

4 November 2022

Rebecca White MP
Parliament House
Hobart TAS 7000

Dear Ms White,

Right to Information Request 20 September 2022

I refer to your request pursuant to the *Right to Information Act 2009* (“RTI Act”) received on 20 September 2022 by Hydro Tasmania.

I am authorised to make decisions on behalf of Hydro Tasmania in respect of applications for information under the RTI Act.

1. Your Request

Your request is set out in detail in column 1 of Annexure 1 to this letter. It will be collectively referred to in the body of this letter as “the Request”.

2. Determination

2.1. Annexure 1 summarises my determination by itemising the sections of your request.

2.2. I have undertaken a search of the information held by Hydro Tasmania and its subsidiaries to locate any records that may be relevant to the Request (“Identified Information”) and determined that:

- a) Identified Information relevant to section 1 of the Request is exempt from disclosure in full;
- b) Identified Information relevant to relevant to section 2, 3 and 7 of the Request is partially exempt from disclosure;
- c) Hydro Tasmania is not in possession of any information that matches sections 4, 5 or 6 of the Request; and
- d) the information I have determined which can be released to you relevant to the Request is as follows:

	Document	Section of the Request	Released
1	06.1 FY2022-23 Financial Forecasts Update – September Board 2022	2	Partially – redacted as exempt pursuant to s 38
2	06.1 FY2022-23 Financial Forecasts Update	2	Partially – redacted as exempt pursuant to s 38
3	DRAFT Budget FY2022-23	2	Partially – redacted as exempt pursuant to s 38
4	Comms approach for Basslink	3	Partially – redacted as exempt pursuant to s 31
5	CONFIDENTIAL_PAC media holding lines	3	In full
6	Draft Basslink comms – subject LPP	3	Partially – redacted as exempt pursuant to s 31
7	final version	3	In full
8	HT media release on Basslink	3	In full
9	HT results response	3	In full
10	RE_Draft Basslink comms – subject LPP	3	Partially – redacted as exempt pursuant to s 31
11	RE_For review_Basslink statement	3	Partially – redacted as exempt pursuant to s 31
12	RE_HT media release on Basslink	3	In full
13	RE_HT results response	3	In full

14	RE_MR Basslink – confidential and legally privileged	3	Partially – redacted as exempt pursuant to s 31
15	Basslink Workshop	7	Partially – redacted as exempt pursuant to s 38

3. Reasons for Determination of Request

3.1. I have assessed the Identified Information in accordance with the RTI Act and have determined that the following exemptions apply to the Identified Information:

- a) section 27 (internal briefing information of a Minister)
- b) section 31 (legal professional privilege)
- c) section 35 (internal deliberative information)
- d) section 38 (information relating to business affairs on public authority); and
- e) section 39 (information obtained in confidence).

Exemptions (c) – (e) are additionally subject to the public interest test set out in section 33 of the RTI Act.

3.2. Section 1 of the Request

3.2.1. Searches identified 24 documents as relevant to Section 1 of the Request.

3.2.2. With the exception of one document, the remaining 23 documents are wholly or partially exempted from disclosure on the basis of s 31, being subject to legal professional privilege.

3.2.3. Both in addition to the s 31 exemption and to the extent that any part of the information is not exempt on the basis of s 31, the documents are exempt on the combined bases of sections 38 and 39 because:

- a) they contain commercially sensitive information, the public disclosure of which has a high likelihood of causing Hydro Tasmania competitive disadvantage; and/or
- b) the information was obtained in confidence and disclosure would be reasonably likely to impair Hydro Tasmania's ability to obtain similar information in the future, to the extent that it may prejudice the ability of Hydro Tasmania to negotiate and enter into future transactions.

3.2.4. These bases of exemption are subject to the public interest test set out in section 33 of the RTI Act. Consideration of the public interest test is set out in 3.6 - while additional bases of exemption have not been considered in detail for the documents or

information that I have determined is exempt on the bases of sections 27 and 31, the same considerations of the matters relevant to the public interest test would apply in relation to those additional bases.

3.2.5.I additionally note that some portions of the documents are not responsive or relevant to the Request and that responsive information would have been extracted from the unresponsive portions in accordance with s 18(3) if the responsive information had not been deemed exempt.

3.3. *Section 2 of the Request*

3.3.1. Searches identified 8 documents as relevant to Section 2 of the Request.

3.3.2. These documents are wholly or partially exempt on the basis of s 38 of the RTI Act as they contain commercially sensitive information, the public disclosure of which has a high likelihood of causing Hydro Tasmania competitive disadvantage. This basis of exemption is subject to the public interest test, consideration of which is set out in 3.6.

3.3.3. Some portions of the documents are additionally exempt on the basis of s 39.

3.3.4. Where information contained in these documents is not exempt, it has been released as set out in Part 2.

3.4. *Section 3 of the Request*

3.4.1. Searches identified 18 files (documents and emails) as relevant to Section 3 of the Request.

3.4.2. A number of the files are wholly or partially exempt on the basis of s 27, being advice/recommendations and consultation between Hydro Tasmania and the office of the Minister for Energy in the course of briefing the Minister.

3.4.3. A number of the files are wholly or partially exempt on the basis of s 31, being subject to legal professional privilege.

3.4.4. Additional portions of the files are exempt on the basis of s 35, being consultations of deliberations between Hydro Tasmania and the office of the Minister for Energy in the course of the deliberative processes related to the official business of Hydro Tasmania and the Minister. This basis of exemption is subject to the public interest test, consideration of which is set out in 3.6.

3.4.5. Where information contained in these files is not exempt, it has been released as set out in Part 2.

3.5. *Section 7 of the Request*

3.5.1. Searches identified 3 documents as relevant to Section 7 of the Request.

3.5.2. These documents are wholly or partially exempt on the basis of s 38 of the RTI Act as they contain commercially sensitive information, the public disclosure of which has a high likelihood of causing Hydro Tasmania competitive disadvantage. This basis of exemption is subject to the public interest test, consideration of which is set out in 3.6.

3.5.3. Where information contained in these documents is not exempt, it has been released as set out in Part 2.

3.6. *Public Interest Test*

3.6.1. Documents relevant to Sections 1, 2, 3 and 7 of the Request are exempted on bases of exemptions subject to the public interest test set out in s 33 of the RTI Act.

3.6.2. I have considered the matters specified in Schedule 1 of the RTI Act and have determined that a number of factors weigh against disclosure, particularly factors (k), (n), (s), (w) and (x).

3.6.3. Factors (a), (b), (c), (d) and (f) may weigh in favour of disclosure.

3.6.4. I consider factors (e), (g), (h), (i), (j), (l), (m), (o), (p), (q), (r), (t), (u), (v) and (y) to be irrelevant.

3.6.5. I have also considered the matters in Schedule 2 of the RTI Act and have taken none of these into account in making my determination in this matter.

3.6.6. Balancing the factors that weigh against disclosure against those in favour, I have determined that it is contrary to the public interest to disclose the information exempt in accordance with ss 38 and 39 of the RTI Act. A substantial amount of information in relation to the termination of the Basslink Services Agreement and the contextual circumstances of that decision is already publicly available and I am not satisfied that additional disclosure would, for example, significantly contribute to public debate on the matter. This being the case, there is not a general public interest in the disclosure of information that is not otherwise available to competitors and that would expose Hydro Tasmania to significant commercial disadvantage, nor in the disclosure of confidential information that may prejudice Hydro Tasmania's ability to negotiate and enter into future commercial transactions.

3.6.7. I have determined in the case of information exempt in accordance with s 35 of the RTI Act, the relevant factors weigh less heavily against disclosure and it is therefore not contrary to the public interest to disclose that information.

4. **Review of Rights**

You are entitled under Section 43 of the RTI Act to apply for a review of the decision made under Part 2.

Any request for such a review should be made in writing within twenty (20) working days of receiving this letter and addressed to:

Mr I Brooksbank
Chief Executive Officer
Hydro Tasmania
4 Elizabeth Street
HOBART TAS 7000

Should you have any further questions on the information provided please contact the undersigned.

This request is now considered closed.

Yours sincerely,



Laura Harle
Legal Counsel
t 6240 2813
e laura.harle@hydro.com.au

Annexure 1

Request	Decision	Information Available
1. Any reports provided to the Board of Hydro Tasmania relating to the decision to terminate the Basslink Services Agreement	Accepted	Exempt from disclosure
2. Any information produced for the Board of Hydro Tasmania regarding budget forecasts for 2022-23	Accepted	Refer to Documents 1 - 3 enclosed
3. Any information provided to the Minister for Energy relating to the decision to terminate the Basslink Services Agreement	Accepted	Refer to Documents 4 – 14 enclosed
4. Any information produced by the EGM Finance & Strategy relating to the decision to terminate the Basslink Services Agreement	Accepted	No information
5. Any information produced by the EGM Commercial relating to the decision to terminate the Basslink Services Agreement	Accepted	No information
6. Any information produced by the Managing Director Momentum relating to the decision to terminate the Basslink Services Agreement	Accepted	No information
7. Any information produced since 1 July 2022 relating to the financial impact for Hydro Tasmania of the decision to terminate the Basslink Services Agreement	Accepted	Refer to Document 15 enclosed

Annexure 2

Relevant excerpts from the RTI Act

27. Internal briefing information of a Minister

- 1) Information is exempt information if it consists of –
 - a) an opinion, advice or a recommendation prepared by an officer of a public authority or a Minister; or
 - b) a record of consultations or deliberations between officers of public authorities and Ministers –

in the course of, or for the purpose of, providing a Minister with a briefing in connection with the official business of a public authority, a Minister or the Government and in connection with the Minister's parliamentary duty.

- 2) Subsection (1) ceases to apply after the end of the period of 10 years commencing on the date of the creation of the information referred to in that subsection.
- 3) Subsection (1) does not include information solely because it –
 - a) was submitted to a Minister for the purposes of a briefing; or
 - b) is proposed to be submitted to a Minister for the purposes of a briefing –

if the information was not brought into existence for submission to a Minister for the purposes of a briefing.

