

Recurrent Energy
Citic House
Level 4, Suite 4.02
99 King Street
Melbourne VIC 3000

19 January 2024

The Australian Energy Regulator

RE: Support for TasNetwork's Revised Proposal 2024-2029

To whom it may concern,

We wish to express our support for TasNetwork's Revised Proposal for the 2024-2029 regulatory control period.

Recurrent Energy is a globally renowned utility-scale solar and energy storage project development platform, functioning as a wholly-owned subsidiary of Canadian Solar Inc (NASDAQ: CSIQ).

We have development interests in a large-scale battery energy storage system in George Town. This has potential to provide grid services to accommodate increased load in the region as well as facilitate the roll-out of additional renewable energy projects. As a key stakeholder, we are interested in enhancing network capacity, reliability, system strength, and capability around the George Town area and Tasmania as a whole.

We acknowledge that an advanced energy storage system in this area could offer crucial services to the network, such as dynamic reactive power support, system strength, and stability services, aligning with AEMO's criteria to prevent or reduce system black events. These services become even more valuable as additional loads, such as the various envisaged hydrogen / biofuels projects earmarked for the George Town / Bell Bay region in Tasmania, are introduced.

Recurrent Energy recognizes the need for additional generation, as highlighted by Hydro Tasmania. Hydro Tasmania's *Electricity Contracting Guidelines*¹ emphasise that any "potential firming transactions" should not "reduce (Hydro Tasmania's) capability to contract or provide firming." This implies that new load proponents must have their own supply solutions, further underscoring TasNetwork's submissions to the AER and the need for a holistic augmentation strategy considering not only local George Town Network Upgrades, but indeed an integrated view of augmentations required to support new renewable generation

¹ Source: limb 3b) of <https://www.hydro.com.au/docs/default-source/clean-energy/hydro-tasmania-contracting-guidelines.pdf>

required to underpin contingent loads and the Tasmania's legislated renewable energy target more broadly.

Specifically, we support the George Town Network Upgrade proposal and other augmentations that unlock further renewable energy development in line with Tasmania's legislated 200% renewable energy target². The positive externalities arising from contingent loads identified by TasNetworks are crucial for the success of our renewable energy projects. These externalities include direct and indirect job creation, community benefits and broader impacts on the Tasmanian economy associated with significant investment inflow that renewable projects and contingent loads will provide.

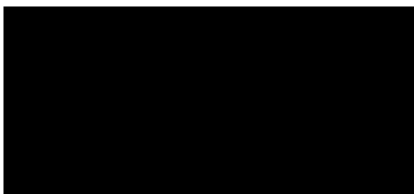
Our primary concern is the limited capacity for new connections, especially with major loads like the "contingent loads" anticipated to come online. Without approval of TasNetwork's Revised Proposal, billions of new investments could be locked out, adversely impacting on Tasmania's economy. Investors and developers may leave the state or the country due to an unfavourable investment environment. In fact, investors and developers alike have *already* started leaving the state of Tasmania as increased investors certainty is sought elsewhere, as evidenced by Origin Energy's announcement that its plans for hydrogen projects in Tasmania are "on ice" pending "more certainty in relation to Tasmania's pipeline of (renewable energy) projects³."

Recurrent Energy urges clear action by the AER in relation to the contingent projects set out by TasNetworks and consistent with the Belle Bay Hydrogen Hub vision outlined by the Commonwealth and Tasmanian governments. Multi-billion dollar projects require fit-for-purpose and timely grid augmentations, ultimately recovered via the regulatory rate base.

While we strongly support the George Town Network Upgrade, we also recognise the importance of other load contingent projects. We encourage the AER to consider the necessity of transmission upgrades to accommodate the increase in renewable generation required in Tasmania, as evidenced by Hydro Tasmania's *Electricity Contracting Guidelines*.

We appreciate the AER's time and effort in considering our submission and welcome any inquiries.

Best Regards,



Leo Figueira

Senior Director, Structuring & Commercial

² Source: https://www.stategrowth.tas.gov.au/recfit/renewables/tasmanian_renewable_energy_target

³ Source: The Mercury – 5 January 2024 - <https://www.themercury.com.au/news/tasmania/green-hydrogen-tasmania-origin-energy-puts-plans-on-ice-in-response-to-energy-crunch/news-story/7a3eb9eac2b8c927187a24628baf407d>