Submission on TasNetworks Distribution Cost Pass Through Application – August–September 2024 Storm Event

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Executive Summary

This submission strongly objects to TasNetworks' application for a cost pass through following the storm events of August–September 2024. While the natural disaster caused damage to electricity infrastructure, the expectation that everyday Australians should absorb over $42.7 million in costs is both unacceptable and out of touch with economic reality. TasNetworks has failed to prove that it undertook appropriate risk management, asset resilience, or insurance strategies ahead of a foreseeable weather event. The government's blind support for such pass-throughs, in the absence of accountability, speaks to a broader systemic failure: it is operating in a policy vacuum where financial burden is casually shifted onto households already strained by inflation, housing costs, and unaffordable energy bills.

This is not about rebuilding after a crisis, it is about propping up a failing system with public money, while private contractors and foreign investors continue to profit. The government's hands-off approach to corporate accountability in essential services is not just negligent, it is an insult to the Australians footing the bill. TasNetworks' poor planning must not be rewarded. This submission outlines:

- Failure of climate adaptation and disaster readiness
- Lack of transparency around insurance and risk ownership
- Escalating energy prices with no regard for struggling households
- Disregard for social equity in regulatory decision-making
- AER's duty to uphold integrity and public interest over corporate appeasement

> Australians are paying more and getting less while government policy claims to represent "transition" and "resilience," the lived experience is one of increasing costs, crumbling infrastructure, and a growing sense of abandonment. This application must be rejected.

1. Introduction

This submission responds to TasNetworks' application to the Australian Energy Regulator (AER) to recover $42.7 million in costs from the August–September 2024 storm event. It critically assesses whether TasNetworks has met its obligations under the National Electricity Rules, and whether the proposed cost recovery aligns with the long-term interests of Tasmanian consumers.

This event was not an unforeseeable 'act of God', it was a predicted manifestation of climate volatility. In failing to prepare, TasNetworks has revealed deeper flaws in how monopoly infrastructure providers operate under inadequate government oversight. The Australian public should not be treated as a bottomless well of funding for corporate inefficiency. Government policy and regulatory enforcement must be refocused to serve people, not power markets.

This submission presents evidence-based arguments, demands a higher standard of accountability, and stands in defence of Australians who continue to be burdened by rising costs under a government that has lost sight of basic fairness.

2. Infrastructure Resilience and Pre-Event Planning – A Failure of Forethought

TasNetworks' assertion that the storm was an unforeseen event is misleading. Severe weather in Tasmania is not a new phenomenon, and climate science has consistently predicted an increase in extreme weather events due to climate change. The 2022 'State of the Climate' report from CSIRO and the Bureau of Meteorology highlighted that storms and wind events in southern Australia are increasing in frequency and intensity. In this context, TasNetworks had a clear obligation to prepare its infrastructure accordingly.

Yet this submission finds no evidence of pre-emptive infrastructure strengthening or network hardening strategies by TasNetworks in vulnerable regions. There are no published reports on the replacement rate of ageing poles, no strategic investment in undergrounding high-risk sections of the network, and no publicly disclosed audits that demonstrate asset resilience prior to the 2024 storm event.

By failing to prepare, TasNetworks failed in its duty to its customers and to the regulatory principles that underpin the National Electricity Objective (NEO). It is entirely inappropriate to expect consumers to now bear the financial consequences of this neglect. A prudent operator would have anticipated the risk, invested in infrastructure accordingly, and mitigated the consequences. The fact that 400 power poles failed suggests systemic underinvestment—not bad luck.

It is incumbent on the AER to examine whether TasNetworks' risk registers, capital expenditure planning, and climate resilience frameworks were fit for purpose. If they were not, this application should be rejected outright or the recoverable amount significantly reduced.

3. Where Is the Insurance? Risk Transfer as Standard Operating Procedure

The lack of transparency around TasNetworks' insurance coverage is a glaring omission. The purpose of insurance within a regulated monopoly framework is to protect consumers from unpredictable and uncontrollable costs. If a storm is considered an exogenous event, then its financial impact should first be absorbed through commercial insurance policies—not automatically passed through to the public.

TasNetworks' submission to the AER fails to explain whether it had insurance for extreme weather events, what the deductible thresholds were, whether the policy was triggered, or what portion of costs may be recoverable. The absence of this information suggests either inadequate coverage or an assumption that the regulator will allow cost recovery regardless of risk transfer mechanisms.

This is a dangerous precedent. If regulated networks know that every disaster can be monetised through cost pass through applications, they have little incentive to adequately insure or invest in resilience. This undermines both market discipline and consumer protection.

Moreover, under the National Electricity Rules (clause 6.6.1), cost pass through is permitted only when the costs are not already accounted for in base revenues or otherwise recoverable. It is not designed to be a blanket bailout tool.

