

15th November 2024

Re: Submission on the North West Transmission Developments Stage 1 CPA 1 Early Works

Tas Networks provided a briefing to Liberty Bell Bay (LBB) on key aspects of the NWTG project on the 29th October 2024.

It is estimated that this project will result in an increase of around \$0.5m per annum to LBB electricity transmission charges, for Stage 1 early works expenditure of \$151m. Assuming the same proportional increase in cost occurs for the balance of the project, we anticipate that LBB's transmission costs will increase by over 50% on the basis of this project alone.

While understanding the benefit of the NWTG to support the connection of Marinus link, we don't believe there is any direct benefit to LBB. We understand that the business case for this project was based on higher transmission charges being offset by lower energy costs as a result of the Marinus link connection to the mainland.

LBB energy costs are set by a long term contracting, and therefore any reduction in future energy prices that may occur will not be realised by LBB in the foreseeable future.

The project is predicated on Marinus Link, which is yet to receive Final Investment Decision. Only once FID is achieved on Marinus Link should investments contingent on that project (such as this Stage 1 NWTG works) be made. Investing early risks creating a valueless asset should Marnus Link not proceed.

The project document talks about prudent procurement practices, yet the briefing discussion described using EPC contracting methods in brownfields areas. This is a high cost project management option, quite the opposite of what is claimed in the document. If this is indicative of the overall standard of procurement, then the estimate is likely excessive for the required scope. LBB products trade in worldwide commodity markets and therefore we have no ability to recover these increased transmission costs from our customers. Tasnetworks is not subject to the same constraints, with the regulatory scheme designed to ensure that Tasnetworks can recover all costs, regardless of value to customers or adherence to budget. As such, we do not support the project as there is no clear visibility of the direct benefit to LBB.

Andrew Wellington

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