- 4) Subsection (1) does not include purely factual information unless its disclosure would reveal the nature or content of the opinion, advice, recommendation, consultation or deliberations of the briefing.
- 5) Nothing in this section prevents a Minister from voluntarily disclosing information that is otherwise exempt information.

31. Legal professional privilege

Information is exempt information if it is of such a nature that the information would be privileged from production in legal proceedings on the ground of legal professional privilege.

35. Internal deliberative information

- 1) Information is exempt information if it consists of –
 - a) an opinion, advice or recommendation prepared by an officer of a public authority; or
 - b) a record of consultations or deliberations between officers of public authorities; or
 - c) a record of consultations or deliberations between officers of public authorities and Ministers –

in the course of, or for the purpose of, the deliberative processes related to the official business of a public authority, of a Minister or of the Government.

- 2) Subsection (1) does not include purely factual information.
- 3) Subsection (1) does not include –
 - a) a final decision, order or ruling given in the exercise of an adjudicative function; or
 - b) a reason which explains such a decision, order or ruling.

- 4) Subsection (1) ceases to apply after 10 years from the date of the creation of the information referred to in that subsection.

38. Information relating to business affairs of public authority

Information is exempt information –

- a) if it is –
[...]
 - ii) in the case of a public authority engaged in trade or commerce, information of a business, commercial or financial nature that would, if disclosed under this Act, be likely to expose the public authority to competitive disadvantage; or

39. Information obtained in confidence

- 1) Information is exempt information if its disclosure under this Act would divulge information communicated in confidence by or on behalf of a person or government to a public authority or Minister, and –
[...]
 - b) the disclosure of the information would be reasonably likely to impair the ability of a public authority or Minister to obtain similar information in the future.
- 2) Subsection (1) does not include information that –
 - a) was acquired by a public authority or a Minister from a business, commercial or financial undertaking; and
 - b) relates to trade secrets or other matters of a business, commercial or financial nature; and
 - c) was provided to a public authority or Minister pursuant to a requirement of any law.

Hydro-Electric Corporation Board paper

Meeting date: Wednesday, 21 September 2022

STRICTLY CONFIDENTIAL

Agenda item: 6.1

Subject:	FY2022/23 FINANCIAL FORECASTS UPDATE
Sponsor:	Tim Peters, Acting EGM Finance & Strategy
Category:	For noting
Draft resolution:	The Board <u>notes</u> the updated FY2022/23 Forecasts.

EXECUTIVE SUMMARY

[Redacted Executive Summary Content]

	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
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[Redacted]	[Redacted]	[Redacted]	[Redacted]

BACKGROUND

[Redacted Background Content]



[REDACTED]

[REDACTED]

[REDACTED]

ANALYSIS

[REDACTED]

[REDACTED]



[REDACTED]

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RESTRICTED DOCUMENT

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RESTRICTED DOCUMENT

Other ([REDACTED] Basslink Sale Process)

[REDACTED]

A further positive impact of \$23.4m relating to Basslink may result from the ongoing sale process. This is as \$82.6m (consisting of \$25.0m relating to legal fees, \$50.0m relating to the security deposit and \$7.6m relating to IRRs) is currently accounted for by Hydro Tasmania as a receivable while ~\$106.0m is included in APA's latest settlement offer relating to the amounts owed to Hydro Tasmania. The difference in these values relates to reduced availability and CRSM adjustments paid during the standstill period and interest accrued on the outstanding debt.

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]



RECOMMENDATION

The Board **notes** the updated FY2022/23 forecasts.

Management responsibility

Tim Peters, Acting EGM Finance & Strategy

Submitted by: Tim Peters, Acting EGM Finance & Strategy

Prepared by: Paul Odendaal, Acting Head of Finance

Chris Harper, Manager Group Finance

Cameron Gribble, Manager Retail Finance

Klimt Donohoe, Manager Commercial Finance

Hydro-Electric Corporation Board paper

Meeting date: Wednesday, 27 July 2022

STRICTLY CONFIDENTIAL

Agenda item: 6.1

Subject:	FY2022/23 FINANCIAL FORECAST UPDATE
Sponsor:	Tim Peters, Acting EGM Finance & Strategy
Category:	For noting
Draft resolution:	The Board <u>notes</u> the updated FY2022/23 Forecasts.

EXECUTIVE SUMMARY

[Redacted content]

[Redacted content]

BACKGROUND

[Redacted content]

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ANALYSIS

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Basslink Sale Process

A further positive impact of \$52.3m relating to Basslink may result from the ongoing sale process. This is as \$82.6m (consisting of \$25.0m relating to Legal fees, \$50.0m relating to the security deposit and \$7.6m relating to IRRs) is currently accounted for by Hydro Tasmania as a receivable while \$134.0m (*ex gst*) is included in Basslink’s debt waterfall relating to Hydro Tasmania as a creditor. The difference in these values relates to reduced availability and CRSM adjustments paid during the standstill period and interest accrued on the outstanding debt. This has not been included in the FY2022/23 Forecasts due to uncertainty of the outcome of the sale process.

[Redacted text block]

RECOMMENDATION

The Board **notes** the updated FY2022/23 Forecasts.

Management responsibility

Tim Peters, Acting EGM Finance & Strategy

Submitted by: Tim Peters, Acting EGM Finance & Strategy

Prepared by: Paul Odendaal, Acting Head of Finance
Chris Harper, Manager Group Finance
Cameron Gribble, Manager Retail Finance
Klimt Donohoe, Manager Commercial Finance

Hydro-Electric Corporation Board paper

Meeting date: Wednesday, 25 May 2022

STRICTLY CONFIDENTIAL

Agenda item: 6.1

Subject:	FY2022/23 BUDGET
Sponsor:	Tim Peters, Acting EGM Finance & Strategy
Category:	For decision
Draft resolution:	The Board <u>approves</u> the FY2022/23 Budget

EXECUTIVE SUMMARY

[REDACTED]

[REDACTED]

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[REDACTED]

BACKGROUND

[REDACTED]

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RESTRICTED DOCUMENT

[REDACTED]

The treatment of Basslink in the budget represents a continuation of operations in the absence of the BSA until November 2022, with a new agreement reached at an assumed annual cost of [REDACTED] p.a. from November 2022 and the return of access to the inter-regional residues (IRRs). The period between July and the new assumed agreement starting in November is treated the same as current operations, with the assumed cost reduction of no BSA payments wholly offset by an equal and opposite reduction in IRRs received. While conservative, this provides for the uncertainty in operations and financial outcomes that may result. The overall impact of changes to the Basslink assumptions from the Draft Corporate Plan results in a net positive value for the budget year of \$7.2m despite the conservative assumption on IRRs. Further detail is provided in the table below:

Net Basslink Impact	
Item	Impact (\$m)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
FIRD Replacement	10.0
Changes to Macquarie Hedge	0.8
Total	7.2

[REDACTED]

[REDACTED]

[REDACTED]



[REDACTED]

[REDACTED]

[REDACTED]

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RECOMMENDATION

The Board approves the FY2022/23 Budget

Management responsibility

Tim Peters, Acting EGM Finance & Strategy

Submitted by: Tim Peters, Acting EGM Finance & Strategy

Prepared by: Paul Odendaal, Acting Head of Finance

Chris Harper, Manager Group Finance

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RESTRICTED DOCUMENT

From: [Cassandra Leigh](#)
To: [Foster, Adam](#)
Cc: [Hills, Amy](#); [Rachel Johnson](#)
Subject: Comms approach for Basslink
Date: Monday, 7 February 2022 6:04:00 PM
Attachments: [Redacted]
[image001.png](#)

Confidential. Sharing on a common-interest privilege basis.

Hi Adam,

[Redacted]

[Redacted]

While there are still a couple of scenarios that might play out, the below messages (obviously more fleshed out) could support that information:

- Next step in the process for securing the best outcome for Tasmanians
- HT/State remain open to discussions with receivers
- Energy supply is secure with storages well above the PSL and energy security framework in place
- No reason to expect that access to the link will be interrupted

Let me know if you need further information. We can regroup tomorrow.

Thanks,
Cass

Cassandra Leigh
Manager Communications



m 0414 868 409
e cassandra.leigh@hydro.com.au
w hydro.com.au
a 4 Elizabeth Street, Hobart TAS 7000

From: [Lyn Southon](#)
To: [Foster, Adam](#); [Turner, Brad](#)
Cc: [El Inglis](#); [Media Enquiries](#)
Subject: CONFIDENTIAL: PAC media holding lines
Date: Friday, 17 June 2022 9:32:57 AM
Attachments: [image001.png](#)

Good morning Brad and Adam

Please find below holding lines ahead of PAC. We are not planning to proactively issue.

The background info is all publicly available information and will be helpful to provide to any media enquiry for context.

Holding lines

- Hydro Tasmania has participated fully with the Parliamentary Standing Committee of Public Accounts of the Tasmanian Parliament into the decision by Hydro Tasmania to terminate the Basslink Services Agreement (BSA).
- Hydro Tasmania has sought to inform the Committee and assist in its deliberations.
- Hydro Tasmania terminated the Basslink Services Agreement with Basslink Pty Ltd (BPL) on 10 February 2022. The termination was as a result of certain ongoing performance and financial defaults under the BSA.
- Hydro Tasmania assessed the commercial implications of the BSA termination and concluded that it was a commercially appropriate decision in the circumstances.
- Certain information remains commercial in confidence due to ongoing discussions in relation to Basslink.
- The operation of the Basslink interconnector is a matter for Basslink Pty Ltd.

