

The following has been released in relation to a request to the Minister for Energy for information relating to a speech the Minister made on 23 March 2021.

Speech

Tasmanian Renewable Energy – the opportunity

Tuesday 23 March 2021

Speech notes:

Tasmania – leading the world, supporting Australia's transition

- It is an interesting and rapidly moving time to be in the energy sector.
- Just this month we have seen the announcement of the early retirement and closure of Yallourn Power Station in the Latrobe Valley, now slated for mid-2028.
 - And we will see more such closers across the National Electricity Markets in the years ahead.
- Our response must be a collective one. Here in Tasmania we have world class wind resources coupled with a proud hydro history, leaving us uniquely placed to support the generational transformation of the NEM to renewable energy.
- Furthermore, our steeped history and expertise in renewable energy, coupled with our existing, and potential, renewable energy resources, abundance of water, and quality industrial precincts leave us well positioned to make the most of the opportunities available in the global energy transition.
- We must all move quickly to identify lowest cost solutions as that transformation occurs, at all times working to put downward pressure of energy prices.
- That means looking at all options – different technologies with different durations will all play a part. The resources here in Tasmania are essential, particularly the deep storage through the development of pumped hydro.
- We are now 100 per cent self-sufficient in renewable energy, confirming our status as a world leader in renewable energy generation.
- We have set and legislated the Tasmanian Renewable Energy Target to double our renewable generation - 200 per cent of our current needs by 2040 – this is unmatched globally.

- Project Marinus and Battery of the Nation, coupled with Hydro Tasmania's reinvestment program over the next decade, and the suite of large scale renewable energy and wind projects already under development, will provide a solid and credible basis for Tasmania to achieve this strong and ambitious target.
- Last year we signed a Memorandum of Understanding for the Energy and Emissions Reduction Agreement with the Commonwealth, that recognises and further builds on the value of Tasmania's renewable energy opportunities.
- The MoU recognises the existing commitments made to Tasmanian energy projects, but importantly, also provides significant new commitments from both Governments to take our critically important Project Marinus and Battery of the Nation projects forward.
- Our Tasmanian Renewable Hydrogen Action Plan outlines our vision for renewable hydrogen in Tasmania, and a suite of actions to facilitate the development of a renewable hydrogen industry in the state.
 - This includes ambition to be a global supplier of renewable hydrogen for export and domestic use by 2030.

Project Marinus

- I know many of you have a keen interest in Project Marinus, the proposed 1500 Megawatt undersea and underground electricity and telecommunications connection between Victoria and Tasmania, and rightly so – it is an exciting project.
- It is also huge undertaking, but we are getting on with laying the foundations to make it happen.
- The current phase of work is progressing design and approvals phase for the project and addressing key policy issues, including ensuring that Tasmanians only pay their fair share for the project.
- Marinus Link and Battery of the Nation are not just Tasmanian opportunities.
- They are strategic investments in national electricity infrastructure that have been identified by the Australian Energy Market Operator as critical to assist in providing and firming variable renewables in the transitioning NEM.
- In 2020 we welcomed AEMO's announcement that Marinus Link is an actionable project under the final 2020 Integrated System Plan.

- Analysis completed by our transmission business, TasNetworks, shows the project could provide net benefits of between \$107 million and up to \$1.6 billion across the whole NEM.
- Of course, some of the biggest benefits of Marinus Link are from deferred and avoided capital costs of building new and more expensive generation assets.
- This is made possible by using existing and new Tasmanian assets and by avoided fuel costs which we, and the NEM, both think makes sense.
- Marinus Link when combined with broader renewable projects is set to inject billion of dollars into the economy with thousands of jobs involved in peak construction.

Battery of the Nation

- Looking to our other major national-level energy initiative, Battery of the Nation, it is more than just generating, storing and distribution energy, it is about developing a pathway of future opportunities in hydropower system expansion including pumped hydro.
- Hydro Tasmania is already leading work on hydropower system improvements, new pumped hydro opportunities and future market analysis.
- Analysis by the Australian Energy Market Operator (AEMO) shows that with increasing penetration of variable renewable energy and retirement of coal generators, there is a need for long duration (deep) storage in the future NEM.
- In fact, AEMO expects that over 26GW of new grid-scale renewable energy will be needed beyond what is already committed and anticipated that 6-19GW of new dispatchable resources will be needed to support the system.
- Through Battery of the Nation, Tasmania has significant potential for the provision of new cost-effective dispatchable capacity to support a clean, reliable and affordable future NEM and Australia's ambitions for emissions reduction.
- This can be achieved through optimising the state's existing portfolio of hydropower assets as well as new development opportunities to maximise utilisation of the proposed 1500MW Marinus Link interconnector.
- More interconnection will unlock Tasmania's full renewable energy potential to support a resilient future energy market.

