

WELCOME

NWTD STAKEHOLDER LIASION GROUP: MEETING 13

20 September 2023

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Today

- Welcome and Acknowledgement of Country
- Round robin
- NWTD update
- Key findings from the Environmental Assessment
- Community Benefits Sharing Program
- Contingent Project Application
- Review of economic development actions

ROUND ROBIN

NWTD UPDATE

PROJECT & ENGAGEMENT NEWS

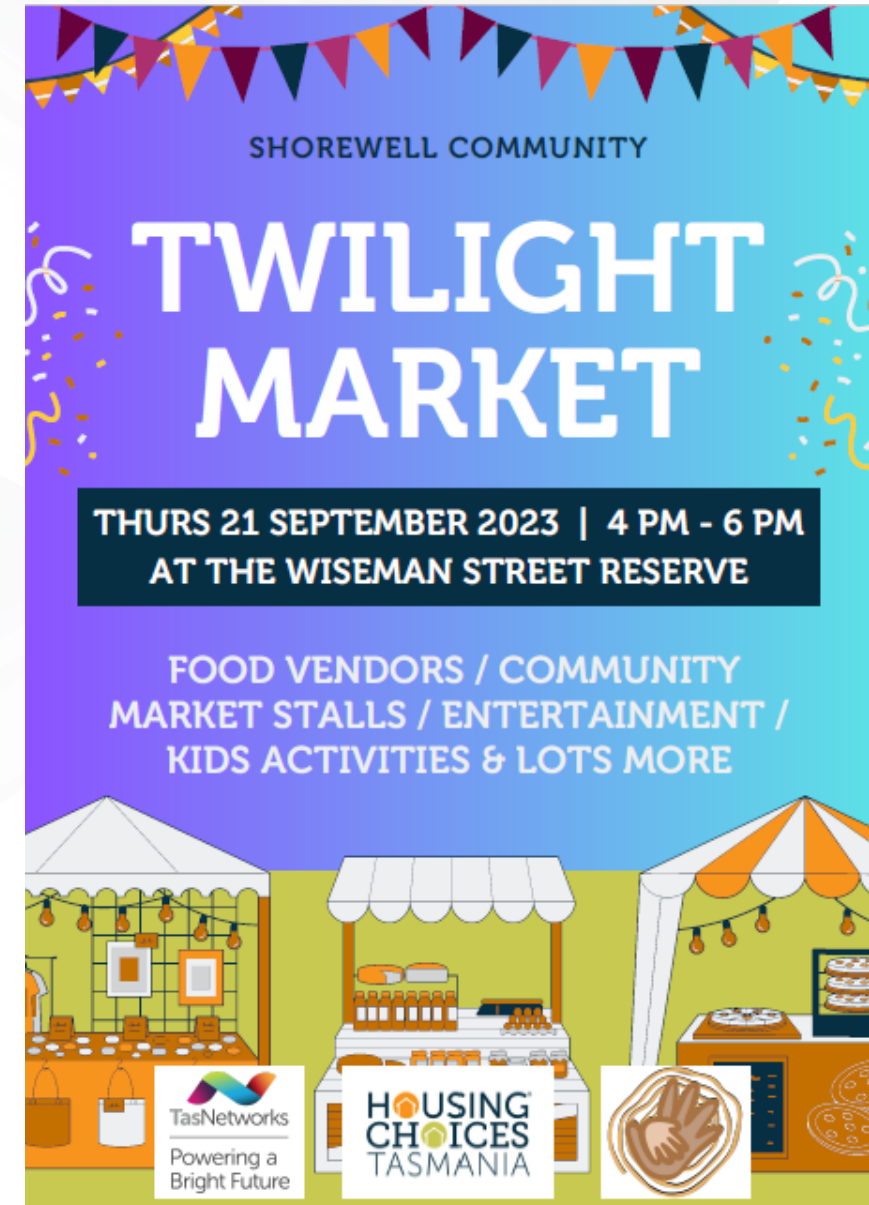


Key milestones

Month	Milestone
June - October	Request for Proposals (RFP) from potential Head Contractors is open
September	Notified Corridor declared
Oct-Nov	Pre-Environmental Impact Statement (EIS) engagement
November	Lodge Development Approval (DA) and Environmental Impact Statement (EIS) documentation with Tas Planning Commission
April- May 2024	Contract execution – Head Contractor
May 2024	Submit Contingent Project Application to the Australian Energy Regulator

