

Inquiry into the Closure of the Hazelwood and Yallourn Power Stations

Ms Katherine Halliday

Organisation Name: Project Marinus

Your position or role: Government Engagement and Principal Communications Specialist

YOUR SUBMISSION

Submission:

I have uploaded the submission.

FILE ATTACHMENTS

File1: [613c5bfdb2067-270821_Submission for the Vic Parliament Inquiry into the closure of Hazelwood and Yallourn Power Stations.pdf](#)

File2:

File3:

Signature:

K Halliday

26 August 2021

The Secretary
Parliament of Victoria
Legislative Council, Economy and Infrastructure Committee
Parliament House, Spring Street
EAST MELBOURNE VIC 3002
Via email:
chypsinqury@parliament.vic.gov.au,
eic.council@parliament.vic.gov.au

Dear Secretary

RE: INQUIRY INTO THE CLOSURE OF THE HAZELWOOD AND YALLOURN POWER STATIONS

TasNetworks welcomes the opportunity to make a submission to the Legislative Council, Economy and Infrastructure Committee regarding the *Inquiry into the Closure of the Hazelwood and Yallourn Power Stations*.

TasNetworks is wholly owned by the State of Tasmania and is the Tasmanian jurisdictional planner and operator of Tasmania's transmission network. On behalf of the State of Tasmania and the Australian Government, we are progressing the Project Marinus interconnector: a new high voltage direct current (HVDC) connection between Victoria and Tasmania known as Marinus Link, and supporting high voltage alternating current (HVAC) transmission developments in Tasmania, known as the North West Transmission Developments (NWTD). This submission has been prepared with a focus on matters relating to Project Marinus.

Marinus Link is a proposed 1500 megawatt capacity HVDC undersea and underground electricity and telecommunications transmission connection to strengthen the link between Tasmania and Victoria as a critical part of Australia's future electricity grid. Project Marinus is included as an actionable project in Australian Energy Market Operator's (AEMO's) 2020 Integrated System Plan (ISP) and has passed the Regulatory Investment Test for Transmission (RIT-T); with a 1500 MW project, comprising early works, and two 750 MW stages, maximising net benefits to the energy market. Both the ISP and RIT-T analysis illustrate that the project needs to continue through design and approvals processes, so that it is ready for service as soon as the market requires it – as early as 2027 for the first 750 MW and 2029 for the second 750 MW. In August 2021 Marinus Link was included in Infrastructure Victoria's 30 year strategy.

Project Marinus will play a key role in supporting stability, reliability and energy affordability across the National Electricity Market (NEM) as the market evolves from centralised coal-fired power generation (including Hazelwood and Yallourn Power Stations) to a highly diverse system dominated by renewable energy and distributed energy resources. Much of the Victorian transmission network was designed to deliver energy to customers in large load centres from the coal-fired generators in the Latrobe Valley. As the generation mix evolves, the transmission network needs to be modified to improve capacity, manage local congestion, and enable the benefits of significant renewable energy generation and storage resources in Victoria, and in other parts of the NEM, to be efficiently developed and shared.

Marinus Link will enable Victoria to have reliable and direct access to Tasmania's existing and repurposed hydroelectric generation and long-duration energy storage. Victorian Government support in assisting the project through the design and approvals phase – such as efficient environment, planning and heritage assessments – will support the project being 'shovel-ready' by 2023-24. This timing would allow the first 750 MW link to be delivered by 2027-28. With Yallourn forecast to be closed by 2028, or potentially earlier, Marinus Link can play an important role to cost-effectively support Victoria's continuing energy transition.

Our findings show that Marinus Link supports the Victorian Renewable Energy Target (VRET) of 50 per cent by 2030 and Victoria's long-term target of net zero emissions by 2050.¹ Marinus Link supports the Victorian Government's plans to develop renewable energy zones, will contribute to Victoria's regional development through direct and indirect economic contribution, and support the transition to reliable, renewable energy in the Latrobe Valley and broader Gippsland region.

Our findings show that Marinus Link would stimulate economic growth and create significant jobs in regional Victoria, in the order of:

- \$1.5 billion in economic stimulus in the form of increased employment and economic value added to regional Victorian communities;
- Playing a key clean energy exchange role between complementary energy resources in Victoria and Tasmania, supporting the transition to reliable, renewable energy in the Latrobe Valley, the broader Gippsland region and beyond;
- Providing access to cost-effective deep storage, firm dispatchable capacity to support the development of Victoria's six proposed renewable energy zones (**REZ**); and,
- 1,400 direct and indirect jobs at peak construction, including a range of roles in the project management, engineering, science, trades, construction and professional services sectors.

In the attachment to this letter (*Attachment A*) we provide feedback in relation to a number of matters relevant to the Inquiry. These matters include:

- The importance of augmenting transmission to leverage investment in renewable energy projects and enhance system resilience and reliability, including in relation to the foreseeable closure of Yallourn Power Station in 2028.
- The role of the energy sector in achieving net zero emissions by 2050.
- The potential for electricity transmission to assist with short and medium term economic recovery and workforce participation, and contribution to direct and indirect benefits to Victoria including the Latrobe Valley and broader Gippsland region.

