


## Submission on AER Initial Draft Decision Marinus Link

Professor Richard Eccleston  
Director, Tasmanian Policy Exchange  
University of Tasmania  


15/08/2025

I'm a Professor of Public Policy and Director of the Tasmanian Policy Exchange at the University of Tasmania and, along with my team, work on a range of policy issues of importance to Tasmania's future including significant research and analysis on climate and energy issues. I have been a member of Marinus Link Consumer Advisory Panel (CAP) since 2022 and am making this brief submission in my capacity as a member of the CAP.

I would like to commend Marinus Link for the way that they have engaged with, informed and sought advice from the CAP since April 2022. It is also important to note that given the nature of the project there are limitations on including consumer perspectives in the project development and decision-making processes.

This very brief submission primarily focuses on the consultation questions posed in the AER's May 2025 *Initial Draft Decision*. These responses are informed by both the distinctive political economy and ownership of the Marinus Link project and more general view that the principle of consumer pays (within parameters of the RIT/ISP) for large transmission projects which is currently applied in the NEM is no longer appropriate given the scale and cost of the energy transition.

Government's clearly have an incentive to fund infrastructure using 'off budget' and 'consumer pays' mechanisms, but we should consider moving to a model which government and consumers both contribute to the cost of major transmission projects for the following reasons:<sup>1</sup>

- **Benefits principle** – consumer pays is justified when cost aligns with private benefits although this is hard to justify in the case where investment in transmission infrastructure is required to meet climate policy objectives and not just the reliable supply of electricity
- **Equity** – Even with consumer concessions electricity and rising electricity concessions prices are very regressive whereas federal taxation is moderately

---

<sup>1</sup> Concessional finance under Rewiring the Nation and the Commonwealth's \$346 million grant contribution to the capital costs of the North West Transmission Project are an ad hoc response to this reality.

progressive with respect to income. Our panel research suggests that Tasmanians in the lowest quartile of the income distribution pay proportionally three and a half times their income on electricity relative to high income households.<sup>2</sup>

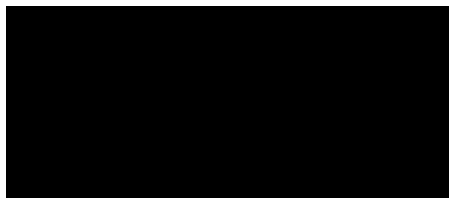
- **Politically**, rising real electricity prices are undermining political support for the energy transition both in Australia and beyond.
- In terms of **industry policy**, providing a partial Commonwealth subsidy of nationally significant transmission projects as identified in the ISP would provide a firm/sector neutral approach to supporting clean industries of the future.

The broader principles that should inform a new funding model for nationally significant transmission projects are also relevant to this brief submission, especially given the ownership structure of MLPL.

My response to the *Initial Draft Decision* is as follows:

- That the Capital Expenditure Sharing Scheme (CESS) ratio should be maintained at 30:70 for all overruns beyond approved capital expenditure outlined in the *Draft Decision*. While market tested AACE Class 2 cost estimates reduce the risk of significant cost overruns, recent history and likely future market conditions suggest that significant cost overruns are likely even with prudent financial and project management. Given the ownership structure of MLPL, the issue is whether consumers or owner governments should bear the cost of overruns. Given I would argue that consumers already contribute too much to transmission projects, I believe that a 30:70 split is appropriate.
- I support the AER decision to not accept nominated pass-through events as these are entirely within the control of Marinus Link and should be dealt with via normal contracting methods.

Please feel free to contact me should you have any questions in relation to this submission.



Professor Richard Eccleston

---

<sup>2</sup> [https://www.utas.edu.au/\\_data/assets/pdf\\_file/0006/1800906/UTAS-TPE-Energy-in-Tasmania-Submission\\_202408\\_RevE.pdf](https://www.utas.edu.au/_data/assets/pdf_file/0006/1800906/UTAS-TPE-Energy-in-Tasmania-Submission_202408_RevE.pdf) p. 25