

NWTD Stakeholder Liaison Group

27 August 2024

Today's agenda

- Round robin
- Economic Development Action Plan
- NWTD update
- Community investment
- Contingent Project Application
- Marinus Link update

Member round robin

Marinus Link

Mark Lindsay, A/Head of Communications and Community
Engagement

Ken Drake, NW Tasmania Engagement Specialist

Project Update

Vic Environmental Approvals - Combined Commonwealth EIS / Victorian Environment Effects Statement

- Public Exhibition completed – Friday May 31 to Friday July 12 (27 submissions received)
- Directions Hearing – Tuesday 6 August
- Panel hearing – w/c Thurs 19 September

Tasmanian Environmental Approvals – EPA Tasmania (converter station) / Burnie City Council (shore crossing)

- Public exhibition – expected October / November 2024
- Public notices / engagement program / technical reports

Tender & contract update

- Final Investment Decision – May 2025
- Logistics – Office planning
- Sentiment – Tas & Vic
- Engagement – Tasmanian Aboriginal community / industry / education / partnerships

Economic Development Action Plan

SLG Priority Actions

Theme 1: Workforce Development, Skills and Training

Opportunities	Actions
An organisation responsible for workforce development and coordination	Regional stakeholders to create a dedicated organisation tasked with overseeing the critical and complex task of workforce development and deployment for Project Marinus and other major projects in Tasmania (including the provision of the supporting social infrastructure)
	Explore the development of curriculum aligned material for engagement with schools, students, parents and teachers around the renewable energy future

Opportunities	Actions
Develop and improve skill development pathways	Map out skill demand over-time and breakdown by occupation for NWTD, induced investments and flow-on opportunities and share with education, skills and training partners
	Define the education / training pathways to careers in renewable energy sector
	Explore and develop innovative 'blended' education pathways for vocational and tertiary education into the industry
	Increase the number of supervisors and teachers to increase the capacity of the training system to take on more apprentices in Tasmania
	Develop a Renewable Energy Training Centre of Excellence in the North West region of Tasmania

Opportunities	Actions
Expand the regional workforce	Plan for, coordinate and deliver social infrastructure to support a larger workforce in the region
	Build partnerships and leverage existing outreach efforts and programs to directly reach, communicate with and encourage participation of diverse groups
Coordinate regional workforce development and deployment	Develop a micro-credentialing scheme making it easy for life-long learning and career switching into the renewable energy industry and between projects
Be a model project proponent, driving local economic and social benefits for the region	Expand skill demand forecasts (like SOFIA) to include broader range of renewable energy projects in the region

Theme 4: Local and Regional Community Benefits

Opportunities	Actions
Focus on creating an enduring economic legacy	Support opportunities to embed new arrivals into the community and mitigate against a FIFO mindset forming
	Understand the current housing supply profile for the region and define the impact NWTD and the induced investments may have
	Explore adaptable housing options for project workforce

NWTD update

Key milestones

Milestone	Estimated date
Appointment of Head Contractor	August 2024
Submission of Contingent Project Application (CPA) 1	September 2024
Final Investment Decision (FID)	December 2024
Lodge Environmental and Planning approvals with Tasmanian Planning Commission	March 2025
Community Engagement on Environmental and Planning approvals (ahead of public exhibition)	March / April 2025
Submission of CPA 2	By August 2025
Construction commences	2026

Upcoming community engagement

- Civil Contractors Federation Summit, Hobart, Fri 30 Aug
- Burnie Works BIG Science Fair, Tues – Wed 3 – 4 Sept
- Devonport Farmers Market, Sat 14 Sept
- Burnie Show, Fri - Sat 4 – 5 Oct
- Tulip Festival, Wynyard, Sat 12 Oct
- Tasmanian Craft Fair, Deloraine, Fri – Sun 1 – 3 Nov



Land access & acquisition update

- TasNetworks achieved 86% access across all routes for EIS and DA submission and informing route alignment.
- Potential need for new access licences with landholders when Head Contractor commences for pre-construction surveys.
- Two key groups being Cressy to Deloraine Farmers Group on the Palmerston-Sheffield alignment and the Central Coast Farmers Group on the Sheffield-Heybridge-Burnie alignments are still opposing (SPB, compensation and/or tower positioning and farming impacts).
- TasNetworks is continuing to work with these landholders to reduce impacts and TasFarmers to address concerns.
- Recent engagement resulting in a number of landholders who are party to these groups allowing access for valuations.
- Sentiment across Stage 1 of the project remains neutral.