Background

- On 12 November 2021, Keppel Infrastructure Trust announced that Basslink Pty Ltd (BPL) and related entities had entered voluntary administration. BPL's financiers appointed receivers shortly thereafter.
- On 10 February 2022 Hydro Tasmania terminated the Basslink Services Agreement with Basslink Pty Ltd (BPL). At the time, Hydro Tasmania remained willing to discuss with receivers an alternative commercial model that could include key elements of the BSA, that would provide funding during the receivership and help transition the asset to an alternative commercial model.
- Consistent with this, Hydro Tasmania made a good faith offer to the Receivers for an interim arrangement, under which the key elements of the BSA would be put back in place for one month while the parties discuss possible alternative arrangements. The receivers declined Hydro Tasmania's offer.
- As there is no longer a contract in place between Hydro Tasmania and BPL in relation to inter-regional revenues or bidding of the link, Hydro Tasmania no longer purchases the IRRs from BPL, and BPL is no longer obliged to bid the link available at \$0 unless otherwise instructed by Hydro Tasmania.

Lyn Southon
Communications Advisor



t +61 3 6240 4622

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w hydro.com.au

a 4 Elizabeth Street, Hobart TAS 7000

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From: [Cassandra Leigh](#)
To: [Foster, Adam](#)
Cc: [Turner, Brad](#); [Hills, Amy](#); [Rachel Johnson](#)
Subject: Draft Basslink comms - subject LPP
Date: Tuesday, 15 February 2022 3:27:00 PM
Attachments: [Voluntary Enhancement compliance plan notice - end of BSA arrangements.docx](#)
[image001.png](#)
Importance: High

Sharing on a common interest legal privilege basis.

Hi Adam,

[REDACTED]

[REDACTED]

I'm working through a way of doing this in as minimally impactful way as possible, noting again that this is technical info that only the market will care about. What I'm proposing is to publish a media statement on our website but only proactively issue to industry media that have covered the story (primarily Renew Economy and Energy Source and Distribution), and support this by updating our compliance notice on the website.

The draft release is below, noting it is still subject to internal review and approval.

Please let me know if you have any issues or concerns, we hope to get out asap.

Thanks,
Cass

Media:

background:

- The Basslink Services Agreement (BSA) was the agreement under which Hydro Tasmania paid Basslink Pty Ltd (Basslink's owner) a facility fee in exchange for revenues that the link receives from AEMO and certain other rights including transport bidding rights.
- With the termination of the BSA, BPL will now keep all revenues received from AEMO and determine how the link is bid going forwards.

short media statement:

On 10 February 2022 Hydro Tasmania terminated the Basslink Services Agreement with Basslink Pty Ltd (receivers and managers appointed) (in administration) (BPL).

Concurrent with that termination, Hydro Tasmania made an offer to BPL's receivers for an interim arrangement under which the key elements of the BSA would be put back in place for one month whilst the parties discuss possible alternative arrangements.

The receivers have declined Hydro Tasmania's offer. Accordingly there is no longer any contract in place between Hydro Tasmania and BPL in relation to Inter-regional revenues or bidding of the link and Hydro Tasmania no longer has the ability to issue bidding instructions to BPL.

Hydro Tasmania remains willing to discuss with receivers an alternative commercial arrangement that would provide funding during the receivership and help transition the asset to an alternative commercial model.

Cassandra Leigh

Manager Communications



m 0414 868 409

e cassandra.leigh@hydro.com.au

w hydro.com.au

a 4 Elizabeth Street, Hobart TAS 7000

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

Published 15 February 2022

Withdrawal of bidding instructions.

- 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 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. That offer was not accepted by the Receivers and accordingly there is no longer any contract between Hydro Tasmania and BPL in relation to inter-regional revenues or bidding of the link and Hydro Tasmania no longer has the ability to issue bidding instructions to BPL.
- Hydro Tasmania has therefore **withdrawn all bidding instructions** issued to BPL and will not issue any further instructions unless a new agreement is entered into at some point in future.
- Hydro Tasmania remains willing to discuss alternative arrangements with the Receivers.

From: [El Inglis](#)
To: [Turner, Brad](#)
Subject: final version
Date: Friday, 13 May 2022 9:26:00 AM
Attachments: [Letter from Minister to PAC Chair on BSA termination questions.DOCX](#)
[image003.png](#)

Hey brad

Can you please flick me the final copy of the PAC submission? I only have this attached one which isn't signed so im not sure if its final.

Cheers

El Inglis

Manager Government Relations



m 0405 619 909

e eleanor.inglis@hydro.com.au

w hydro.com.au

a 4 Elizabeth Street, Hobart TAS 7000

Please consider the environment before printing my email

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Minister for Primary Industries and Water
Minister for Energy and Emissions Reduction
Minister for Resources
Minister for Trade
Minister for Veterans' Affairs



Level 5, 4 Salamanca Place HOBART TAS 7000 Australia
GPO Box 123 HOBART TAS 7001 Australia
Phone: +61 3 6165 7678
Email: guy.barnett@dpac.tas.gov.au

Hon Ruth Forrest MLC
Chair
Public Accounts Committee
Parliament House
Hobart TAS 7000

Dear Ms Forrest

I write in reply to your letter to me of 23 February 2022 in relation to a number of questions about Hydro Tasmania's termination of the Basslink Services Agreement (BSA).

Specifically, you asked me for information on:

- the timing of the decision;
- the rationale behind the decision;
- the impact on Hydro Tasmania's financial position; and
- the potential future impact to Tasmania's energy security and fibre optic telecommunications.

Given that the first three of these questions go to actions undertaken by Hydro Tasmania, I have sought specific information from Hydro Tasmania on those matters. I have included Hydro Tasmania's information to me in Attachment 1.

In brief, Hydro Tasmania's decision to terminate the BSA on 10 February 2022 was taken by its Board following careful consideration, and having regard to the financial consequences.

It was preceded by three concurrent arbitrations between Hydro Tasmania, the State of Tasmania and Basslink Pty Ltd (BPL) and unsuccessful commercial discussions between the parties, including the provision by the State and Hydro Tasmania of a ten-month period of standing still their respective legal rights emerging from those arbitrations to enable commercial approaches to be explored.

The matters in dispute between the parties largely related to the subsea cable fault and associated outage of Basslink, which occurred on 20 December 2015.

Hydro Tasmania's rationale for terminating the BSA was that BPL had breached, and remained in breach of the BSA in several respects, including:

- the cable not meeting the Minimum Technical Specifications required under the Agreement;
- BPL had not paid Hydro Tasmania the costs awarded by the Arbitrator; and
- BPL owed Hydro Tasmania other amounts under the BSA as a consequence of the cable's ongoing operation at 500MW since the date of the Arbitration Award.

In addition, BPL had not satisfactorily progressed the actions to improve operational performance ordered by the Arbitrator.

Ahead of taking the termination decision, Hydro Tasmania assessed the commercial implications of terminating the BSA and concluded that it made commercial sense to terminate the contract in the circumstances. The final financial outcome for the current 2021-22 financial year is not known at the date of writing.

Hydro Tasmania remains open to continuing discussions with the Receivers about ongoing arrangements for Basslink, and in relation to whether a commercial resolution is possible in respect of ongoing matters of dispute. Any commercial resolution may result in changes to the financial impacts arising from the BSA termination.

In relation to the implications for energy security, in recent years, Basslink has not played a material role in being a source of supply required to meet Tasmania's electricity needs. Accordingly, its role in energy security has been minimal.

With the termination of the BSA, BPL will make its own choices about bidding the link. In so doing, it may influence flows across the link - with actual flows being determined by a combination of BPL's bids, and generator's bids in the Victorian and Tasmanian regions. BPL is incentivised to bid the link such that there is flow across it, otherwise it earns no revenue.

Given the current strong storage situation, and the ongoing operation of Basslink, there are no material energy security considerations arising from termination of the BSA. Further information on this is contained in Attachment 2.

In relation to telecommunications, Basslink's telecommunication business is operated by a separate business (Basslink Telecoms Pty Ltd) to the entity that was the counterparty to the BSA (that being Basslink Pty Ltd). There are no linkages between the BSA and BPL's commercial arrangements in relation to telecommunications. Therefore, the termination of the BSA will have no direct impact on BPL's telecommunication business.

I trust that the information above, and the detail provided in the Attachments is of use to the Committee in its deliberations.

As explained in Attachment 1, there are prospects for upcoming court proceedings in relation to decisions taken by the State and Hydro Tasmania in protecting and progressing their respective legal entitlements. Accordingly, it would be imprudent to offer extensive public commentary on the rationale and circumstances of the BSA termination and related decisions to avoid the prospect of jeopardising matters before the court. I would welcome an opportunity to discuss with the Committee whether there is an opportunity for any hearings with respect to such matters, if the Committee should determine these to be required, to be held in-camera.

Yours sincerely

Hon Guy Barnett MP

Minister for Energy and Emissions Reduction

Attachment 1 - Hydro Tasmania information on Questions 1-3

1. Timing of the decision

The Basslink Services Agreement (**BSA**) was terminated on 10 February 2022. This decision was taken by the Board of Hydro Tasmania following careful consideration. It was preceded by three concurrent arbitrations between Hydro Tasmania, the State of Tasmania and Basslink Pty Ltd (**BPL**) and unsuccessful commercial discussions between relevant parties. The matters in dispute between the parties largely related to the subsea cable fault and associated outage of Basslink, which occurred on 20 December 2015. A high-level chronology of the key events that preceded termination of the BSA is attached as Appendix 1.

2. Rationale behind the decision

In December 2020, Hydro Tasmania, BPL and the State of Tasmania received a decision from the Arbitrator in respect of the disputes that were referred to Arbitration in 2018.

Materially, the Arbitrations established that the Basslink Facilities do not meet the Minimum Technical Specifications (minimum MW rating capacity requirements within the BSA); and as a consequence BPL was in breach of a number of key provisions of the BSA.

In addition, the Arbitrator ordered BPL to undertake a number of actions to improve the operational performance of the cable and to mitigate the risk of future cable failure. Following delivery of the award, the Arbitrator also awarded Hydro Tasmania \$25.25 million in costs.

