

VOLUNTARY Enhancement compliance plan notice issued in light of change to BSA arrangements

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Modified contract position

- The Basslink Services Agreement (**BSA**) between Hydro Tasmania and Basslink Pty Ltd (**BPL**) (receivers and managers appointed) (in administration) was terminated by Hydro Tasmania on 10 February 2022.
- Hydro Tasmania has made a good faith offer to the Receivers for an **interim arrangement** under which the key elements of the BSA would be performed for one month whilst the parties discuss alternative arrangements.
- Hydro Tasmania remains willing to discuss alternative arrangements with the Receivers which could include key elements of the BSA and that would provide funding during the receivership and help transition the asset to an alternative commercial model.
- Hydro Tasmania intends to voluntarily adhere to the terms of the Ministerial Notice issued under section 36 of the Electricity Supply Industry Act and the associated Compliance Plan which relate to the BSA as if those instruments applied to the interim arrangement.
- Absent extension, or a new agreement being reached for alternative arrangements, Basslink will be uncontracted at the end of this interim arrangement.

As prescribed in the Hydro Tasmania ESI Enhancements Compliance Plan:

- Principle 3.2, Hydro Tasmania can only instruct BPL to submit a positive bid which applies to southward flows across Basslink in appropriate circumstances, including where Hydro Tasmania believes it is reasonably necessary to avoid thermal overloading of the HVDC cable; and
- Principle 3.3, Hydro Tasmania must publicly disclose when it has instructed BPL to make a positive bid in a southward direction and the reason for doing so.

Details:

- Basslink is currently bid available at 478 MW by its owner and operator BPL.
- In October 2019 Hydro Tasmania commencing instructing BPL to modify its dispatch offers to the market operator, AEMO due to receipt of engineering analysis from its cable experts recommending flows were limited to below 500MW on a continuous basis due to the Basslink cable being at risk of exceeding its temperature design limits if operated continuously at 500MW. Those bidding instructions were subsequently revised, most recently in October 2021. Details are contained in Hydro Tasmania's previously published ESI compliance plan notices.
- Hydro Tasmania's cable experts have recommended safe continuous flow levels as set out immediately below.
- In light of those recommendations, effective 04:00 market time on 15 October 2021, Hydro Tasmania has instructed BPL to place a price (the Market Price Cap) on the capacity above:

- 454 MW - 1 August to 31 December (inclusive); and
- 439 MW - 1 January to 31 July (inclusive);
- This will apply to both northward and southward Basslink flows from 04:00 market time on 15 October 2021 and this measure will remain in place until further notice.
- Hydro Tasmania has provided BPL with the analysis from its cable experts and Hydro Tasmania will continue to review its position as new information comes to hand. BPL does not agree with the recommendations. Hydro Tasmania is issuing these bidding instructions because there is continued disagreement between Hydro Tasmania and BPL about the risk that Hydro Tasmania is seeking to address.

All MW values in this notification are stated at the receiving end consistent with the way bids are submitted.