Community investment

Previous grants



Burnie Community House: Fake-away workshops

The Burnie Community House offers a fortnightly "Fake-away" workshop to help participants create their own delicious homemade takeaway meals at a reduced cost and with nutrition front and centre.

Previous grants cont.



Burnie Lions Club: Sew Basic workshops

The Burnie Lions Club offers sewing sessions to give community members the skills required to mend or adapt their own clothes. This initiative is designed to assist with cost-of-living pressures.

Upcoming community support

- Royal Life Saving Tasmania – training 14 volunteers in life guarding to allow the re-opening Mole Creek Pool
- Marine Rescue Ulverstone – upgrade of VHF radio equipment
- Youth, Family and Community Connections – after school program (ARVOs) for children in Devonport and Burnie
- Parklands High School – creation of a new community garden at the High School
- Gunns Plains Community Centre – electrical upgrade for the hall



RAW partnership

As part of NWTD's partnership arrangements, RAW commit to offering four self-care workshops to the NW community.

- Wreath Making Workshop, Cressy, 21 Aug
- Line Dancing, Wilmot, 11 Oct
- Sip and Paint, Roland, 22 Oct
- Truffles of Tasmania, TBC




Join Rural Alive & Well for

Wreath Making Workshop

August 21st, 2024
1.30PM to 3.30PM

CRESSY COMMUNITY CENTRE
67 MAIN STREET
CRESSY



Join Rural Alive & Well for a

Evening of Bootscootin'

October 11th, 2024
5.30pm to 7.30pm


WILMOT HALL
53 MAIN ST. WILMOT

THE EVENING WILL INCLUDE:

- Line Dancing instruction from the Bootscootin' Devils of Ulverstone.
- Wilmot Social Club providing food and further entertainment into the evening.

RSVP BY THE 4TH OCTOBER 2024
Sallyann Harper
sharper@rawtas.com.au or text 0429 157 738

THIS EVENT IS MADE POSSIBLE WITH THANKS TO:



Powering a Bright Future



Join Rural Alive & Well for a

Paint & Sip

October 22nd, 2024
1pm to 3pm

THE BARN @ CARINYA FARMSTAY
STAVERTON ROAD
ROLAND

THE DAY WILL INCLUDE:

- Afternoon tea and refreshments
- Paint & Sip lesson with Amanda from Sip Paint Create With Amanda
- All materials supplied

Note: this is a non alcoholic event

RSVP BY THE 15TH OCTOBER 2024
Sallyann Harper
sharper@rawtas.com.au or text 0429 157 738

THIS EVENT IS MADE POSSIBLE WITH THANKS TO:



Powering a Bright Future

Contingent Project Application

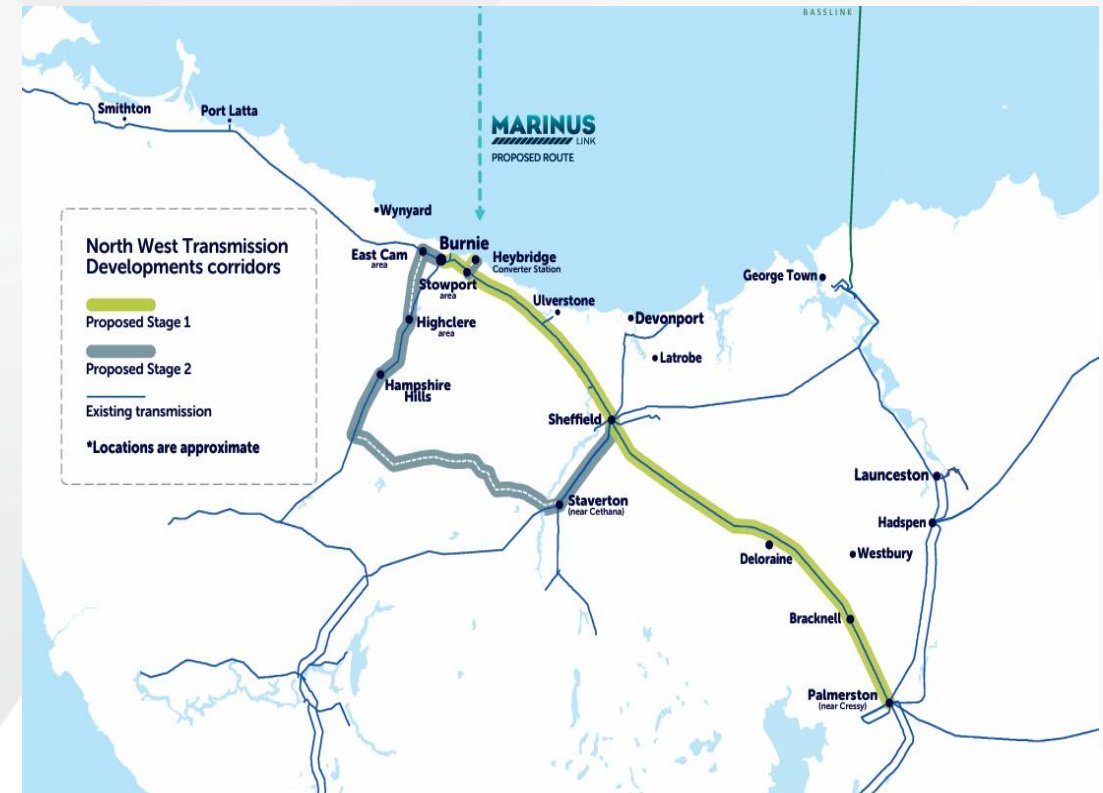
Key Points

- TasNetworks will submit a Contingent Project Application (CPA) to the Australian Energy Regulator (AER) to obtain the revenue allowances necessary to undertake early works associated with Stage 1 of the North West Transmission Developments (NWTDD).
- Undertaking early works activities provide confidence to customers that they will pay no more than the efficient cost of delivering Stage 1 of the NWTDD.
- The total capital expenditure (capex) associated with early works is \$137.56 million (net of grant funding).
- Although the CPA includes indicative revenue and price impacts, these do not reflect the benefits of concessional financing that TasNetworks is pursuing.
- Negotiations on reaching settlement of financing terms with the CEFC are behind schedule due to material differences in positions with Treasury.*
- The AER has up to 100 business days to make their determination on the efficiency and prudence of our costs (the AER also have access to stop the clock provisions).

* A separate brief is being developed on CEFC funding status and material issues.

The NWTD

- The NWTD include the on-island transmission network upgrades required to support Marinus Link.
- The NWTD will be undertaken in two separate stages to support Cable 1 and Cable 2:
 - Stage 1 – upgrades to the Palmerston–Sheffield and Sheffield–Burnie 220 kV transmission lines, and construction of the Heybridge Spur East 220 kV transmission line, referred to as the ‘coastal’ route.
 - Stage 2 – construction of the Staverton–Hampshire Hills and Burnie–Hampshire Hills 220 kV transmission lines, and upgrade of the Sheffield–Staverton 220 kV transmission line, referred to as the ‘inland’ route.



The CPA Process

- A CPA is required for TasNetworks to recover the efficient costs of delivering the NWTD.
- CPAs are necessary for large investments that are made outside of TasNetworks' standard business as usual expenditure.
- TasNetworks has chosen to stage the cost recovery process by submitting multiple CPAs for the first stage of the NWTD. The first CPA (CPA 1) seeks to recover early works costs and the second CPA (CPA 2) will be for construction costs.
- Staging the CPA process reduces uncertainty associated with the costs and benefits and increase flexibility to respond to changing market conditions or project risks as they arise.
- TasNetworks intends to submit CPA 1 in September 2024 and CPA 2 in Q3 2025.

CPA 1 total capex

- TasNetworks' actual and forecast NWTB Stage 1 early work capex is \$152.90 million, comprising:
 - \$53.37 million for actual costs for the period 1 July 2021 to 30 June 2024. These costs are based on transactions recorded in TasNetworks' enterprise resource planning system.
 - \$99.53 million for forecast costs for the period 1 July 2024 to 28 February 2026. These costs have been determined using methods that reflect the specific nature of the costs including externally tendered (competitive) contracts, manufacture and supply contracts, pricing from suppliers, and independent specialist advice.