Following the Arbitrations, BPL, the State and Hydro Tasmania agreed in good faith to enter into a Standstill Agreement that preserved the rights of the parties and created a framework for negotiations to take place on commercial and engineering matters, while BPL attempted to refinance its debt and meet its commitments arising from the Arbitrations.

Prior to its expiry on 28 May 2021, the parties agreed to extend the Standstill Agreement until October 2021. Throughout the standstill period the State and Hydro Tasmania sought to reach a holistic resolution to the matters in dispute but this was unsuccessful.

At the time of expiry of the Standstill Agreement in October 2021:

- (a) BPL remained in breach of a number of key provisions of the BSA;
- (b) BPL had not satisfactorily progressed the actions to improve operational performance ordered by the Arbitrator;
- (c) BPL had not paid Hydro Tasmania the costs awarded by the Arbitrator; and
- (d) BPL owed Hydro Tasmania other amounts under the BSA as a consequence of the cable's ongoing operation at 500MW since the date of the Arbitration Award.

BPL's failure to pay Hydro Tasmania's costs, and the other outstanding amounts constituted further breaches of the BSA. Note BPL (and now Receivers) and Hydro Tasmania disagree with respect to the calculation of the amounts referred to at (d).

Following expiry of the Standstill Agreement, Hydro Tasmania issued BPL with Default Notices under the BSA in respect of BPL's breaches.

On 12 November 2021 voluntary administrators and Receivers were appointed to BPL by BPL's financiers.

BPL has granted security interests over all of its property in favour of the Financiers, Hydro Tasmania and the State of Tasmania. As is common in such situations, an Inter-Creditor Agreement was entered into between the

parties at financial close which regulated the rights of the parties with respect to the enforcement of their securities.

Following the Receivers' appointment Hydro Tasmania and the State engaged directly in discussions with the Receivers and the Finance Trustee (i.e. agent for BPL's lenders) about matters still in dispute, however, no holistic resolution in respect of the outstanding breaches was reached. Further, the Finance Trustee repudiated the Inter-Creditor Agreement by failing to perform material obligations imposed on it under that agreement.

Faced with a situation of ongoing breaches under the BSA as a consequence of the Basslink Facilities remaining unable to meet the Minimum Technical Specifications, ongoing breaches of the BSA arising from non-payments of amounts owed by BPL to Hydro Tasmania; and faced with a repudiation of the Inter-Creditor Agreement by the Finance Trustee, Hydro Tasmania and the State were in a position where they were not getting what they bargained for under either of these material contracts. No commercial resolution was reached with the Receivers or the Finance Trustee in respect of these matters and so on 10 February 2022 Hydro Tasmania and the State terminated the Inter-Creditor Agreement and Hydro Tasmania subsequently terminated the BSA and related contracts.

Since termination, BPL's Receivers have commenced proceedings in the Federal Court challenging the validity of Hydro Tasmania and the State's termination of the inter-creditor agreement. Hydro Tasmania and the State are in ongoing discussions with the Receivers about those proceedings, however, presently the matter is listed for a case management hearing in the week ending 25 March 2022.

Whilst Hydro Tasmania wishes to assist the PAC in its inquiry, in light of the prospect of upcoming court proceedings Hydro Tasmania is cognisant it would be imprudent to offer extensive public commentary on the rationale and circumstances of this decision to avoid the prospect of jeopardising matters before the court. Hydro Tasmania would welcome an opportunity to discuss with the Chair of the Parliamentary Accounts Committee whether there is an opportunity for any hearings with respect to such matters to be held in-camera.

3. Impact on Hydro Tasmania's financial position

The termination of the BSA has a range of implications for Hydro Tasmania's financial accounts and balance sheet.

Hydro Tasmania assessed the commercial implications of termination of the BSA and related contracts and concluded that it made commercial sense to terminate the contract in the circumstances.

As at 17 March 2022; BPL owes Hydro Tasmania the following amounts, which will be subject to recovery following conclusion of BPL's administration / receivership.

Amounts outstanding	Amount (\$m)
Arbitration costs award	25.25
Security deposit (became payable following termination of the BSA)	50.00
Outstanding amounts under the BSA*	58.03
Accrued interest (current up to 1 April 2022)	0.92
Total	134.20

*note the quantum of some of these amounts is the subject of dispute with Receivers.

Note the above are estimates and some amounts are disputed. In addition, as a consequence of the BSA being terminated Hydro Tasmania has entered into a new interest rate swap to manage an interest rate exposure that was created¹. Accordingly the final financial outcome for the current 2021-22 financial year is not known at date of writing.

It is important to note that Hydro Tasmania remains open to continuing discussions with the Receivers about ongoing arrangements for Basslink, and in relation to whether a commercial resolution is possible in respect of ongoing matters of dispute between us. Any commercial resolution may result in further impacts to the above amounts owing.

For reference, the following BSA related financial assets and liabilities were reported in Hydro Tasmania's accounts (published in the 2021 Annual Report) for the financial year ending 30 June 2021. The financial impacts relating to the terminated BSA and any commercial resolution with Receivers or other parties that may occur in the current financial year will be accounted for in the FY2021/22 financial accounts.

Current Assets	\$,000
Basslink financial asset	60,173
Total Current Assets	60,173
Non - Current Assets	
Basslink financial asset	349,057
Total Non - Current Assets	349,057
Current Liabilities	
Basslink Services Agreement	(92,816)
Basslink Facility Fee Swap	(33,002)
Total Current Liabilities	(125,818)
Non - Current Liabilities	
Basslink Services Agreement	(490,040)
Basslink Facility Fee Swap	(287,434)
Total Non - Current Liabilities	(777,474)
Net Basslink Position	(494,062)

¹ Hydro Tasmania entered into a range of interest rate swaps in 2002 to hedge exposure to the floating component of the Facility Fee.

Energy Security Framework

The Government has taken strong steps to strengthen the framework for energy security in Tasmania, introducing a new framework for assessing and transparently reporting on energy security in Tasmania and assigning new legislative roles for the Tasmanian Economic Regulator as Monitor and Assessor under the *Energy Co-ordination and Planning Act 1995* (the Act).

The Government also acted to introduce legislative storage profiles to manage energy security under the Act. The Act establishes two profiles for total energy in storage (TEIS) for Hydro Tasmania's system of dams across the year.

- The lower level profile, referred to as the High Reliability Level (HRL), is set such that mainland Tasmania could withstand a six-month Basslink outage, coinciding with very low inflows to energy in storage. If storage levels fall below the HRL, there would be concerns about Tasmania's energy security over the medium-term.
- The higher level profile, the Prudent Storage Level (PSL), allows for an additional reserve above the HRL such that there is a low likelihood of the level of energy in storage falling below the HRL under normal operating conditions.

The Monitor and Assessor's functions under the Act are as follows:

- to monitor and provide reports in relation to energy in storage and other sources of energy;
- to evaluate, on a monthly basis, whether there is sufficient energy in storage and associated generation capacity to meet forecast electricity demand in the Tasmanian region of the National Electricity Market (NEM);
- to require Hydro Tasmania to provide recovery plans;
- to provide the Energy Security Co-ordinator with a copy of any recovery plan and the Monitor and Assessor's advice on the quality of that plan;
- to notify the Energy Security Co-ordinator when energy in storage levels are likely to drop below the HRL;
- to monitor and evaluate the PSL and HRL and advise the Minister whether changes in the levels are required; and
- such other functions as may be prescribed.

The Monitor and Assessor provides public reporting on energy security matters, including monthly dashboards and an Annual Report. The latest monthly dashboard and a copy of the Executive Summary of the latest Annual Report (for the 2020-21 water year) are included in Appendix 1 for information.

It is worth noting that in the taking into account Basslink entering voluntary administration in November 2021, in the 2020-21 Annual Report, the Regulator concluded that:

...Tasmania's available electricity supply is expected to be sufficient to meet demand over the coming 12 months. With the current level of energy in storage and Tasmania's on-island electricity generation

capacity, Tasmania energy security rating is assessed as high over 2021-22, including in the event of a temporary loss of generation from the Tamar Valley Power Station (TVPS) or a Basslink outage.

The Monitor and Assessor considers that there is a very low likelihood that energy in storage will fall below the HRL in 2021-22. In the unlikely event that energy in storage falls below the PSL in 2021-22, it is expected that this would be for short periods only. In summary, the Monitor and Assessor does not expect that Tasmania will face energy security issues related to the level of energy in storage in the 2021-22 water year.
(pp.1-2)

Basslink's current role in energy security

In recent years, Basslink has not played a material role in being a source of supply required to meet Tasmania's electricity needs. Accordingly, its role in energy security has been minimal. Over the past three years, inflows into the Tasmanian system have been higher than the amount of hydro generation needed to fulfil the State's electricity needs, given other sources of on-island generation (wind, gas and embedded generation), as shown in the Table 1 below.

Table 1: Tasmanian consumption, inflows and non-hydro generation, by water year^a, GWh

	2018-19	2019-20	2020-21
Tasmanian electricity consumption	10582	10672	10825
Total non-hydro generation (wind, gas and embedded generation)	1798	1716	2182
Share of consumption met by non-hydro generation (per cent)	17	16.1	20.2
Consumption needed to be met by hydro generation or imports	8784	8956	8643
Inflow into storages	8873	9238	10037
'Excess' inflows available to build storages or export	89	282	1394
"Excess" inflows as a share of total inflows (per cent)	1.0	3.1	13.9

Source: Annual Energy Security Reviews 2019-20 and 2020-21, Tasmanian Economic Regulator.

(a) The 'water year' is the period 1 November to 31 October.

BSA termination

Since its inception, Basslink has been a market network service provider (MNSP). Unlike regulated interconnectors, which earn revenue from transmission charges imposed on electricity customers, MNSPs earn revenue from the electricity spot market, operated by AEMO.

A MNSP's revenue is a function of the volume of electricity transported across it, multiplied by the price differences between regions as those flows occur, referred to as inter-regional revenues (IRRs). A MNSP can offer different levels of capacity to the market depending on the value of the regional price differences - similar to the way in which a generator can make different levels of generation available, depending on the prevailing pool price.

