**TasNetworks distribution cost pass through application – August-September 2024 storm objection submission**

Dear AER, Ministers, Senators, Independents, Mayors, Councils, CEOs and others,

* Does the August-September 2024 storm event meet the definition of a cost pass through event under clause 6.6.1(a1) of the NER and TasNetworks’ current revenue determination?

No, it does NOT because of the incorrect methodology and costings of AER, which means that the cost of this "cost pass" will unfairly fall to all Tasmanian constituents.

[Attachment 2025 SUBMISSION TO CSIRO'S DRAFT 2024-25 GENCOST REPORT.pdf](https://www.aer.gov.au/system/files/2025-04/Attachment%202025%20%20SUBMISSION%20TO%20CSIRO%27S%20DRAFT%202024-25%20GENCOST%20REPORT.pdf)

* Is the increase in costs that TasNetworks has incurred as a result of the event material?

No, according again to the [Attachment 2025 SUBMISSION TO CSIRO'S DRAFT 2024-25 GENCOST REPORT.pdf](https://www.aer.gov.au/system/files/2025-04/Attachment%202025%20%20SUBMISSION%20TO%20CSIRO%27S%20DRAFT%202024-25%20GENCOST%20REPORT.pdf)

"GenCost fails to demonstrate that it is ‘Australia’s most comprehensive’ report on NEM costs. It fails to include major cost elements funded by government and consumers. Its levelised cost of electricity (LCOE) method is aimed at providing investors with theoretical marginal investment indicators limited to investor costs, not national electricity costs, yet undisputedly this document is misused by government to justify its energy policies. GenCost should be much more forthright upfront in the disclaimer and executive summary regarding its true purpose. 2. GenCost’s claim that wind and solar are the cheapest form of electricity generation are completely contradicted by whole-of-system ISP capital cost cash flow estimation – by a large margin as indicated in Appendix 2 to this submission and other reports. CSIRO needs to explain the reasons for this stark difference or clearly state that it is geared to investor interests and is not fit for purpose to underpin national energy policy. The warning on page 57 states that cash flow cost models are more realistic but is not sufficiently prominent. 3. GenCost employs highly contestable assumptions and data concerning capacity factors, capital cost factors, facility lifetimes and spillage costs. CSIRO should rebalance the assumptions and data for consistency to ensure it does not unduly favour renewables. 4. GenCost fails to account for Consumer Energy Resources (CER), low voltage distribution network upgrades and disposal/remediation costs, which form a very large part of whole-of-system costs. CER by itself is 60% of all solar and battery capacities in AEMO’s ISP. GenCost must include these costs – they are not free. A purposeful report should include all costs to the national economy, regardless of who pays. 5. GenCost’s assumption that investors will have free access to previously built network resources is completely unrealistic in normal markets and particularly considering that grid design must be based on worst-case conditions, when all resources are at maximum utilisation. CSIRO must reconsider the whole GenCost approach to renewable integration costs. 6. GenCost’s use of an unspecified electricity system model running 9 years of historical weather related data to determine maximum integration costs based on the simple assumption that the grid will be reliable is a major mistake for many reasons. a. The 2011-2019 AEMO data does not encompass all worst-case conditions, which recent freely available data from both Australia and overseas indicate. Wind droughts and solar outages are a common-mode failure affecting the entire NEM. b. AEMO’s use of a simulation model in the Integrated System Plan (ISP) illustrates the pitfalls, which are detailed in Appendix 1. CSIRO must provide details of the model used and how the criteria for reliability must include maintaining a viable dispatchable reserve margin under all conditions to protect against facility outages. The failure of the ISP to define worst-case conditions inherent to proper high reliability system engineering casts serious doubt on the integrity of its modelling and grid design with direct implications for GenCost. 7. Both GenCost and the ISP are important documents having major influence on energy policy with impacts on the entire economy and the security of all Australians. The criticality of the NEM to the well-being of the entire nation deserves rigorous and independent accountability by the same type of certification authority used in other fields such as aviation, transportation, telecommunications, civil works and the financial industry. CSIRO should support the establishment of a proper independent regulatory body to review, hold accountable and certify plans and implementation of the NEM."

* Are the costs identified by TasNetworks incremental to costs already allowed for in its current revenue determination, and related solely to the occurrence of the pass through event?

No again for the same reason above([Attachment 2025 SUBMISSION TO CSIRO'S DRAFT 2024-25 GENCOST REPORT.pdf](https://www.aer.gov.au/system/files/2025-04/Attachment%202025%20%20SUBMISSION%20TO%20CSIRO%27S%20DRAFT%202024-25%20GENCOST%20REPORT.pdf)):

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* Are the decisions and actions TasNetworks has taken in relation to the event efficient?

No again, for the same reasons above ([Attachment 2025 SUBMISSION TO CSIRO'S DRAFT 2024-25 GENCOST REPORT.pdf](https://www.aer.gov.au/system/files/2025-04/Attachment%202025%20%20SUBMISSION%20TO%20CSIRO%27S%20DRAFT%202024-25%20GENCOST%20REPORT.pdf)):

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* Are there any other factors the AER should take into account in making its determination?

Yes, these factors ([Attachment 2025 SUBMISSION TO CSIRO'S DRAFT 2024-25 GENCOST REPORT.pdf](https://www.aer.gov.au/system/files/2025-04/Attachment%202025%20%20SUBMISSION%20TO%20CSIRO%27S%20DRAFT%202024-25%20GENCOST%20REPORT.pdf)):

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Further evidence of why this "cost pass" by TasNetworks shoud NOT happen has been attached to this email.

As always, thank you, Senators, Independents and others who are helping to hold this government, along with the Labor government accountable to the Tasmanian people.

Kind regards,

Carol-Ann Fletcher

NW Tasmania