In the community

- September - Shorewell Park Twilight Market (tomorrow), NWTED is sponsoring the food to be provided by the Burnie Community House.
- October - A presence at the Burnie Show alongside Marinus Link.
- November: World Wind Conference
Community info sessions on EIS
Online info session on EIS



NWTD Contingent Project Application process

Presenter: Sandra Thaow, Revenue Reset Leader



TasNetwork's Revenue Reset

- As a provider of electricity transmission and distribution network services in Tasmania, TasNetworks are required to **submit a regulatory proposal to the Australian Energy Regulator (AER) every five years**, detailing our proposed plans for planning, building, operating and maintaining Tasmania's electricity network and customer network charges.
- At the end of this process the AER releases a final determination outlining **how much revenue we can recover** in the new regulatory period, which starts on 1 July 2024 and runs until to 30 June 2029.
- This highly regulated process exists to protect electricity customers by placing performance standards on network service providers (**NSPs**) like TasNetworks, and capping revenue they can earn based on expected cost forecasts developed for each regulatory period.
- The development of each regulatory proposal requires a huge amount of work from multiple teams within TasNetworks, usually spanning several years. This work includes financial forecasting, asset planning, price and tariff modelling, reviews of existing services and policies, all underpinned by a comprehensive customer and stakeholder engagement program.
- The next step in the AER's determination process will be the publication of their **Draft Decision in September 2023**



Contingent Projects

- Contingent projects are projects where the need, timing or cost of significant network augmentation is uncertain but probable and the requirement to invest is dependent on a set of triggers that are out of TasNetworks' control.
- Due to this uncertainty, costs associated with contingent projects are excluded from the regulated expenditure allowances at the beginning of the five-year regulatory period.
- When the pre-defined trigger events have been met, a NSP can lodge a contingent project application (**CPA**), including expenditure forecasts, with the AER. A CPA must be submitted as soon as practicable after the occurrence of pre-defined trigger events.
- The AER will assess the CPA and if it is satisfied the forecast expenditure is efficient and prudent, it adjusts the capital expenditure (**capex**) and operational expenditure (**opex**) allowances for the remainder of the regulatory period by amending an existing revenue determination.
- If the AER is not satisfied that the forecast expenditure is efficient and prudent, it can make an amendment to the capex and opex allowances that is less than what is forecast in the CPA.