Under the BSA, Basslink was operating as a contracted MNSP - it agreed to pay Hydro Tasmania the inter-regional revenues (IRRs) it received from AEMO in exchange for a Facility Fee. The BSA also provided that BPL must make the link available at \$0 price difference, unless otherwise instructed by Hydro Tasmania.

Given termination of the BSA, those arrangements no longer exist. Consistent with the MNSP model, BPL is now 'uncontracted' and, therefore, able to make its own choices about bidding the link. In so doing, it may influence flows across the link - with actual flows being determined by a combination of BPL's bids, and generator's bids in the Victorian and Tasmanian regions². BPL is incentivised to bid the link such that there is flow across it, otherwise it earns no revenue.

Given the current strong storage situation, and the ongoing operation of Basslink, there are no material energy security considerations arising from termination of the BSA. Importantly, since the BSA termination on 10 February 2022, there has been no evidence of BPL bidding strategically to withhold transport capacity.

Extended Zero-Flows Across Basslink

Notwithstanding that Basslink's current role in energy security has reduced due to additional wind generation coming on line in Tasmania in recent years, coupled with good inflows, and the fact that there is no *prima facie* reason to believe that the link will be strategically withheld by BPL, it is worthwhile considering the impact of an extended period of zero flows across Basslink.

The analysis assumes there are no flows across Basslink at all, and no change in on-island demand and no change in the supply of non-hydro generation in Tasmania. Three illustrative scenarios are considered, namely:

- average rainfall (50th percentile inflows from April onwards);
- low inflows (only 70 per cent of average inflows from April onwards); and
- very low inflows (using inflows modelling from the 2015-16 energy crisis).

The results are shown in Figure 1, with projected storage levels shown for the period April-December 2022 (actual storage levels are shown for January to March).

Figure 1: Projected TEIS with zero Basslink flows

² Basslink cannot control the Victorian or Tasmanian spot prices. Where Basslink flows are bid with a price that price will be taken into account by AEMO's dispatch algorithms. Basslink can (and indeed has since the termination of the BSA) bid its flows at \$0, and in that situation generator's bids alone determine the price for energy being imported or exported.

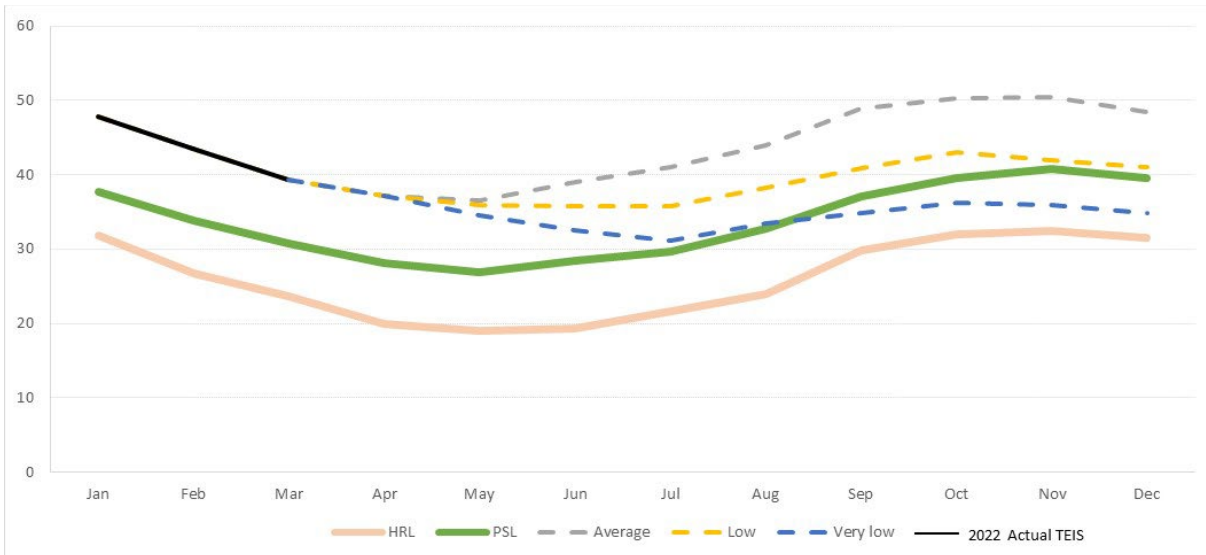


Figure 1 demonstrates that under the assumptions, with average inflows from April onwards, the TEIS remains well above the PSL, and even under a low inflow assumption, the PSL is not reached. Under a very low inflow sequence, and assuming there are zero flows across Basslink, there is a six month runway before the 'early warning' PSL is reached (and the HRL is not reached at all). Under the very low inflow scenario, the trajectory in Figure 1 assumes no mitigating actions. If the TEIS were to be below the PSL, then it is highly probable that mitigating strategies would be put in place.

The upshot of the high-level analysis is that given the current level of storages, on-island demand, the supply of non-hydro generation (particularly wind and embedded generation), there are no *prima facie* concerns about the implications of the BSA termination for energy security.

Item I.1 - March 2022 “Dashboard”

TASMANIAN ENERGY SECURITY
Monitor and Assessor



Monthly Dashboard

March 2022 edition

Report on energy in storage levels and energy security assessment for mainland Tasmania as at 7 March 2022.

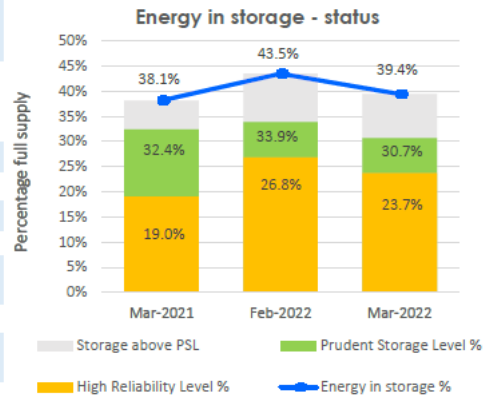
Status

Energy in storage remains well above the Prudent Storage Level.
Energy in storage is equivalent to 6 months average seasonal demand.[^]
Risk response: Normal - commercial operation of Hydro Tasmania generation.
Hydro Tasmania reports that storages remain above the High Reliability Level over the next 120 days in all its simulated inflow sequences.

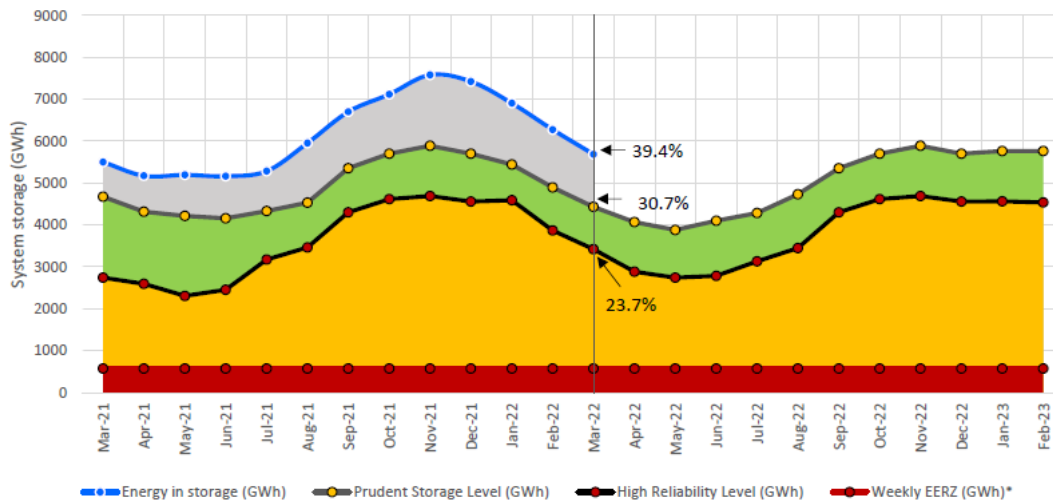
Energy security assessment:
no additional monitoring activities required

Energy in storage (EIS)

	System	PSL	HRL
As at 7 March 2022 (GWh)	5 688	4 432	3 422
Percentage full supply [#]	39.4%	30.7%	23.7%
Total February yield [~] (GWh)	- 84		
Previous month (as at 7 February 2022) (GWh)	6 275		
Change from last month (GWh)	-9.4%		
Change from March last year (GWh)	+3%		



Energy in storage (mainland Tasmania) - March 2021 to March 2022**



[^] Average seasonal demand for the energy in storage equivalent is approximately 948 GWh per month.

[#] Total system supply is 14 437 GWh (excludes Lake Gairdner, Lake Margaret and Lake Plimsoll).

[~] Inflows for the calendar month.

* System storage associated with Great Lake Environmental Extreme Risk Zone (EERZ).

** The HRL and PSL profiles were revised in August 2021, taking effect from 1 September 2021. This chart shows the revised profiles starting from September 2021.

Further information can be found at the Office of the Tasmanian Economic Regulator's website, available [here](#)

HRL = High Reliability Level (threshold to which reserve water is held for energy security purposes, where the reserve is sufficient to withstand a six month Basslink outage coinciding with a very low inflow sequence, and avoid extreme environmental risk for Great Lake).

PSL = Prudent Storage Level (additional storage to result in a low likelihood of entering the HRL under normal operating conditions).

EIS = Energy in storage (the volume of water available for electricity generation in Hydro Tasmania's dams as a percentage of full supply).

