

14 July 2023

Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2001

Dear Ms Collyer,

Concessional Finance for Transmission Network Service Providers - Consultation paper

Marinus Link Pty Ltd (**MLPL**) welcomes the opportunity to make this submission in support of the Rule change request lodged by the Honourable Chris Bowen MP, Commonwealth Minister for Climate Change and Energy. In making this submission to the Commission's consultation paper on this Rule change request, MLPL principal focus is to ensure that the new provisions apply to Intending TNSPs.

As you know, Marinus Link involves approximately 255 kilometres of undersea High Voltage Direct Current (**HVDC**) cable and approximately 90 kilometres of underground HVDC cable in Victoria. It also includes converter stations in Tasmania and Victoria. The total interconnection capacity will be 1500 MW, provided through two 750 MW cables.

Marinus Link is part of a larger project, which we refer to as Project Marinus, which will be developed and owned by different entities:

- Marinus Link will be owned and operated by MLPL.
- The North West Transmission Development component of Project Marinus will be owned and operated by TasNetworks.

MLPL is classified as an Intending TNSP and has embarked on its first revenue determination process in accordance with new Rules recently introduced by the Commission.¹ In MLPL's application to the AER to

¹ AEMC, Rule Determination - National Electricity Amendment (Establishing Revenue Determinations for Intending TNSP) Rule, 22 December 2022.

commence its revenue determination, MLPL noted that any future Revenue Proposal lodged by MLPL will apply the Rules provisions relating to concessional finance. In making this commitment, MLPL is particularly conscious of the cost of living pressures facing many electricity consumers.

MLPL is in a unique position because it will not commence revenue recovery until prescribed transmission services commence. Prior to MLPL recovering revenue, MLPL's expenditure will be capitalised and included in MLPL's regulatory asset base (**RAB**). In addition, a return on capital will also be capitalised and rolled forward by applying the weighted average cost of capital, adjusted to reflect the concessional finance benefit that is to be passed onto consumers.

MLPL wants to ensure that the new Rules provisions relating to concessional finance enable MLPL and the AER to reduce MLPL's future network charges to reflect the consumer benefits of concessional finance. To achieve that objective, an adjustment should be made to the capitalised return on capital included in MLPL's RAB, to account for the benefits of concessional finance prior to project commissioning, and in MLPL's maximum allowed revenues once services commence. While this is not a complex issue, it is important that the Rule drafting is flexible enough to accommodate MLPL's specific circumstances as an intending TNSP to ensure that consumers benefit from concessional finance as intended.

In addition to addressing the application of concessional finance to Intending TNSPs, MLPL also notes its support for the submission on concessional finance made by Energy Networks Australia (**ENA**). In that submission, ENA notes that while it strongly supports the objective of the Rule change request, it considers that the AER's proposed role in verifying the intentions of the government funding body through a consultation process would impose unnecessary costs on all parties. MLPL agrees with the ENA that the least complex and lowest cost implementation approach would be to place an obligation on the TNSP to provide the information that the AER requires for revenue setting purposes. From MLPL's perspective, we strongly support the objective of passing the benefits of concessional finance onto consumers in accordance with the intentions of the government funding body – and to do so in the lowest cost manner.

MLPL looks forward to working with the Commission as it progresses this Rule change request. In the meantime, if you would like to discuss this submission, please contact me at your earlier convenience.

Yours sincerely,



Ben Wagner
Head of Customer Projects