The AER must insist on full insurance disclosure as a precondition to evaluating this application. Anything less constitutes regulatory capture. If TasNetworks chose to reduce its insurance coverage, the cost of that commercial gamble should not be transferred to the people of Tasmania. Risk must be retained by the party best equipped to manage it—not shifted to those least able to afford it.

4. The Real Cost of “Just Transitions”: Soaring Prices for Ordinary Australians

Electricity affordability in Tasmania has steadily declined, and TasNetworks' attempt to pass on an additional $42.7 million to consumers risks pushing vulnerable households beyond breaking point. The state's energy profile is often used as a political trophy by government, boasting high levels of renewables and 'clean energy leadership'. But this rhetoric is detached from the reality on the ground.

Data from the Australian Bureau of Statistics and TasCOSS show that Tasmanian households already spend a disproportionate share of their income on electricity, with energy poverty affecting nearly a quarter of all residents. Many regional and low-income communities are cutting back on essentials to keep the lights on. To then force these same communities to foot the bill for TasNetworks’ lack of resilience planning is unconscionable.

The term 'just transition' is being dangerously misused. There is nothing 'just' about layering new infrastructure and regulatory burdens on people who were never properly consulted, never compensated, and never given a seat at the table. When the benefits of infrastructure upgrades are exported to corporate investors and mainland energy markets, but the costs are left with rural ratepayers, we are not transitioning—we are extracting.

This application must be evaluated not just on accounting principles but on ethical ones. The AER has a duty to protect the long-term interests of consumers. Approving this pass through would do the opposite.

5. Regulatory Capture and Accountability Failure

The AER was established to act in the public interest—to regulate monopoly energy providers, not to accommodate them. However, the consistent approval of cost pass through applications, even where poor planning or risk management is evident, points to a creeping regulatory capture. Monopoly providers like TasNetworks are increasingly confident that regulators will greenlight cost recovery, no matter the circumstances.

The National Electricity Rules are clear: only costs that are genuinely uncontrollable and efficiently incurred may be passed through. Yet we are seeing a pattern where infrastructure mismanagement, underinsurance, and predictable disasters are effectively treated as blank cheques.

TasNetworks must be held accountable for failing to ensure network readiness in a well-documented climate risk environment. There is no evidence of pre-emptive resilience investments tied to the storm-prone regions most affected. No audits have been released showing how prior regulatory allowances were spent. Instead, we are presented with reactive accounting and crisis monetisation.

Regulatory failure is not benign—it is structural harm. When accountability mechanisms break down, the public pays more and receives less. If the AER does not insist on performance-based scrutiny, it risks becoming an enabler of corporate overreach, not a watchdog of the public good.

6. Strategic Energy Governance Is Missing in Action

This application shines a light on a deeper national problem—there is no coherent, people-first strategy for energy governance in Australia. Infrastructure is being deployed rapidly, often with limited community engagement, incomplete environmental due diligence, and with financial mechanisms that shield companies from long-term responsibility. All the while, the language of 'climate transition' is used to justify decisions that leave regional communities vulnerable.

TasNetworks' proposal to pass costs through to the public reflects a model of energy delivery that prioritises monopoly stability over system transformation. We see vast funds allocated to interconnectors, battery hubs, and transmission lines—yet rural communities still face extended outages, rising tariffs, and minimal resilience support.

Australia urgently needs a strategic shift in how we manage essential infrastructure. Decentralised energy solutions, microgrids for rural towns, and strong minimum standards for climate resilience should be the foundation of public utility policy—not afterthoughts.

If governments and regulators fail to reassert democratic control over energy decisions, we will continue to see public hardship increase while private actors reap untouchable profits. This cost pass through request is not just a financial matter—it is a governance crisis.

7. Conclusion and Final Position

The TasNetworks cost pass through application is a symptom of a broader rot: a government and regulatory system that has lost touch with reality. Australians are not just tired of rising costs—they are angry. And rightly so.

We are told that storms are 'acts of God' while watching private energy companies get richer off public infrastructure. We are told that 'climate change is here' but offered no plan that actually makes households safer or energy more affordable. We are told that 'resilience' is the goal—but are then expected to pay for its absence.

Enough is enough.

The government must stop protecting corporate interests at the expense of public wellbeing. The AER must cease acting as a rubber stamp and start enforcing meaningful accountability. Australians deserve a system that rewards preparation, not neglect. That values equity, not profit. That builds for the future—not patches up the past at our expense.

This submission calls for the AER to reject the application in its current form. If reconsidered, it must only proceed after full transparency, third-party audits, public inquiry, and a complete shift toward people-first infrastructure governance.

The Australian people are ready for reform. It's time our institutions caught up.

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