states:

The preferred option is the credible option that maximises the net economic benefit to all those who produce, consume and transport electricity in the market compared to all other credible options.

A market benefits test needs to be met where a consumer is not worse off under the proposal compared to current state. How can this project pass the market benefits criteria assessment when direct connected customers only see an increase in transmission price and no decrease in energy price?

TasNetworks state that charges will be less than the actual increase because of the concessional finance arrangement. How can the AER make a determination that impacts charges to end consumers when the concessional finance impact is not yet known.

While TasNetworks states they understand large scale projects have financial implications for their customers, none of our engagements with TasNetworks have been about mitigating costs to end users. Rather, showing the increase and justification for the project or simply applying the rules. This brings into the question the validity of the rules when TasNetworks can simply increase network charges to recover costs from its transmission customers.

BBA operates in a globally competitive market and cannot pass on additional costs to its customers. Those customers have other supply choices in the world and will make decisions on what is best for their business outcomes.

This proposal is for early works, but the total project cost is currently estimated at \$950 million and does not include the cost of the Marinus Link project which will be an additional financial impost. The financial implications and impact on our business will be significant.

The final level of the transmission cost recovery for the Project will ultimately be determined by the AER. BBA strongly advocates that the AER see reason around the cost recovery methodology and as a result not put businesses like ours at financial risk. BBA would welcome the opportunity to discuss this submission directly with the AER in further detail. If you wish, please reach out to Leigh Darcy, Principal Advisor Energy and Strategy on [REDACTED]

Yours sincerely,

[REDACTED]

Richard Curtis
General Manager
Bell Bay Aluminium