February statistics

Mainland Tasmanian generation during February 2022

Tasmanian monthly consumption	800.5 GWh
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Renewable generation

Hydro generation	526.2 GWh
Wind generation	122.6 GWh

Gas

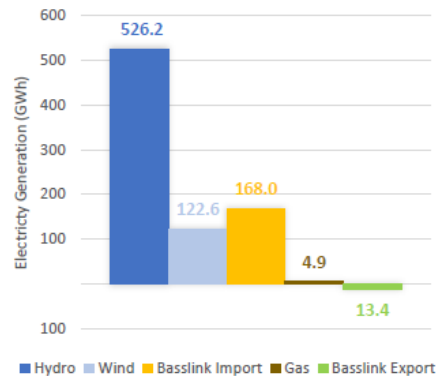
Gas generation	4.9 GWh
----------------	---------

Basslink flows during February 2022

Basslink interconnector

Basslink imports	168.0 GWh
Basslink exports	13.4 GWh
Basslink net imports	154.6 GWh

Mainland Tasmanian generation mix (February 2022)



Energy security outlook

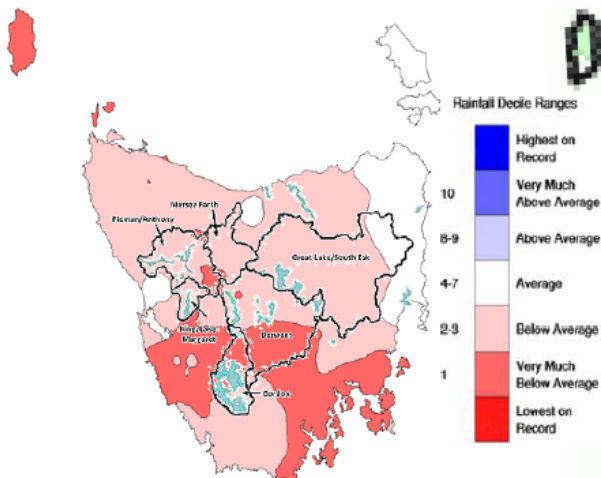
Rainfall in Tasmania - February 2022

February 2022 recorded around half its typical rainfall for Tasmania. Parts of the north-east received near average rainfall, but elsewhere in Tasmania totals were below average, and in the driest 10% of February records for parts of the south. February days were warmer than average for most of the State. The mean maximum temperature for Tasmania as a whole was 0.71°C warmer than average. The mean minimum for Tasmania overall was 0.43°C above average.

Three month forecast

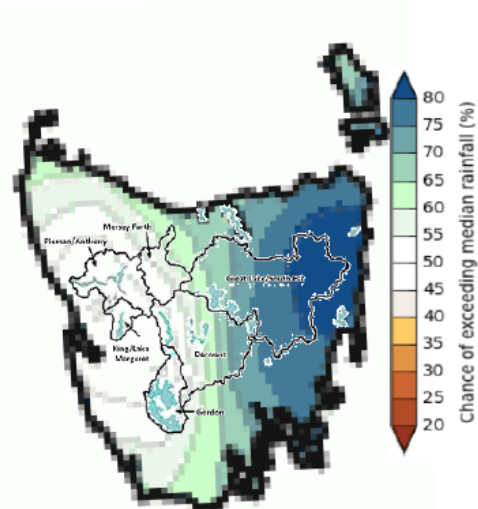
The Bureau of Meteorology's three month climate outlook for March 2022 to May 2022, issued on 3 March 2022, estimates it is likely that rainfall will be above the median for eastern Tasmania and that there is roughly equal chances of above or below median rainfall in the rest of Tasmania. As such, Hydro's major storages, Gordan, King/Lake Margaret, and Pieman/Anthony, could therefore receive above or below average inflows.

Monthly Rainfall Deciles for Tasmania 1 February 2022 - 28 February 2022



Source: Bureau of Meteorology, Monthly Climate Summary for Tasmania (link).

Likelihood of Exceeding the Median Rainfall March 2022 to May 2022



Source: Bureau of Meteorology, Monthly Climate Outlook (link).

*OTTER apologises for the pixelated image, caused by changes to the way BoM Climate Outlook maps are archived.

Disclaimer: This report has been prepared in good faith using information sourced from NEM Review™ and the Australian Bureau of Meteorology, with additional data provided by Hydro Tasmania. The Office of the Tasmanian Economic Regulator assumes no liability as to the reliability and accuracy of the information provided.

EXECUTIVE SUMMARY

The role of Monitor and Assessor for Energy Security (the Monitor and Assessor) was established under the *Energy Co-ordination and Planning Act 1995* (the Act) to report on energy security in Tasmania and, when necessary, commence the process for managing risks to energy security. Section 8A of the Act provides that the Tasmanian Economic Regulator is the Monitor and Assessor.

The Monitor and Assessor is required to carry out an annual energy security review and prepare a report which sets out the Monitor and Assessor's findings from its review of the most recent 12 month period, together with an assessment of the forthcoming 12 month period. As in earlier reports, this report covers the period from 1 November to 31 October of the following year, defined as the water year. This report reviews the period from 1 November 2020 to 31 October 2021 and makes an assessment of energy security in Tasmania for the following 12 month period.

The Act establishes two profiles for total energy in storage for Hydro Tasmania's system of dams across the year. The lower level profile, defined as the High Reliability Level (HRL), is set such that mainland Tasmania could withstand a six-month Basslink outage, coinciding with very low inflows to energy in storage. If storage levels fall below the HRL, there would be concerns about Tasmania's energy security over the medium-term. The higher level profile, the Prudent Storage Level (PSL), allows for an additional reserve above the HRL such that there is a low likelihood of the level of energy in storage falling below the HRL under normal operating conditions.

Energy in storage levels were above the PSL for all of the 2020-21 water year and increased strongly in the second half of the year due to very high inflows into Hydro Tasmania's dams. Consequently, the risks to energy security over 2020-21 were very low. At the end of the 2020-21 water year, energy in storage was 7 580 GWh, approximately 13 percentage points above the PSL for October and approximately 20 percentage points above the HRL for the month. The volume of energy in storage at the conclusion of the 2020-21 water year was 52.5 per cent of the maximum usable energy in storage, the highest level in the past five years. The 2021-22 water year has therefore commenced with very high levels of energy in storage.

Some recent developments have impacted, or have the potential to impact, on Tasmania's electricity supply and demand balance over the medium-term, including the 2021-22 water year. The completion of the Granville Harbour and Cattle Hill wind farm projects has significantly increased electricity generation the State. At the same time, there has been substantially reduced electricity generation at Hydro Tasmania's Tamar Valley Power Station (TVPS). Hydro Tasmania is currently in discussions with the Tasmanian Gas Pipeline Pty Ltd on future gas transportation capacity, reflecting its planned reduced reliance on TVPS for electricity generation.

The second issue relates to the status of Basslink. On 12 November 2021, companies in the Basslink group entered into voluntary administration. The Monitor and Assessor has been advised by the receivers that Basslink will continue to operate its business as usual and there will be no disruption to Basslink's operations. The Monitor and Assessor continues to monitor this situation closely.

Taking these factors into account, Tasmania's available electricity supply is expected to be sufficient to meet demand over the coming 12 months. With the current level of energy in storage and Tasmania's on-island electricity generation capacity, Tasmania energy security rating is assessed as high over 2021-22, including in the event of a temporary loss of generation from the Tamar Valley Power Station (TVPS) or a Basslink outage.

The Monitor and Assessor considers that there is a very low likelihood that energy in storage will fall below the HRL in 2021-22. In the unlikely event that energy in storage falls below the PSL in 2021-22, it is expected that this would be for short periods only. In summary, the Monitor and Assessor does not

expect that Tasmania will face energy security issues related to the level of energy in storage in the 2021-22 water year.

The Monitor and Assessor also does not expect that Tasmania will face supply issues relating to the natural gas market in Tasmania.

The Monitor and Assessor conducted a review of the PSL and HRL profiles during the 2020-21 water year, following the completion of the Granville Harbour Wind and Cattle Hill wind farms and the resultant impact on Tasmania's electricity generation. As required under the Act, the Monitor and Assessor reported on the outcome of the review to the Minister for Energy and Emissions Reduction, the Hon Guy Barnett MP (the Minister), in May 2021. The review proposed a new set of PSL and HRL profiles and the Minister accepted the Monitor and Assessor's advice.

The making of the Energy Co-ordination and Planning Order 2021 was published on 1 September 2021 and the revised profiles commenced as at 1 September 2021. Consequently, this report assesses energy in storage levels against the original profiles from November 2020 to August 2021 and against the revised profiles for the remainder of the water year. Further details regarding the Regulator's review are provided at section 4.3.

During the 2020-21 water year, the Monitor and Assessor released monthly dashboards reporting energy in storage levels against the relevant PSL and HRL on the Tasmanian Economic Regulator's website. Hydro Tasmania was not required to prepare any recovery plans during 2020-21.

KEY STATISTICS

Table 1: Key statistics for the water year (1 November 2020 to 31 October 2021) in GWh¹

	2019-20	2020-21
Energy in storage (as at end of water year)	6 411	7 580
Total inflow to Hydro Tasmania's storages	9 238	10 037
Tasmanian consumption ²	10 672	10 825
Hydro generation	9 809	8 910
Wind generation	1 419	1 927
Gas generation	100	31
Distributed generation	197	224
Basslink imports	1 101	1 404
Basslink exports	1372	1 398
Basslink net imports/(exports)	(271)	5

¹ Sources: 2019-20 and 2020-21 energy in storage and inflow data were sourced from Hydro Tasmania. Electricity demand and generation data were sourced from NEMreview.

² These values refer to the level of electricity generation required to meet annual consumption and therefore include transmission and distribution network losses.

From: [Cassandra Leigh](#)
To: [Foster, Adam](#)
Cc: [Christian, ACe](#); [Hills, Amy](#); [Turner, Brad](#); [Rachel Johnson](#)
Subject: HT media release on Basslink
Date: Thursday, 10 February 2022 1:13:00 PM
Attachments: [image001.png](#)
Importance: High

Hi Adam,

As discussed, Hydro Tasmania has a need to update the market on key information. While it would be ideal to have one voice in this, I understand the reluctance to mix commercial messaging into the Premier's statement. However this will necessitate Hydro Tasmania issuing a separate release to ensure the market has visibility of the situation.

