

18th December 2025



Cleaner
Smarter
Diverse

Dr Kris Funston
Executive General Manager – Network Regulation
Australian Energy Regulator
GPO Box 1313
Canberra ACT 2601

P.O. Box 393
Burnie Tas 7320



Website: www.tmec.com.au

Via email : marinuslink2025@aer.gov.au

Dear Dr Funston,

TMEC Submission to the Australian Energy Regulator Supplementary Draft Decision – Marinus Link Stage 1, Part B (Construction Costs)

Introduction

The Tasmanian Minerals, Manufacturing and Energy Council (TMEC) welcomes the opportunity to provide this submission in response to the Australian Energy Regulator's (AER) Supplementary Draft Decision on Marinus Link Stage 1, Part B (Construction Costs). TMEC acknowledges the AER's identification of savings through reductions in risk allowances and support activity costs. These adjustments are welcomed by Tasmania's energy-intensive industries, who are already under significant cost pressures.

However, TMEC must emphasise that the escalating cost impacts of Marinus Link, when considered alongside the North-West Transmission Developments (NWTD) and Basslink regulatory decisions, will materially burden Tasmanian consumers, particularly large direct-connected industrials. These industries, which consume over 60% of Tasmania's electricity and underpin regional employment and exports, face viability challenges if cumulative transmission charges continue to rise without adequate safeguards.

Escalating Cost Impacts

- **Marinus Link Stage 1:** Even after the AER's reductions, forecast construction expenditure remains in excess of \$3.3 billion. This represents a significant escalation from earlier estimates (17 percent) and will ultimately be recovered from consumers.
- **NWTD Stage 1:** TMEC has previously highlighted that TasNetworks' contingent project application forecasts nearly \$1 billion in capital expenditure, with direct-connected customers facing increases of up to 20% on top of recent 25% rises.
- **Basslink Conversion:** TMEC's submissions have consistently raised concerns about the lack of transparency in cost allocation to direct-connected customers. The AER's own decision acknowledges that conversion will impose additional regulated transmission charges, yet the actual impact on industrial consumers remains undefined.

Taken together, these projects, each justified as part of the National Electricity Market's (NEM) optimal development path compound cost pressures on Tasmanian industry. While the NEM may benefit from increased interconnection and renewable integration, Tasmanian consumers are disproportionately burdened with costs that threaten their competitiveness and long-term viability.

Transparency and Scrutiny

TMEC stresses that transparency and scrutiny of every dollar must be non-negotiable. The AER's reductions to Marinus Link Pty Ltd's (MLPL) proposal demonstrate that initial cost claims were not sufficiently justified. This raises legitimate questions about the diligence applied by MLPL in ensuring consumers only bear the minimum efficient costs.

Key concerns include:

- **Risk Allowances:** The AER's \$163 million reduction highlights the need for tighter controls and performance-based incentives to prevent cost overruns.
- **Support Activities:** Expenditure on corporate roles and overheads must be rigorously justified, with clear disclosure of how these costs deliver consumer benefit.
- **Concessional Finance:** Any concessional financing arrangements must be transparently reported, with explicit modelling of how savings will flow through to transmission charges.

Recommendations

To ensure fairness and efficiency in the determination process, TMEC recommends that the AER:

1. Publish detailed consumer impact modelling for all customer classes, including direct-connected industrials.
2. Apply a beneficiary-pays principle, ensuring costs are borne by those who derive actual market benefits.
3. Cap risk allowances and strengthen incentive schemes to hold proponents accountable for cost overruns.
4. Mandate transparency in concessional finance arrangements, with clear reporting on consumer savings.
5. Scrutinise Marinus Link Project expenditure with the context of NWTD and Basslink in parallel, recognising that Tasmanian consumers face cumulative impacts across multiple determinations. Provide a "Whole of State" impact statement to demonstrate the AER's acknowledgement of the cumulative cost impact on consumers of all classes.

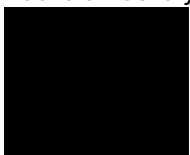
Conclusion

TMEC acknowledges the AER's efforts to reduce costs in the Supplementary Draft Decision. These savings are welcomed by energy-intensive consumers. However, the broader trajectory of escalating transmission costs through Marinus Link, NWTD, and Basslink - poses a serious threat to the viability of Tasmania's industrial base.

The AER must ensure that its final decision delivers fairness, transparency, and efficiency, recognising that Tasmanian consumers cannot continue to absorb disproportionate costs for projects designed to benefit the wider NEM.

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

Yours sincerely,



Ray Mostogl

