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Dr Kris Funston
Executive General Manager
Australian Energy Regulator
GPO Box 1313
Canberra ACT 2601

By email: AERresets2024-29@aer.gov.au

Dear Dr Funston,

ABEL Energy wishes to express its support for the TasNetworks Revised Proposal to the Australian Energy Regulator for the 2024-2029 Regulatory Period.

ABEL Energy is an Australian green hydrogen and green methanol project developer, with our flagship project – the Bell Bay Powerfuels Project – located at Bell Bay in Tasmania. This A$1.7 billion project will require up to 300MW / 2.1TWh per year of renewable power and 500,000 tonnes per year of sustainable biomass to produce 300,000 tonnes of green methanol annually.

The project is well progressed, having secured the old Bell Bay Power Station site which is ideally suited given its existing power connection infrastructure aligning with the power requirements of the facility. Most of the power will be required to feed the project's proposed 240MW electrolyser unit for the production of the green hydrogen input for the methanol synthesis.

The commercial drivers for the project are strong, with most of the green methanol output already committed to varying degrees to key partners. While methanol has been an important input for the chemical sector for decades, the shipping industry is now leading the demand for low-emissions methanol, with orders for new large ships (over 200 to date) based on green methanol as the preferred fuel.

Because Tasmania is the only region of the NEM that can currently provide consistent, large-scale 'green' power firming, Bell Bay was chosen by ABEL Energy as the location for Australia's first green methanol production facility, currently the largest such project proposed in the Asia-Pacific region. This is the dawn of a new industry for Tasmania.

TasNetworks is currently undertaking a Connection Option Study which will be completed in January 2024. A Notice of Intent has been submitted to EPA Tasmania and many of the required environmental studies have been completed. The project has selected key technology providers and has signed a contract with a tier-one engineering firm to undertake the imminent Front End Engineering Design (FEED)

Our Project will require a new connection (most likely to the George Town Substation) to supply our site up to 300MW. We are on track to be operational in 2028.

We are in support of TasNetworks Revised Proposal, in particular with respect to the contingent projects. The network upgrades listed in the contingent projects are critically important for Tasmania to be able to meet its renewable energy objectives, particularly the Tasmanian Renewable Energy Target (TRET) and Tasmanian Renewable Hydrogen Action Plan (TRHAP). TasNetworks modelling has indicated that the George Town Reactive Support (Stage 1) contingent project is essential for our load to connect to George Town substation.

As well as requiring reliable power supply to our site, we will require "additionality" for our supply of power – meaning that we expect to be required to support the delivery of approximately 2.1 TWh/yr of additional renewable energy generation in Tasmanian conjunction with our project. In order to receive this power from the potential wind and solar development sites, upgrades to the network as highlighted by TasNetworks contingent projects will be required. ABEL Energy are in active negotiations with a wide range of major renewable energy project developers and sites across Tasmania.

Without reliable and available transmission infrastructure, new loads from projects such as ours are at risk of not proceeding. New generation projects suffer similar risk without available transmission infrastructure. As we will be one of Tasmania's largest electricity consumers, we appreciate the efforts of both TasNetworks and the AER to ensure only necessary and efficient investments are made. However, it would not be in the long-term interests of consumers if projects that will benefit those consumers are stalled or abandoned due to transmission network constraints.

In Tasmania, major new loads and new large-scale generation projects are heavily reliant on each other, as neither project type can proceed without the other, ie. new power supply for the loads or a customer to purchase the generated renewable power. TasNetworks has understood this complete picture when revising its proposal. We support TasNetworks' view that there is a need for pathways to enable new generation that do not solely rely on the Integrated System Plan. We would like to express our support of the Revised Proposal to ensure Tasmania is not left behind in Australia's uptake of new renewable energy developments and supporting the development of a local green hydrogen and green fuel industry in the Bell Bay area.

The proposed triggers for each contingent TasNetworks project include the commitment of new load or generation projects. We understand this would require projects like ours to have achieved milestones including executing connection agreements, executing major construction contracts and concluding financing arrangements. These milestones usually cannot be achieved until any necessary transmission upgrades have been committed, as financiers and investors will need greater certainty about the project's access to the transmission network. We understand that, in some cases, proponents may not be able to prepare and submit connection applications until transmission project design has been completed and modelling data made available.

We strongly support the inclusion of a mechanism or revenue allowance that would give TasNetworks the flexibility to fund, at a minimum, the project development activities and early works that need to occur prior to load and generation projects becoming committed. For example, changing the triggers to allow TasNetworks to proceed once the relevant load or generation projects are sufficiently progressed towards obtaining land rights and planning approvals. We encourage TasNetworks and the AER to consult with project proponents in relation to the final contingent project triggers to avoid any misalignment in timing between interdependent transmission, load and generation projects.

Thank you for the opportunity to provide feedback on the AER's draft decision and TasNetworks' Revised Proposal. Please do not hesitate to contact our Engineering Lead Melissa Sentry on [redacted] or [redacted] if you would like to clarify any part of this submission.

Yours sincerely

[redacted]

Michael van Baarle
CEO
ABEL Energy