\$m, 2023-24	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Actual	18.50	20.35	14.52			53.37
Forecast				56.88	42.65	99.53
Less Grant funding	-4.51	-1.19	-9.69			-15.39
Total	13.99	19.17	4.83	56.88	42.65	137.51

- The NWTB costs are partially funded by Australian Government grants (\$15.39 million). After the application of the funding the forecast net capex for early works is \$137.51 million net.

CPA 1 cost estimate capex categories

Capex category	Summary of early works activities
Commercial and procurement	Establishing new and updating existing contract with specialist services providers, developing the procurement strategy and overseeing the competitive procurement process to identify the preferred delivery partner to deliver the project. Overseeing the Early Contractor Involvement (ECI) phase with the preferred delivery partner including pre-construction activities and booking production slots for long-lead equipment (LLE)
Community and stakeholder engagement	Developing and implementing stakeholder and community engagement programs to build knowledge and support for the project, inform route alignment, promote voluntary land access and easement acquisition, gain and maintain a social licence, understand social and economic impacts arising from the NWTD project, develop a community benefit sharing program and undertake First Nations engagement activities
Land and property	Engaging with landholders, establishing land access agreements, ensuring landholders have access to funds for professional advice and negotiating options agreement for transmission line easements
Planning and environment	Leading the environmental, land use planning and heritage (Aboriginal and Historic) and social impact assessments and approvals across the State and Commonwealth levels that are needed to proceed to construction including the Development Approval and Environmental Impact Statement
Project development	Engineering activities that are critical to the design, safe construction and operation of the Project to meet TasNetworks' reliability, security and other technical standards and obligations. Includes: <ul style="list-style-type: none"> • studies, surveys and assessments to support the engineering design and technical and functional asset requirements • assessing and endorsing the designs developed during the ECI period prior to issued for construction release • direct costs for the ECI phase being pre-construction activities and LLE
Project management	The Project Management Office function is responsible for establishing governance, managing the project plan, implementing project control and management systems, scheduling, risk, quality and information management
Regulatory approvals and other support	Seeking the necessary regulatory approvals from the AER and AEMO

CPA 1 cost estimate by category (\$m)

Capex category	2021-22	2022-23	2023-24	2024-25	2025-26	Total	% of total
Project development	4.65	3.48	1.58	36.57	32.40	78.67	51.45%
Project management	3.78	4.89	4.14	6.24	3.98	23.03	15.06%
Land and property	2.37	2.38	2.35	5.90	3.64	16.65	10.89%
Commercial and procurement	1.41	2.89	2.99	3.70	0.96	11.95	7.82%
Planning and environment	4.25	5.27	2.19	2.49	0.73	14.94	9.77%
Community and stakeholder engagement	2.04	1.43	0.96	1.39	0.90	6.72	4.40%
Regulatory approvals and other support	0.00	0.00	0.30	0.59	0.04	0.93	0.61%
Total capex (gross)	18.50	20.35	14.52	56.88	42.65	152.90	100%
Less Grant funding	(4.51)	(1.19)	(9.69)	-	-	(15.39)	
Total capex (net)	13.99	19.17	4.83	56.88	42.65	137.51	

*Actual costs until 30 June 2024. Forecast costs from 1 July 2024 until 28 Feb 2026.

CPA 1 concessional financing and impacts on revenue and pricing

- TasNetworks expects to receive concessional financing (CF) from the Clean Energy Finance Corporation (CEFC) for the early works associated with Stage 1 of NWTD.
- The CPA 1 submission will include the indicative revenue and price outcomes for customers excluding the impacts of CF.
 - The application of a CF adjustment to a revenue determination requires a CF agreement outlining how the benefits will be passed through to customers.
 - The revenue in CPA 1 will be determined without taking CF into account, unless TasNetworks have an agreement in place prior to the determination.
- Once TasNetworks have a CF agreement, TasNetworks must advise the AER of the details of that agreement and the AER will amend the allowed revenue in accordance with the agreement.
- It is expected that revenue after CF funding will be less than 50% of that shown in the next slide.

