

27<sup>th</sup> November 2025

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Dear Sir or Madam,

**RE: TMEC submission to Australian Energy Regulator - TasNetworks North West Transmission Developments (NWTD) Stage 1 – Construction Contingent Project Application**

The **Tasmanian Minerals, Manufacturing and Energy Council (TMEC)** welcomes the opportunity to provide this submission to the Australian Energy Regulator (AER) regarding TasNetworks' Contingent Project Application (CPA-2) for Stage 1 of the North West Transmission Developments (NWTD).

TMEC represents a sector that contributes over 60% of Tasmania's electricity consumption and 65% of its commercial exports. Our members are foundational to Tasmania's regional economies and are deeply invested in the success of the state's energy transition.

We support the strategic intent of Project Marinus and acknowledge the importance of NWTD in enabling Tasmania's role as a renewable energy exporter. However, we remain concerned about the cost implications for existing industrial consumers and the adequacy of mechanisms to protect their viability during this transition.

## **About TMEC**

TMEC's membership base represents an important wealth creating sector within the Tasmanian economy. The combined minerals and manufacturing sector employs 18,484 people and contributed \$2.934B in exports in the 12 months as of September 2025 (*Department of Treasury and Finance*). Most TMEC members are based in regional areas of Tasmania and therefore provide critical employment opportunities away from public funded employers.

## **Details:**

### ***1. Conditional Support for NWTD Stage 1***

TMEC offers conditional support for the NWTD Stage 1 contingent project, subject to the following key considerations:

### **a. Cost Neutralisation for Existing Direct-Connected Customers**

The CPA-2 forecasts \$970.9 million in capital expenditure for Stage 1 construction and delivery, with a further \$6.7 million in equity raising costs. While the project's long-term benefits are acknowledged, TMEC reiterates that existing energy-intensive industries, many of which are direct-connected and term contracts for wholesale electricity, face immediate cost increases without corresponding benefits. These industries have just been advised of specific cost increase impacts of up to 20 percent on their current annual charges and will be in effect from financial year 2026. This will be on top of the 25 percent increase these industries have experienced in 2024-2026.

In TasNetworks submission it notes:

*Announced as part of the FID, the Australian Government has also committed to a \$346 million grant for TasNetworks to contribute to offsetting the increase in Tasmanian's transmission network service charges due to Stage 1 of Project Marinus.*

While reference is made that the \$346M is intended to reduce costs to consumers, it does NOT offer a very transparent, disaggregated breakdown of the exact dollar – per customer savings from the grant alone. TMEC believes both consumers and the funders would want to be assured of this before the application can be approved.

These industries operate in globally competitive markets and cannot pass on increased energy costs.

Without intervention, the NWTD risks undermining the viability of cornerstone businesses, which would have cascading effects on employment, regional stability, and Tasmania's energy demand profile.

TMEC urges the AER and the Tasmanian Government to establish an interim cost neutralisation mechanism to shield these customers from disproportionate impacts.

### **b. Equity in Cost Recovery**

The financial model underpinning NWTD must reflect the principle that those who benefit from the infrastructure should bear its cost. TMEC supports the view that new entrants and future consumers, who will utilise the additional transmission capacity, should be the primary contributors to its funding. The current regulatory framework permits cost recovery from all customers, including those who derive no benefit. This is inequitable and risks eroding public and industry support for the broader energy transition.

## **2. Assessment of Prudence and Efficiency**

TMEC acknowledges the independent verification conducted by GHD Advisory, which confirms that the CPA-2 forecast represents a blend of Class 2/3 estimates and is prudent and efficient. The use of a Guaranteed Maximum Price (GMP) contract with GenusPlus Group Ltd, competitive tendering, and Monte Carlo-based risk provisioning are commendable practices that enhance confidence in the cost estimates.

However, prudence must also be assessed in terms of economic impact. A project that is technically efficient but economically disruptive to foundational industries cannot be considered prudent in the broader public interest. TMEC urges the AER to consider the macroeconomic implications of the NWTD cost recovery model and to recommend safeguards for Tasmania's industrial base.

### **3. Community and Regional Benefits**

TMEC commends TasNetworks for its commitment to social licence and community engagement, including the \$10 million Community Benefits Sharing Program (CBSP). The co-design process involving youth panels and local stakeholders is a model of inclusive planning. However, TMEC believes that benefits must extend beyond community grants to include strategic support for existing industries that underpin regional economies.

The NWTD will traverse areas of high mineral prospectivity and industrial activity. TMEC urges TasNetworks and the AER to ensure that transmission infrastructure planning does not inadvertently constrain future mineral development. Provisions for coexistence between energy and resource sectors must be embedded in project governance and land use frameworks.

### **Recommendations**

To ensure NWTD Stage 1 delivers on its promise without compromising Tasmania's industrial future, TMEC makes the following recommendations:

1. Establish an interim cost neutralisation mechanism for direct-connected industrial customers to offset NWTD-related cost increases until new load demand materialises.
2. Reform the cost recovery model to ensure equitable distribution of costs, prioritising beneficiaries of the new transmission capacity.
3. Mandate transparency in concessional finance arrangements, including how savings will be passed through to consumers.
4. Ensure coexistence provisions between transmission infrastructure and mineral prospectivity zones, particularly in areas identified in TMEC's REZ submissions.
5. Strengthen the role of the AER in assessing economic prudence, not just technical efficiency, in contingent project approvals.
6. The AER should only decide to approve or reject the submission once the full cost impacts are known to all consumers. At this point in time, that is not known.

### **Conclusion:**

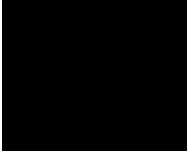
TMEC remains a committed partner in Tasmania's energy transition. We support the strategic objectives of Project Marinus and acknowledge the importance of NWTD Stage 1.

However, we urge the AER and the Tasmanian Government to ensure that the transition is fair, economically sustainable, and inclusive of the industries that have long powered Tasmania's prosperity.

We welcome further engagement and stand ready to assist in developing solutions that balance infrastructure investment with industrial viability.

Please do not hesitate to contact me should you require further clarification.

Yours sincerely,



**Ray Mostogl**  
**Chief Executive Officer**