Please see below statement that would be issued following the Premier's.

If you have any questions or concerns please let me know.

Thanks,
Cass

Update regarding Basslink arrangements

Hydro Tasmania confirms it has terminated the Basslink Services Agreement (BSA) as announced by the Premier today.

Hydro Tasmania remains willing to discuss with receivers an alternative commercial model that 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.

Consistent with this 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 put back in place for one month whilst the parties discuss possible alternative arrangements.

Cassandra Leigh

Manager Communications



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e cassandra.leigh@hydro.com.au

w hydro.com.au

a 4 Elizabeth Street, Hobart TAS 7000

From: [Duncan Abey](#)
To: [Turner, Brad](#); [Foster, Adam](#)
Cc: [Cassandra Leigh](#)
Subject: HT results response
Date: Wednesday, 7 September 2022 2:20:09 PM

Hi Brad and Adam,

We are getting these lines signed off now.

But wanted to give you visibility.

Thanks,

Duncan.

Hydro Tasmania can reassure Tasmanians that it has not lost \$100M this financial year.

Hydro Tasmania operates in a highly dynamic market and its financial position is influenced by a range of factors, including our volume of generation, and weather conditions especially rainfall.

Hydro Tasmania terminated the Basslink Services Agreement with Basslink on 10 February 2022, having concluded that it was a commercially appropriate decision in the circumstances.

Any financial impacts will be accounted for in Hydro Tasmania's annual report which will be tabled in Parliament in October, while results for the 22-23 financial year will be included in next year's Annual Report.

Importantly, Hydro Tasmania's financial position is strong, storages are stable, and Tasmania's energy supply remains secure.

At all times, Hydro Tasmania operates with the interests of Tasmanians in mind.

From: [Cassandra Leigh](#)
To: [Hills, Amy](#)
Subject: RE: Draft Basslink comms - subject LPP
Date: Wednesday, 16 February 2022 10:24:00 AM

Thanks Amy.

From: Hills, Amy <Amy.Hills@dpac.tas.gov.au>
Sent: Wednesday, 16 February 2022 10:16 AM
To: Cassandra Leigh <Cassandra.Leigh@hydro.com.au>; Foster, Adam <Adam.Foster@dpac.tas.gov.au>
Cc: Turner, Brad <Brad.Turner@dpac.tas.gov.au>; Rachel Johnson <Rachel.Johnson@hydro.com.au>; McGregor, Barbara <Barbara.McGregor@dpac.tas.gov.au>
Subject: RE: Draft Basslink comms - subject LPP

Cass,

Please see the following which can be progressed, however I'll get Adam to bring to Minister's visibility quickly.

Our media response lines remains as they were last week – noting this is another step in the process.

Amy

On 10 February 2022 Hydro Tasmania terminated the Basslink Services Agreement with Basslink Pty Ltd (BPL).

Concurrent with that termination, Hydro Tasmania made an offer to BPL's receivers for an interim arrangement under which the key elements of the BSA would be put back in place for one month whilst the parties discuss possible alternative arrangements.

The receivers have declined Hydro Tasmania's offer. Hydro Tasmania remains willing to discuss with receivers an alternative commercial arrangement that would provide funding during the receivership and help transition the asset to an alternative commercial model.

As there is no longer a contract in place between Hydro Tasmania and BPL in relation to inter-regional revenues or bidding of the link, Hydro Tasmania no longer has the ability to issue bidding instructions to BPL.

Hydro Tasmania expects the cable will remain in service.

From: Cassandra Leigh <Cassandra.Leigh@hydro.com.au>
Sent: Wednesday, 16 February 2022 9:01 AM
To: Foster, Adam <Adam.Foster@dpac.tas.gov.au>
Cc: Turner, Brad <Brad.Turner@dpac.tas.gov.au>; Hills, Amy <Amy.Hills@dpac.tas.gov.au>; Rachel Johnson <Rachel.Johnson@hydro.com.au>
Subject: RE: Draft Basslink comms - subject LPP

Hi Adam,

[REDACTED] I take your point regarding the qualification around the link remaining in service and have adjusted by pulling that line out to stand as the final para, which should give it the gravitas required.

As there is no longer a contract in place between Hydro Tasmania and BPL in relation to inter-regional revenues or bidding of the link, Hydro Tasmania no longer has the ability to issue bidding instructions to BPL.

Hydro Tasmania expects the cable will remain in service.

Please confirm asap that this change accomplishes what we need.

Thanks,
Cass

From: Foster, Adam <Adam.Foster@dpac.tas.gov.au>
Sent: Wednesday, 16 February 2022 7:12 AM
To: Cassandra Leigh <Cassandra.Leigh@hydro.com.au>
Cc: Turner, Brad <Brad.Turner@dpac.tas.gov.au>; Hills, Amy <Amy.Hills@dpac.tas.gov.au>; Rachel Johnson <Rachel.Johnson@hydro.com.au>
Subject: Re: Draft Basslink comms - subject LPP

Hi Cass

The last para has been a sticking point with the PO. [REDACTED]

[REDACTED] Cheers

“While Hydro Tasmania no longer has the ability to issue bidding instructions to BPL, the full expectation is that the cable will remain in service.

On 15 Feb 2022, at 6:46 pm, Cassandra Leigh <Cassandra.Leigh@hydro.com.au> wrote:

Clean version attached.

From: Foster, Adam <Adam.Foster@dpac.tas.gov.au>
Sent: Tuesday, 15 February 2022 6:37 PM
To: Cassandra Leigh <Cassandra.Leigh@hydro.com.au>
Cc: Turner, Brad <Brad.Turner@dpac.tas.gov.au>; Hills, Amy <Amy.Hills@dpac.tas.gov.au>; Rachel Johnson <Rachel.Johnson@hydro.com.au>
Subject: Re: Draft Basslink comms - subject LPP

Hi Cass, can you send it clean? I forgot my work computer tonight of all nights and iPhone doesn't like the updated version you've attached.

On 15 Feb 2022, at 6:24 pm, Cassandra Leigh
<Cassandra.Leigh@hydro.com.au> wrote:

Hi Adam,
Does this work? Have reordered slightly.
Cheers
Cass

Sent from my iPhone

On 15 Feb 2022, at 5:41 pm, Foster, Adam
<Adam.Foster@dpac.tas.gov.au> wrote:

Hi Cass. Can we remove the “however” in the last dot
point and replace with full stop?

On 15 Feb 2022, at 5:31 pm, Cassandra
Leigh <Cassandra.Leigh@hydro.com.au>
wrote:

Hi all,

Please see changes as discussed. Please let
me know any issues or if good to go.

Thanks,
Cass

From: Cassandra Leigh
Sent: Tuesday, 15 February 2022 3:28 PM
To: Foster, Adam
<Adam.Foster@dpac.tas.gov.au>
Cc: Turner, Brad
<Brad.Turner@dpac.tas.gov.au>; Hills, Amy
<Amy.Hills@dpac.tas.gov.au>; Rachel
Johnson <Rachel.Johnson@hydro.com.au>
Subject: Draft Basslink comms - subject LPP
Importance: High

Sharing on a common interest legal
privilege basis.

Hi Adam,

[REDACTED]

I'm working through a way of doing this in as minimally impactful way as possible, noting again that this is technical info that only the market will care about. What I'm proposing is to publish a media statement on our website but only proactively issue to industry media that have covered the story (primarily Renew Economy and Energy Source and Distribution), and support this by updating our compliance notice on the website.

The draft release is below, noting it is still subject to internal review and approval.

Please let me know if you have any issues or concerns, we hope to get out asap.

Thanks,
Cass

Media:

background:

- The Basslink Services Agreement (BSA) was the agreement under which Hydro Tasmania paid Basslink Pty Ltd (Basslink's owner) a facility fee in exchange for revenues that the link receives from AEMO and certain other rights including transport bidding rights.
- With the termination of the BSA, BPL will now keep all revenues received from AEMO and determine how the link is bid going forwards.

short media statement:

On 10 February 2022 Hydro Tasmania

terminated the Basslink Services Agreement with Basslink Pty Ltd (receivers and managers appointed) (in administration) (BPL).

Concurrent with that termination, Hydro Tasmania made an offer to BPL's receivers for an interim arrangement under which the key elements of the BSA would be put back in place for one month whilst the parties discuss possible alternative arrangements.

The receivers have declined Hydro Tasmania's offer. Accordingly there is no longer any contract in place between Hydro Tasmania and BPL in relation to Inter-regional revenues or bidding of the link and Hydro Tasmania no longer has the ability to issue bidding instructions to BPL.

Hydro Tasmania remains willing to discuss with receivers an alternative commercial arrangement that would provide funding during the receivership and help transition the asset to an alternative commercial model.

Cassandra Leigh

Manager Communications

m 0414 868 409

e cassandra.leigh@hydro.com.au

w hydro.com.au

a 4 Elizabeth Street, Hobart TAS 7000

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MEDIA RELEASE

15 February 2022

Further update on Basslink arrangements

On 10 February 2022 Hydro Tasmania terminated the Basslink Services Agreement with Basslink Pty Ltd (BPL).


Concurrent with that termination, Hydro Tasmania made an offer to BPL's receivers for an interim arrangement under which the key elements of the BSA would be put back in place for one month whilst the parties discuss possible alternative arrangements.

The receivers have declined Hydro Tasmania's offer. Hydro Tasmania remains willing to discuss with receivers an alternative commercial arrangement that would provide funding during the receivership and help transition the asset to an alternative commercial model.

Hydro Tasmania expects the cable will remain in service, however as there is no longer a contract in place between Hydro Tasmania and BPL in relation to inter-regional revenues or bidding of the link, Hydro Tasmania no longer has the ability to issue bidding instructions to BPL.

ENDS.