Indicative CPA1 revenue impacts (excl. CF)

Revenue (\$m, nominal)	2024-25	2025-26	2026-27	2027-28	2028-29	Total
R24 Determination	163.38	170.07	177.03	184.27	191.82	886.56
Impact of early works CPA (\$) (excl. CF)	0.00	2.65	5.55	8.74	12.22	29.17
Revised revenue (excl. CF)	163.38	172.71	182.58	193.01	204.04	915.73
Impact of early works CPA (%)	0.0	1.6	3.1	4.7	6.4	3.3

The revenue profile shown is smoothed revenue: the revenue is smoothed into the final four years of the regulatory period as 2024-25 revenue has already been set for annual pricing (March of each year)

Indicative CPA1 pricing impacts (excl. concessional finance)

Impact of stage 1 early works on aggregate transmission customer charges (\$ Real 2023-24)

Transmission customer	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
2024-29 AER Determination	39.52	42.32	45.55	49.20	49.97	50.55
2024-29 AER Determination – annual change	-	7.1%	7.6%	8.0%	1.6%	1.2%
Impact of stage 1 early works	-	-	1.05	1.81	2.61	3.44
Impact of stage 1 early works – annual change	-	-	2.5%	1.5%	1.5%	1.5%
Revised typical customer bill	39.52	42.32	46.60	51.02	52.58	53.99
Revised transmission customer charges – annual change	-	7.1%	10.1%	9.5%	3.1%	2.7%

Price impacts for individual transmission customers will vary and will be shared with these customers individually

Indicative CPA1 pricing impacts (excl. concessional finance)

Impact of stage 1 early works on typical residential customer bill (\$ Real 2023-24)

Residential customer	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
2024-29 AER Determination	754.7	834.6	888.3	962.9	994.7	978.9
2024-29 AER Determination – annual change		10.6%	6.4%	8.4%	3.3%	(1.6%)
Impact of stage 1 early works	-	-	3.4	6.9	10.5	14.3
Impact of stage 1 early works – annual change	-	-	0.4%	0.4%	0.4%	0.4%
Revised typical customer bill	754.7	834.6	891.7	969.7	1,005.2	993.2
Revised residential customer charges – annual change		10.6%	6.8%	8.8%	3.7%	(1.2%)

The typical residential customer assumes annual consumption of 7,834 kWh on the default time of use consumption network tariff (TAS93)

Indicative CPA1 pricing impacts (excl. concessional finance)

Impact of stage 1 early works on typical small business customer bill (\$ Real 2023-24)

Small business customer	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
2024-29 AER Determination	2,809.0	2,987.3	3,166.4	3,417.8	3,515.8	3,444.8
2024-29 AER Determination – annual change		6.3%	6.0%	7.9%	2.9%	(2.0%)
Impact of stage 1 early works	-	-	12.1	24.5	37.4	50.6
Impact of stage 1 early works – annual change		-	0.4%	0.4%	0.4%	0.4%
Revised typical customer bill	2,809.0	2,987.3	3,178.4	3,442.4	3,553.2	3,495.4
Revised small business customer charges – annual change		6.3%	6.4%	8.3%	3.2%	(1.6%)

The typical small business customer assumes annual consumption of 33,578 kWh on the default time of use consumption network tariff (TAS94)

CPA 1 stakeholder engagement

The following stakeholder engagement activities will provide stakeholders with an overview of the CPA 1 submission and an update on the NWTD project:

- NWTD Stakeholder Liaison Group (this meeting)
- Major transmission customers
- Broader online forum (including members of TasNetworks' Customer Advisory Group and Stakeholder Advisory Group)
- Range of communication channels

Next steps

- TasNetworks is aiming to submit the early works CPA to the AER in the next month.
- The AER has up to 100 business days to assess the early works CPA.
- In making their determination, the AER may approve an amount lower, higher or equal to that proposed by TasNetworks in our CPA.
- Following the AER's determination, TasNetworks will finalise the CF agreement and provide a copy to the AER. The AER will then adjust TasNetworks' revenues accordingly.
- The AER's determination will be an input into a final investment decision.
- TasNetworks will begin preparing CPA 2 for submission to the AER in Q3 2025, including indicative revenue and price impacts.

Any other business?



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