For more information or to discuss the views expressed in this submission, please contact Benjamin White Head of Stakeholder Relations, Land & Environment, via email [REDACTED] or by mobile on [REDACTED].

Yours faithfully

[REDACTED]

Bess Clark
General Manager Marinus Link

¹ [Project Marinus RIT-T, June 2021](#) and [Wholesale Pricing Report, June 2021](#)

ATTACHMENT A

The importance of augmenting transmission to leverage investment in renewable energy projects and enhance system resilience and reliability, in relation to the foreseeable closure of Yallourn Power Station in 2028

Appropriate and timely transmission augmentation will enable and leverage investment in renewable energy projects and enhance Victoria's system resilience and reliability. Investment in clean energy infrastructure will also better position Victoria to respond to climate change. The increasingly interconnected nature of the National Electricity Market (**NEM**) means that the main role of some transmission infrastructure in one jurisdiction may be to convey energy and/or provide other service benefits to customers in other regions within the NEM.

Project Marinus supports affordable, reliable and clean energy supply across the NEM, including in Victoria. Project Marinus helps to reduce energy reliability and security issues, and cost impacts, associated with Victoria's continuing transition from coal-fired generation to renewable generation. Modelling shows that Project Marinus will:

- Support Victoria's access to competitive energy prices and provide the dispatchable energy and firming services needed to support the pipeline of renewable energy projects proposed across Victoria. It does this by providing cost-effective access to existing Tasmanian hydro resources for the first 750 MW and to the 'Battery of the Nation' pumped hydro energy storage project proposals in Tasmania for the second 750 MW of capacity;
- Allow better sharing of renewable and dispatchable resources between the three southern NEM states. With Marinus Link and other interconnector projects in service (including Humelink, VNI West and Project EnergyConnect), Project Marinus will support efficient NEM access to the deep storage from Tasmania's 'Battery of the Nation' and Snowy 2.0 projects. This supports emissions reduction across Australia and assists in lowering wholesale energy costs for consumers. Without Project Marinus, mainland NEM states will rely more on gas-powered generators to meet dispatchable energy needs, with higher prices and higher emissions.
- Enhance Victoria's access to Tasmania's complementary wind and load profiles, and thereby improve energy reliability and stability for the Victorian grid during the peak summer period; and
- Provide access to new Tasmanian wind capacity without undermining Victoria's capacity to achieve its legislated VRET and net zero greenhouse gas emissions by 2050.

The role of the energy sector, especially clean, low cost and reliable capacity, in achieving net zero emissions by 2050

TasNetworks supports the objective of advancing climate change mitigation and adaptation, and achieving the target of net zero emissions by 2050. Marinus Link will support Victorian renewable energy development by providing firming capacity to wind and solar developments and opportunities for Victoria to transfer excess renewable energy to Tasmania.

This means that excess variable renewable energy generated in Victoria can be used in Tasmania (maintaining storage in Tasmania's existing hydro storage facilities) or used support new long-duration pumped hydro energy storage facilities. This will support 'time shifting' of clean energy: storing excess variable energy in dispatchable forms, ready to be used when needed.

To achieve net-zero emissions by 2050, significant reduction in emissions needs to be made in this decade. The electricity sector is well-placed to do the 'heavy lifting' now as renewable technology and clean firming services are already available. Transmission, including interconnector investment, supports efficient access to, and sharing of, these clean and sustainable resources.

The potential for electricity transmission to assist with short term economic recovery and workforce participation; contribution to direct and indirect benefits to Victoria; in particular the Latrobe Valley and broader Gippsland region

TasNetworks recommends that the Inquiry highlight the economic opportunities that Marinus Link will provide to the Gippsland region and its communities. Our analysis shows that Marinus Link would stimulate economic growth and create significant jobs in Victoria – particularly in the Latrobe Valley region – in the order of:

- \$1.5 billion in economic stimulus in the form of increased employment and economic value added to regional Victorian communities; and
- 1400 direct and indirect jobs at peak construction, including a range of roles in the project management, engineering, science, trades, and professional services sectors.

Our analysis also shows that Marinus Link can support Victoria's workforce participation by fostering the development of skills related to the energy industry as it transitions from coal-fired power generation to a greater mix of renewables and dispatchable capacity by 2035.

Cooperation across industry, government, and skills bodies is required to maximise the social, economic, and employment opportunities that will emerge for Victoria's regional communities from further development of the energy sector, including through projects such as Marinus Link.

TasNetworks is already working with representative bodies in Victoria, including the Latrobe Valley Authority and Committee for Gippsland, fostering relationships and collaboration across Bass Strait and identifying opportunities to share knowledge and resources to the mutual benefit of the North West Tasmania and Gippsland regions.