



TCCI

TCCI Policy No. 3 (2021)

# PROJECT MARINUS

TASMANIAN CHAMBER OF COMMERCE AND INDUSTRY





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## Background and Context

Project Marinus (or Marinus Link) is a proposed 1500-megawatt capacity undersea and underground electricity connection to further link Tasmania and Victoria as part of Australia's future electricity grid. Marinus Link will be supported by transmission network developments on the North West Tasmanian electricity network.

Marinus Link will include approximately 250 kilometres of undersea High Voltage Direct Current (HVDC) cable and approximately 100 kilometres of underground HVDC cable. It will also include converter stations in Tasmania and Victoria, and approximately 220 kilometres of supporting High Voltage Alternating Current (HVAC) transmission network developments in North West Tasmania.

Marinus Link and the supporting transmission developments will unlock Tasmania's renewable energy and storage resources to deliver low-cost, reliable, and clean energy for customers in the National Electricity Market.

The proposed route for Marinus Link will run from North West Tasmania to the Latrobe Valley in Victoria. The cable will not follow the same route as Basslink in Tasmania or Victoria. This geographic diversity will support a more reliable and secure electricity supply for customers.

The proposed location of Marinus Link in North West Tasmania enables connection into some of Australia's best renewable energy and storage resources. In Victoria, the proposed connection is at Hazelwood Substation where there is access to significant Latrobe Valley transmission capacity.

The project is an interconnector, as it connects two or more transmission networks. Interconnectors allow power to flow between different regions (i.e., between Tasmania to Victoria), and allow the efficient transfer of electricity from renewable energy generation zones to where the electricity is needed. Interconnectors can increase the resilience of the National Electricity Market and make energy more secure, affordable and sustainable for customers.

Interconnectors are common around the world including in Australia. They play a critical role in supporting Australia's transition to a clean energy future.

Analysis to date estimates Marinus Link and supporting transmission developments would have a total project cost of around \$3.5 billion (in 2019 dollars). This estimate includes allowances to reflect the present level of accuracy and contingencies that may arise.

Marinus Link has been recognised as a:

- national priority project by the Australian Government to stimulate economic recovery in the wake of COVID-19
- high priority initiative by Infrastructure Australia
- major Infrastructure Development by the Tasmanian Government
- Australian Energy Market Operator Integrated System Plan 2020 actionable project, to be shovel ready from 2023

On its own, the project will provide a broader economic contribution to regional communities in Tasmania and Victoria forecast to be in excess of \$2.9 billion and 2,800 additional jobs. In addition, Marinus Link and the supporting transmission developments will unlock wider added value to the Tasmanian economy estimated to be up to \$5.7 billion through renewable energy developments, including new wind farms and pumped hydro energy storage enabled by the additional 1500 MW capacity across Bass Strait.

Project Marinus would place downward pressure on wholesale electricity prices and enable the National Electricity Market to unlock savings of at least 140 million tonnes of CO<sub>2</sub> equivalent emissions by 2050. It has been estimated that Project Marinus will unlock the achievement of the 200 per cent Tasmanian Renewable Energy Target (10,500 megawatt hours of additional renewable generation by 2040).

## Discussion

Project Marinus appears to be a very positive investment for Tasmania. There will clearly be significant benefits in terms of employment and further economic activity, especially in North West Tasmania.

However, significant benefits from the investment will accrue to other states and territories and the national economy. Therefore, Project Marinus is a national project of significance. For these reasons, the investment in Project Marinus is most appropriately made by the Australian Government. The required investment of \$3.5 billion should be committed in the context of the next Federal Election so that the detailed work of planning, consulting and construction can get underway.

The importance of this project for national energy security and transitioning to a lower emissions economy means in the view of the TCCI that it should be funded by the national taxpayer.

Future ownership of Marinus can be determined by the Australian Government in the future, with consultation with and agreement of the Tasmanian Government.

There are many reasons why the TCCI supports an investment in Project Marinus.

For Tasmania, the investment will:

- Capitalise on, and further cement, Tasmania's position as a world leader in renewable energy generation on the back of a century of investments in renewables by successive Tasmanian Governments.
- Generate massive direct and indirect jobs and economic activity in the construction and operational phases of the project (especially in North West Tasmania).
- Stimulate further investment in renewable energy projects that will create significant economic activity and employment for the state (especially in regional areas and in Northern Tasmania) – these could include wind power projects at Robbins Island, liquid hydrogen projects at Bell Bay, and pumped hydro projects throughout the hydro generation network.
- Further ensure energy security for the state while potentially opening up competition and lower power prices for Tasmanian businesses.