- The deep, long duration storage provided through pumped hydro is essential to ensuring affordable, reliable and clean energy is provided to customers, businesses and industry throughout the NEM.
- The value of long duration storage is in dealing with the solar and wind droughts that may see variable renewables unavailable to contribute for a day or two at a time – this is where the Tasmanian pumped hydro projects would come into their own.
- Just as Norway powers Europe through exporting as much as a fifth of its generation, Tasmania can use our generation capacity to power other jurisdictions in the NEM.
- Having a portfolio of opportunities places Tasmania in a great place to respond to the future capacity and storage needs of the NEM.
- But it not just about pumped hydro for Tasmania. Our Battery of the Nation project is also about getting the most out of our existing hydropower assets.
- The flagship project Hydro Tasmania assessed is one of Tasmania's oldest and most iconic hydropower schemes - the Tarraleah scheme in the Central Highlands, commissioned in the 1930s.
- A \$5M feasibility study, jointly funded with ARENA, looked at how to reimagine the scheme to deliver more energy and improve flexibly to suit the needs of a future energy market.
- There is potential to transform the scheme's capability to better suit the anticipated needs of the future energy market, by significantly increasing its capacity and making it more flexible and responsive to changes in demand.
- Redeveloping the scheme will boost its power capacity, operational flexibility and energy output – all valuable requirements in the future electricity market.
- This is a \$700M redevelopment that will transform it from an inflexible baseload generator to fully flexible dispatchable capacity to suit the needs of a future energy market.
- It would result in a new power station, new water conveyances and bigger storage capacity, all allowing the scheme to better support increased wind penetration and take advantage of the market opportunity created by Marinus Link.

- Full redevelopment more than doubles the existing scheme capacity to up to 220MW and delivers 24hr storage duration at full capacity.

TREAP

- In December 2020, we released the Tasmanian Renewable Energy Action Plan (TREAP) – this plan will transform Tasmania from being Australia's renewable energy powerhouse into a world leading provider of affordable, reliable and clean energy.
- And we have based this in strong foundations.
- Tasmania's Climate Change Action Plan sets out our agenda for reducing emissions and taking action on climate change.
 - It includes practical actions to reduce emissions from Tasmania's transport, agriculture and energy sectors.
- Later this year the Tasmania Government will introduce our new Climate Change Act, with bolder targets along with the release of a new comprehensive Climate Action Plan.
- We are already proud to be leading in climate change action and I am sure you are well aware, we have the lowest per capita emissions of all Australian states and territories and are one of the lowest emitters of carbon dioxide on the planet.
 - We were the first state in this country to achieve zero net emissions in 2015.
 - We have achieved our target of net zero emissions four years in a row.
- We are investing considerable funding into Project Marinus and Battery of the Nation, as well as our ambitious development of a hydrogen industry. All while seeking to leverage additional investment from both the private and public sector to support these investments.
- So, as I flagged in my opening, our response to the transitioning NEM needs to be a collective one.
- The Tasmanian Government acknowledge the role of all renewable energy sources and storages – wind, solar, bioenergy, battery storage and the long duration storage provided by pumped hydro.

- There are however many components to Tasmania's major energy projects which need to be addressed before a final investment decision is made on Marinus Link.
- Critical to the project's progression is addressing the fair cost allocation issue. Or the 'who pays' question.
- The Tasmanian Government is committed to ensuring that Tasmanians do not carry an unfair burden for a nationally significant infrastructure project, which has benefits to other jurisdictions across the National Electricity Market.
- We are working with the Commonwealth and states to progress this issue firstly through COAG and now the Energy National Cabinet Reform Committee.
- Marinus Link has been identified in the ISP as a necessary project. The Commonwealth considers it one of the major infrastructure projects to rebuild post COVID.
 - The fair cost allocation and beneficiaries pays components must be overcome.
- Tasmania has the resources that are essential to supporting the transitioning NEM.
- Low cost, reliable, clean energy – and a nationally significant infrastructure project which will unlock this resource and benefit the entire national market.
- We are playing our part in the necessary 'collective' effort, and we need all parties to do the same so we can lock in a clean and secure energy future for the whole of the NEM.