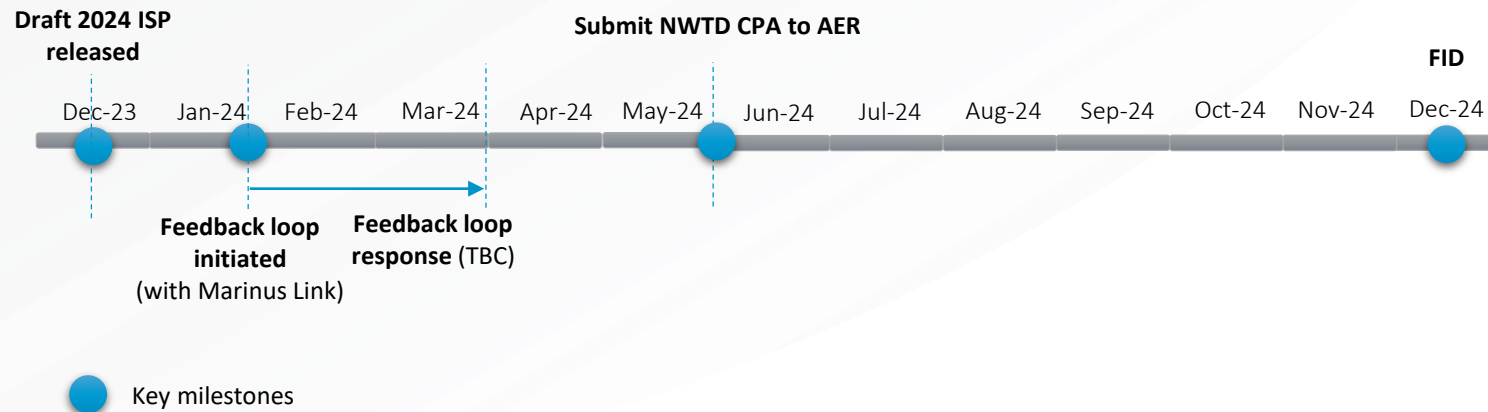
NWTD CPA

- There are two avenues for a contingent project – a revenue determination or an actionable integrated system plan (**ISP**) project.
- Actionable ISP projects are identified by AEMO every two years
 - Each TNSP must apply the Regulatory Investment Test (**RIT-T**) to an actionable ISP project to identify the preferred option
 - AEMO then confirms that the TNSP's preferred option is consistent with its ISP and AEMO's forecast costs, also known as the 'Feedback loop'
 - Once all triggers are met, the AER reviews the forecast expenditure and adjusts the expenditure allowances for the remainder of the regulatory period.
- The NWTD associated with Project Marinus is an actionable ISP project and the only remaining trigger event is the AEMO feedback loop. This involves Marinus Link Pty Ltd / TasNetworks writing to AEMO seeking confirmation that the project (with updated project cost estimates) still meets the optimal development path set out in the ISP.
- A CPA will be required to the extent that costs incurred in this regulatory control period are to be recovered from electricity consumers
 - NWTD costs funded by government grants will not form part of the CPA and will be deducted from the capex and opex allowances being sought in the CPA.

Contingent Project Application

- TasNetworks will be lodging a CPA for the NWTD with the AER in May 2024.
- As an actionable ISP project, TasNetworks is required to:
 - Issue a project assessment conclusions report for Project Marinus, identifying the preferred option (COMPLETED)
 - Obtain written confirmation from AEMO that Project Marinus aligns with the most recent ISP and that the cost of Project Marinus does not change the status of the project - referred to as the feedback loop (early 2024).

Proposed NWTD CPA lodgement timeline



Interdependencies and additional considerations

- **Feedback loop:** as a component of Project Marinus, the NWTD must complete the feedback loop with Marinus Link prior to TasNetworks submitting a CPA.
- **Timing of CPA:** costs have been incurred on the NWTD in the 2019-24 regulatory control period. A CPA must be submitted prior to 30 June 2024 to enable a recovery mechanism of incurred costs.
- **Proposed rule changes:** the two currently proposed rule changes submitted by the Federal Minister for Climate Change and Energy create uncertainty in the modelling of revenue and price outcomes.
- **Social licence payments:** the regulatory treatment of these payments is untested.
- **Cost allocation:** the Australian Federal government, Victorian government and Tasmanian government have negotiated cost allocation and recovery between states which is still being modelled.

