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Energy Security Taskforce Secretariat  
Department of State Growth  
By email – [energysecuritytaskforce@stategrowth.tas.gov.au](mailto:energysecuritytaskforce@stategrowth.tas.gov.au)

### **Re: Tasmanian Energy Security Taskforce Consultation Paper**

The Tasmanian Greens welcome the opportunity to comment on the Tasmanian Energy Security Taskforce's consultation paper on how Tasmania's future energy security can be strengthened.

The Tasmanian Greens' submission raises a number of concerns, including with respect to a lack of targets. We have attached the *Tasmanian Greens Energy Strategy* as an example of the concrete targets and actions needed to secure a renewable energy supply for Tasmania. Without recommendations for similar robust targets, we believe that the final recommendations of the Taskforce will not commit us to doing anything. We have a similar concern with the existing Liberal's Energy Strategy.

#### **Liquid Fuel Security**

We note with concern that the Taskforce's Terms of Reference do not extend to liquid (non-stationary) energy. The energy Tasmania uses in a liquid fuel form is an equally large part of the energy we consume as a state.

From a domestic perspective, the amount of energy Tasmanians use as electricity to power our homes and businesses (not major industries) is about 15% of all energy. The amount of energy, in the form of diesel or petrol, in light vehicles (not freight) is about 25% of all energy. From an energy security perspective, there is clearly a lot of incentive to make big changes in how we use transport.

At the moment, nearly 100% of Tasmania's essential transport services for freight and people movement come from liquid fuels, almost all of which are imported. Tasmanians spend \$1.3 billion per year on liquid fossil fuels for transport. We spend more on energy for motorised transport than we do on electricity.

Pertinent to this Taskforce, most of our petroleum comes from Southeast Asia. Tasmania is at the end of the oil supply chain, and consequently we're exposed to the unforeseen impacts of global events. Given we don't make or store fuel on island, we have very little control over oil price increases or disruptions in supply. Our dependence on imported liquid fuels is a great risk, and reducing our reliance on them would substantially strengthen our energy and economic security.

We therefore urge the Taskforce to include in this review of Tasmania's energy security a careful consideration of non-stationary liquid fuels. We suggest the Taskforce recommend the Government explore a liquid fuel reduction target, to increase the self-sufficiency and ultimate security of all Tasmanians. The Tasmanian Greens Energy Strategy recommends reducing Tasmania's use of liquid fuels by 30% on 2015 levels, by the year 2025.

### **A Second Interconnector**

The Tasmanian Greens listened to the Minister for Energy's comments to the Inquiry on the energy crisis. We are concerned that the only action the Liberal Government has taken to secure a renewable future for Tasmania is to explore a second interconnector to link Tasmania to the mainland.

The current call for a second cable to connect Tasmania's energy system to the mainland is an echo from decades past. The government and Hydro's case is based on an assumption that we need it for energy security, and to expand on-island renewable generation. The Taskforce should rigorously question both these assumptions.

During average rainfall conditions, Tasmania generates about 88% of our power needs. Existing hydro, wind and solar energy generation do not give us enough power all year round. This shortfall is being accentuated by climate change, which has already reduced long-term flows into Hydro's dams and its capacity to generate power.

We have an energy system that primarily runs on rainfall. The principal argument for the first cable was as an insurance against drought vulnerability. However, since Basslink became operational in 2001, Tasmania has become increasingly reliant on the cable to meet our electricity deficit. Instead of being an incentive to drive the building of renewables, we have simply sat back and imported Victorian coal-fired power.

Following the extended failure of the cable and the power crisis this year, energy security is again being used to justify a second cable. Many Tasmanians would be wondering why we're contemplating recycling the same solution to our energy vulnerability problem, which has just been shown to be a spectacular failure.

There's also the question of the very large price tag of a second cable. Despite magnanimous election promises, the proposal is for another loan, not a gift without strings. We are still tethered to the costs of the first cable, estimated to be more than \$800 million. A second cable would have a price tag of over \$1 billion when supporting infrastructure is taken into account. It's a speculative long-term investment that needs significant demand during its lifetime to pay off – which is far from guaranteed.

There's currently around 27,000MW of coal-fired power in Australia, of which about 7,000 to 9,000MW is surplus to requirements. This is due to lower overall electricity demand, a high uptake of rooftop solar, and more use of energy efficient appliances.

The rapidly changing energy landscape, battery technology, and a lack of federal government commitment to renewable targets add to uncertainty about future demand.

There are risks, unforeseen initially, that are now affecting Basslink's value to Tasmania. These include the low national power demand for our renewable energy, and no carbon price in sight to stimulate that demand. Neither the Labor nor Liberal parties have credible plans for the orderly closure of Australian coal-fired power plants. As well, Hydro had to downgrade its electricity output by 10% due to climate change, and will likely need to readjust this again in future.

These risks are out in the open for a second interconnector. As well, by competing with mainland generators, Tasmanian renewable energy investors would have to cover the developmental costs for their generation system and the transmission costs to use the cable.

The current surplus of coal-fired power on the mainland means a second cable, if unregulated, would undermine Tasmania's ability to build more renewables. Also uncharted is the impact on the profitability of our own power generators. It opens the State to being flooded with cheap excess power from coal plants like Hazelwood, in the Latrobe Valley.