For Australia, Marinus Link will:

- Accelerate the transition to renewable energy generation and a lower carbon economy.
- Provide for increased national energy security that will provide benefits for all Australian households and businesses.
- Improve energy supply at times of peak demand (especially during summer).
- Build a stronger and more diverse electricity grid and market for Australian households and businesses.
- Reduce energy prices for Australian businesses and households

For these reasons, Marinus Link is a high priority project of national significance that should be the subject of immediate investment by the Australian Government to unlock significant benefits for the Australian and Tasmanian economies. The Project will allow all Australians to benefit from a century of significant investments in renewable energy in Tasmania.

However, there remain issues to be urgently resolved so that Marinus can commence and deliver the many benefits to the Tasmanian and Australian economies.

**Firstly**, it is important to ensure the strong support of Tasmanians and Tasmanian businesses for Marinus.

Similarly, the rollout of the interconnector will involve impacts on landowners and business in North West Tasmania. It is critical that consultation with affected parties is genuine and that any compensation is fair and reasonable.

**Secondly**, there must be a benefit to Tasmanian businesses, industrials, and households in terms of electricity prices.

**Thirdly**, decisions about the future ownership of the interconnector, as well as the operational management and construction project responsibility, need to be made. The TCCI acknowledges that there remain several options regarding the appropriate parties to undertake the construction, operation and then ownership of the interconnector. The TCCI contends that whatever model is decided upon must ensure high levels of assurance that future decisions will be in the best interests of Tasmania, and Tasmanian businesses.

**Fourthly**, increased electricity integration between Tasmania and mainland Australia means the issue of provenance becomes important. Marinus link must ensure that Tasmanian businesses can continue to promote their renewable energy inputs and also incentivise further investment in Tasmania by businesses wanting to source Tasmania's renewable energy.

Fifthly, it will be very important that the Tasmanian and Australian Governments use the investment in Marinus to drive further investment in renewable energy projects in Tasmania. The state has an incredible opportunity to further cement its

place as a global leader in renewable electricity generation, and for the full benefits of Marinus to be gained in Tasmania these projects need to be facilitated and supported.

The TCCI is aware of a number of major projects that would benefit from the commitment to fund Project Marinus, including:

- Robbins Island wind power generation project
- Bell Bay hydrogen project
- Hydro Tasmania pumped hydro project

Each future project will need to be considered on its merits, but the TCCI will work the proponents and the State and Federal Governments to support and facilitate future renewable energy projects in Tasmania.

## Link to TCCI Policy Objectives

This policy is directly linked to the following TCCI Policy Objectives:

1. **Taxation** – *a fair and competitive state taxation system that incentivises business growth and investment*
3. **Workforce** – *Enhance the capability, productivity, and size of the Tasmanian workforce*
4. **Economy** – *A strong and diverse local economy that provides jobs and career opportunities for Tasmanians*
8. **Energy** – *Access to reliable and reasonably priced power*
14. **Regional Development** – *Tasmania's regions thrive and share in state economic growth*
18. **Climate Change** – *Tasmanian businesses minimise their contribution to global warming and respond to a changing climate*

## Summary of TCCI Policy

The TCCI supports an investment by the Australian Government in Project Marinus, a 1500-megawatt electricity interconnector that will further integrate Tasmanian renewable energy into the national electricity market. The TCCI believes that the estimated cost of the Project is \$3.5 billion.

Marinus Link is a project of national significance and the benefits are shared across states and territories. Marinus Link will support the transition of the Australian economy to renewable energy generation and benefit energy security and supply.

Marinus Link will generate significant economic and employment benefits for Tasmania during both the construction and operational phases of the project, especially in North West Tasmania. The Project will also cement Tasmania's position as a global leader in renewable energy generation and stimulate significant further investment and employment in the sector.

The TCCI support for Project Marinus requires:

- Robust communication with the Tasmanian community and fair treatment of impacted landowners and business during the construction phase
- Reduced electricity prices for Tasmanian businesses and households because of Marinus
- The development of an appropriate model for the construction, operation, and ownership of Marinus
- Ability for Tasmanian based businesses to be able to secure the renewable provenance of the electricity that they use
- Appropriate stimulation of further investment in renewable energy projects in Tasmania

The TCCI is committed to work in partnership with State and Federal Governments to help realise the potential of Marinus Link.

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### Date of Application

This policy was endorsed by the Board of the Tasmanian Chamber of Commerce and Industry on 15 November 2021 and will be formally reviewed by 15 November 2024.