Next steps for NWTD CPA

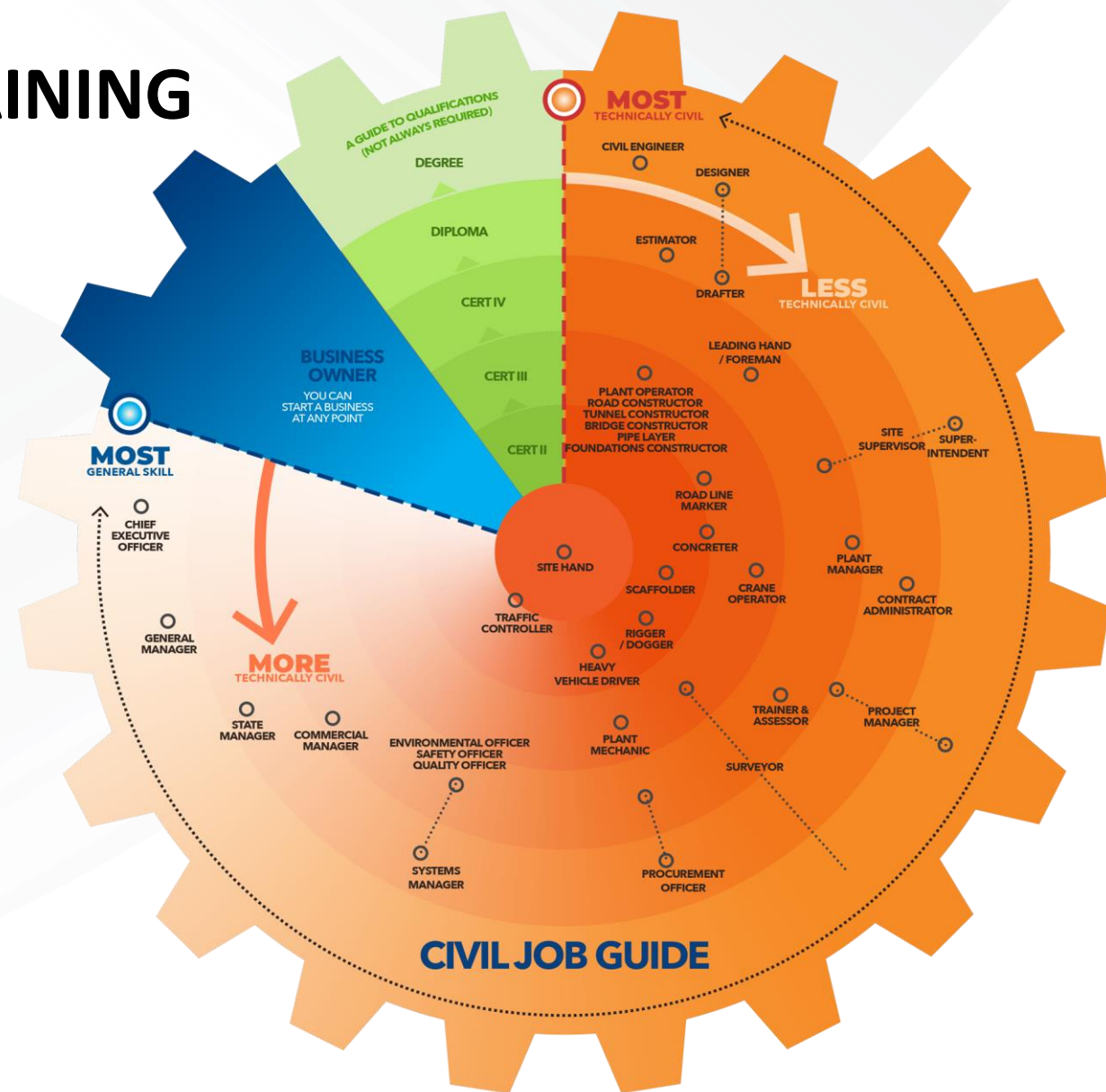
Present updated project cost estimates and price impacts at upcoming meetings in November:

- TasNetworks Reset Advisory Committee
- TasNetworks Customer Council
- TasNetworks Policy and Regulatory Working Group
- Marinus Link Consumer Advisory Panel
- Major transmissions customers
- NWTD Stakeholder Liaison Group

Regional Economic Development Actions

THEME 1: WORKFORCE DEVELOPMENT, SKILLS AND TRAINING

- 1.1 An organisation responsible for workforce development and coordination
- 1.2 Promote the long-term career opportunities



THEME 1: WORKFORCE DEVELOPMENT, SKILLS AND TRAINING

- 1.3 Develop and improve skill development pathways
- 1.4 Expand the regional workforce
- 1.6 Be a model project proponent, driving local economic and social benefits for the region



THEME 2: PROCUREMENT AND OPPORTUNITIES FOR LOCAL BUSINESSES

- 2.1 Promote the business procurement opportunities
- 2.2 Develop procurement processes to localise spending benefits
- 2.3 Lift local business capacity and capability
- 2.4 Expand business and government collaboration, partnerships and networks

THEME 3: INFRASTRUCTURE, ASSETS AND MARKET BENEFITS

- 3.1 Continue to explore, confirm and communicate the benefits



THEME 4: LOCAL AND REGIONAL COMMUNITY BENEFITS

- 4.1 Focus on creating an enduring economic legacy
- 4.2 Utilise supporting infrastructure for community benefit
- 4.3 Share benefits with the community

Next meeting: Tuesday 21 November

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