These external conditions don't support the case that a second cable would stimulate renewable investment in Tasmania by itself. This was an argument mounted for the first cable, but it has never materialised at the level needed. The effective monopoly for generation and transmission in Tasmania, and the lack of pro-renewable targets from State and Federal Governments, means it's hardly surprising that new investors are finding it hard to establish here. Other states are far more welcoming.

Through Basslink we already have capacity to export excess hydro, wind and solar power. At the moment, we don't have that excess on a sufficiently regular basis. We need our extra power to come from somewhere, and the Greens want it to come from home-grown renewables, not mainland coal power.

Tasmania's economy in tourism, farming and food production is prospering from our clean green brand. This brand is priceless, but vulnerable. It needs continual nurturing. With a little vision, and an easily achievable target, Tasmania can become the first state in Australia by 2022 wholly powered from renewable energy, day in, day out.

The renewable energy gap can be filled by large-scale ventures and more rooftop solar on Tasmanian homes. We have plentiful wind, rain, wave and sun resources to help us in the transition away from fossil fuels, towards a new sustainable industry and job creation for Tasmanians. Hydro's water-battery is a tangible competitive advantage for encouraging renewable investment.

Surplus renewable electricity, when it comes, can be used to build capacity in hydro storages, to assertively electrify the state's transport, to entice high end, power hungry, companies to do business in Tasmania, and to sell on the national market.

With ambitious targets backed by real action, Tasmania could generate sufficient surplus electricity to justify a second interconnector. In this context, the Tasmanian Greens do not object to a conversation around a second interconnector in planning for excess renewable power. But such a conversation must recognise that the case for a second interconnector is highly complex, and the opportunities and costs need to be fully considered, such as:

- Changes to future generation and storage technologies and their impact on peaking demand and the profitability of our power;
- Future demand for our renewable energy, on island and interstate;
- Climate change impacts on Hydro's long-term average yields; and
- Changes to the national regulatory landscape.

Unfortunately, the conversation around a second interconnector appears to be proceeding as the cornerstone to securing energy security for our state, despite its cost and the fact it won't be built for over a decade.

The Honourable Warwick Smith's notes as a key consideration, in his Preliminary Report into the *Feasibility of a second Tasmanian interconnector* (p. 25) that a second interconnector:

“is not a solution to Tasmania's energy constraint challenges in the short term. Other options, such as diversification of Tasmania's generation mix and energy efficiency may need to be adopted”.

He also notes (p. 9) that:

“generation development will be needed to ensure a second interconnector is sufficiently utilised such that the costs of its development are justified.”

Like the first cable, the decision to build a second cable is taking place behind closed doors. We are concerned that if it is taken, at this point in time, it would cost Tasmanians dearly and potentially discourage investment in renewable generation. Instead of Hydro focussing on engineering and innovation, it would be further entangled in the culture of electricity market speculation. Without first investing in more renewables, a second cable gives Tasmania the possibility of draining our dams twice as fast, and ties us ever more closely to Victoria's coal.

If the Taskforce is serious about showing the leadership required to secure our energy supply it must make any desired outcomes tangible by recommending appropriate targets. A failure to do so will undermine the legitimacy of the Taskforce's final report and Tasmanian's confidence that any recommendations contained within it will come to pass.

We therefore urge the Taskforce to carefully consider the Greens proposed target of Tasmania producing at least 100% of our net electricity needs from renewable energy by 2022, regardless of rainfall.

We also urge the Taskforce to back this target up with concrete actions, including a fair feed-in-tariff for rooftop solar, reverse auctions for large scale renewables and the other initiatives proposed in the *Tasmanian Greens Energy Strategy*.

Modelling undertaken in preparing the *Greens Alternative Budget for 2016-17* demonstrated the potentially lucrative financial returns to the state in capitalising on an underutilised Renewable Energy Target through embracing new large scale renewables.

These returns were based around providing the financial security necessary for Granville Harbour Wind Farm to obtain the finance it needs to begin construction, with 105MW of renewable capacity online by 2018-19. In recognition that clean energy reverse auctions are driving a renewables boom across the globe, our alternative budget allowed for the establishment of a proposed statutory authority, RenewTas, to coordinate and deliver two reverse auctions in the next term of government. The auctions would deliver 1200MW of new renewable energy, producing enough electricity to power 778,998 homes. Each would be delivered in two stages, with 300MW of new renewable generation coming online each financial year from 2019-20 to 2022-23. Successful proponents would surrender their Large Scale Generation Certificates to the State in return for the awarded support payments.

Should this occur, Tasmania could collect \$103.16M in net revenue from large-scale renewables across the forward estimates. This would include revenue raised from selling surrendered Large Scale Generation Certificates (\$166.48M), less the cost of support payments (\$63.3M). By 2022-23, revenue is forecasted to be approximately \$500M, before tapering off as more renewable energy generation comes online in other states.

Tasmanians do not want action in ten years' time, they want it today. The attached strategy demonstrates the potential for progressive energy policy to secure a renewable future for all Tasmanians.

Sincerely,

A handwritten signature in black ink that reads "R Woodruff". The signature is stylized with a large, looped 'R' and a sharp, upward-pointing flourish at the end.

**Rosalie Woodruff MP**

Greens Justice Spokesperson

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**Attachments:**

- 1) Tasmanian Greens Energy Strategy, 2016
- 2) Tasmanian Greens Alternative Budget, 2016