

30 May 2022

Ms Anna Collyer  
Australian Energy Market Commission

Submitted online via [www.aemc.gov.au](http://www.aemc.gov.au)

Dear Ms Collyer,

**RE: Establishing revenue determinations for Intending TNSPs – consultation paper (ERC0343)**

Hydro Tasmania welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) consultation paper regarding Marinus Link Pty Ltd's (MLPL) *Establishing revenue determinations for Intending TNSPs* rule change proposal.

Hydro Tasmania is supportive of MLPL's rule change proposal. We consider the proposal signifies a pragmatic and largely procedural change to the National Electricity Rules (NER) to deal with the unique circumstances MLPL finds itself in. As an Intending Transmission Network Service Provider (TNSP) it is unable to have the Australian Energy Regulator (AER) conduct a revenue determination under the Rules.

MLPL's problem statement is clear and accurate. Actionable projects under the Australian Energy Market Operator's (AEMO) Integrated System Plan (ISP), including Marinus Link, need to be delivered to ensure the least-cost, efficient build-out of the electricity grid for consumers. Against the background of rapid electricity sector transition, Hydro Tasmania believes that delivery of priority ISP investments is strongly aligned with the interests of consumers. Delayed or uncertain delivery of key transmission infrastructure, risks putting upward pressure on energy prices and/or increasing price volatility as plant exits before replacement generation or interconnection is available. For transmission projects to secure capital financing and reach Final Investment Decision (FID), the proponent and potential investors need greater certainty of revenue (i.e. cost recovery) through the AER's revenue determination. The proposed rule change allows them to initiate such a process. Accordingly, where this rule change reduces the uncertainty of transmission development, Hydro Tasmania believes it is strongly aligned with the National Electricity Objective (NEO).

A revenue determination for a transmission asset increases certainty not only for its own investors, but other market participants. It lets other market participants make a more informed judgement on the likelihood of the transmission project going ahead and allows them more timely and efficient decision-making. This reduces the risk of over or under-investment across the National Electricity Market (NEM), and the risk of these costs being passed on to electricity consumers. A more

transparent and informed market improves market efficiency and consumer outcomes.

The proposed rule change is a straightforward approach to address MLPL's problem statement. There is simplicity in applying the existing NER Chapter 6A arrangements to Intending TNSPs, as well as ensuring equity amongst both existing and intending TNSPs.

Hydro Tasmania views the greatest risk of the proposed change to be the potential that the AER must undertake revenue determinations based on speculative submissions for transmission determinations by Intending TNSPs. We believe this risk is reasonably low considering that Intending TNSPs applying under this rule will have in most cases already progressed significantly towards establishing transmission services and therefore the number is likely to be small.

In summary, Hydro Tasmania is supportive of MLPL's proposed rule change – it is aligned with the interests of electricity consumers, is pragmatic and largely procedural in nature. If you have any questions or would like to discuss this submission in further detail, please contact myself ([Colin.Wain@hydro.com.au](mailto:Colin.Wain@hydro.com.au) or 03 8612 6443).

Yours sincerely,



Colin Wain  
Manager Policy Development