Released for Hydro Tasmania by Cassandra Leigh / 0409 722 359 / media@hydro.com.au

From: [Cassandra Leigh](#)
To: [Hills, Amy](#); [Christian, ACe \(Treasury\)](#); [Turner, Brad](#); [Foster, Adam](#)
Cc: [McGregor, Barbara](#)
Subject: RE: For review: Basslink statement
Date: Thursday, 10 February 2022 7:48:00 AM
Attachments: 
[image001.jpg](#)
[image002.jpg](#)

Hi all,

Please see feedback from our team, shared on a common interest privilege basis.

Changes proposed based on accuracy of sequencing of steps and description of matters.

I have also proposed that we scale back some of the energy security piece, as it makes up a large portion of the media release and this might actually have the opposite effect to providing reassurance. I agree it would be valuable to add in a note about the cable's continued operation, my team have previously been comfortable with language along the lines of 'we see no reason why the cable would not continue to operate throughout this process' but would like to be able to review the next version.

Please let me know if any of this is an issue or you would like to talk through.

Thanks,
Cass

From: Hills, Amy <Amy.Hills@dpac.tas.gov.au>
Sent: Thursday, 10 February 2022 7:10 AM
To: Christian, ACe (Treasury) <Adrian.Christian@treasury.tas.gov.au>; Turner, Brad <Brad.Turner@dpac.tas.gov.au>; Foster, Adam <Adam.Foster@dpac.tas.gov.au>; Cassandra Leigh <Cassandra.Leigh@hydro.com.au>
Cc: McGregor, Barbara <Barbara.McGregor@dpac.tas.gov.au>
Subject: RE: For review: Basslink statement

Hi Ace,

After further review by various parties overnight – we do want to include a line either that:

“It is our expectation that the link will remain in service as it has done throughout this dispute....
Plus anything further you might think it appropriate”

OR if you think there are something more definitive then that would be helpful also. We do wish to strengthen that up.

Barb, FYI following emails from last night.

A

From: Christian, ACe <Adrian.Christian@treasury.tas.gov.au>
Sent: Thursday, 10 February 2022 6:25 AM

To: Turner, Brad <Brad.Turner@dpac.tas.gov.au>; Foster, Adam <Adam.Foster@dpac.tas.gov.au>; Hills, Amy <Amy.Hills@dpac.tas.gov.au>; Cassandra Leigh <Cassandra.Leigh@hydro.com.au>
Subject: FW: For review: Basslink statement

See below from the State's lawyers. [REDACTED]

Regards
ACe

From: Jeff.Lynn@ashurst.com <Jeff.Lynn@ashurst.com>
Sent: Wednesday, 9 February 2022 9:08 PM
To: Christian, ACe <Adrian.Christian@treasury.tas.gov.au>
Subject: RE: For review: Basslink statement

[REDACTED]

From: Christian, ACe <Adrian.Christian@treasury.tas.gov.au>
Sent: Wednesday, 9 February 2022 8:52 PM
To: Lynn, Jeff 63267 <Jeff.Lynn@ashurst.com>
Subject: FW: For review: Basslink statement

[REDACTED]

From: Foster, Adam <Adam.Foster@dpac.tas.gov.au>
Sent: Wednesday, 9 February 2022 4:19 PM
To: Christian, ACe <Adrian.Christian@treasury.tas.gov.au>; Cassandra Leigh (<Cassandra.Leigh@hydro.com.au> <Cassandra.Leigh@hydro.com.au>
Cc: Hills, Amy (DPaC) <Amy.Hills@dpac.tas.gov.au>; Turner, Brad (DPaC) <Brad.Turner@dpac.tas.gov.au>
Subject: FW: For review: Basslink statement

Hi Cass, Ace

As discussed, please see below revised Govt Statement on Basslink. Can you please review including legal checks and advise outcome? Cheers

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Adrian Christian | Director

Renewables, Climate and Future Industries Tasmania

m 0408 679 876

e adrian.christian@treasury.tas.gov.au

Deeds Building, 21 Murray Street, Hobart, TAS 7000 | GPO Box 147, Hobart TAS 7001

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From: [Cassandra Leigh](#)
To: [Foster, Adam](#); [Christian, ACe \(Treasury\)](#)
Cc: [Hills, Amy](#); [Turner, Brad](#); [Rachel Johnson](#)
Subject: RE: HT media release on Basslink
Date: Thursday, 10 February 2022 1:24:00 PM
Attachments: [image001.png](#)

Thanks Adam,

Also to note, the process of serving various notices has commenced. Once the last step is done, we will update the website and the MRs can be issued. We will confirm once the termination is complete and you can hit send on your MR. We will then issue ours.

Cheers,
Cass

From: Foster, Adam <Adam.Foster@dpac.tas.gov.au>
Sent: Thursday, 10 February 2022 1:18 PM
To: Christian, ACe (Treasury) <Adrian.Christian@treasury.tas.gov.au>; Cassandra Leigh <Cassandra.Leigh@hydro.com.au>
Cc: Hills, Amy <Amy.Hills@dpac.tas.gov.au>; Turner, Brad <Brad.Turner@dpac.tas.gov.au>; Rachel Johnson <Rachel.Johnson@hydro.com.au>
Subject: RE: HT media release on Basslink

Just to clarify, and my apologies for the bad steer Cass, the release will come from the Minister. I will just check with the Premier's Office they are ok with below.

Update regarding Basslink arrangements

Hydro Tasmania confirms it has terminated the Basslink Services Agreement (BSA) as announced by the Minister for Energy and Emissions Reduction today.

Hydro Tasmania remains willing to discuss with receivers an alternative commercial model that 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.

Consistent with this 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 put back in place for one month whilst the parties discuss possible alternative arrangements.

From: Christian, ACe <Adrian.Christian@treasury.tas.gov.au>
Sent: Thursday, 10 February 2022 1:15 PM
To: Cassandra Leigh <Cassandra.Leigh@hydro.com.au>; Foster, Adam <Adam.Foster@dpac.tas.gov.au>
Cc: Hills, Amy <Amy.Hills@dpac.tas.gov.au>; Turner, Brad <Brad.Turner@dpac.tas.gov.au>; Rachel Johnson <Rachel.Johnson@hydro.com.au>
Subject: RE: HT media release on Basslink

I think this does the trick - keeps the Govt release neat and ticks the market box for HT.

From: Cassandra Leigh <Cassandra.Leigh@hydro.com.au>
Sent: Thursday, 10 February 2022 1:13 PM
To: Foster, Adam <Adam.Foster@dpac.tas.gov.au>
Cc: Christian, ACe <Adrian.Christian@treasury.tas.gov.au>; Hills, Amy (DPaC) <Amy.Hills@dpac.tas.gov.au>; Turner, Brad (DPaC) <Brad.Turner@dpac.tas.gov.au>; Rachel Johnson <Rachel.Johnson@hydro.com.au>
Subject: HT media release on Basslink
Importance: High

Hi Adam,

As discussed, Hydro Tasmania has a need to update the market on key information. While it would be ideal to have one voice in this, I understand the reluctance to mix commercial messaging into the Premier's statement. However this will necessitate Hydro Tasmania issuing a separate release to ensure the market has visibility of the situation.

Please see below statement that would be issued following the Premier's.

If you have any questions or concerns please let me know.

Thanks,
Cass

Update regarding Basslink arrangements

Hydro Tasmania confirms it has terminated the Basslink Services Agreement (BSA) as announced by the Minister for Energy and Emissions Reduction today.

Hydro Tasmania remains willing to discuss with receivers an alternative commercial model that 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.

Consistent with this 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 put back in place for one month whilst the parties discuss possible alternative arrangements.

Cassandra Leigh
Manager Communications



m 0414 868 409

e cassandra.leigh@hydro.com.au

w hydro.com.au

a 4 Elizabeth Street, Hobart TAS 7000

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From: [Cassandra Leigh](#)
To: [Foster, Adam](#); [Turner, Brad](#); [Duncan Abey](#)
Cc: [Rachel Johnson](#)
Subject: RE: HT results response
Date: Thursday, 8 September 2022 8:59:00 AM

Hi Adam,

The below is the final version that was issued.

Hydro Tasmania can reassure Tasmanians that it has not lost \$100M this financial year.

Hydro Tasmania operates in a highly dynamic market and its financial position is influenced by a range of factors, including our volume of generation, and weather conditions especially rainfall.

Hydro Tasmania terminated the Basslink Services Agreement with Basslink on 10 February 2022, having concluded that it was a commercially appropriate decision.

Any financial impacts will be accounted for in Hydro Tasmania's annual report which will be tabled in Parliament in October, while results for the 22-23 financial year will be included in next year's Annual Report.

Importantly, Hydro Tasmania's financial position is strong, storages are stable, and Tasmania's energy supply remains secure.

Thanks,
Cass

From: Foster, Adam <Adam.Foster@dpac.tas.gov.au>
Sent: Thursday, 8 September 2022 8:58 AM
To: Cassandra Leigh <Cassandra.Leigh@hydro.com.au>; Turner, Brad <Brad.Turner@dpac.tas.gov.au>; Duncan Abey <duncan.abey@hydro.com.au>
Cc: Rachel Johnson <Rachel.Johnson@hydro.com.au>
Subject: RE: HT results response
Importance: High

Hi Cass – can you please send me a copy of the actual release Hydro issued? Thanks

From: Cassandra Leigh <Cassandra.Leigh@hydro.com.au>
Sent: Wednesday, 7 September 2022 2:56 PM
To: Turner, Brad <Brad.Turner@dpac.tas.gov.au>; Duncan Abey <duncan.abey@hydro.com.au>
Cc: Foster, Adam <Adam.Foster@dpac.tas.gov.au>; Rachel Johnson <Rachel.Johnson@hydro.com.au>
Subject: RE: HT results response

Hi Brad,

GBE scrutiny is an opportunity for Parliament to scrutinise our financials, but not so relevant for public – the average punter doesn't get what scrutiny is (it's a parliamentary process).

Below is the version that has been approved by Ian and reviewed by legal:

We will get this out shortly.

Thanks,
Cass

Hydro Tasmania can reassure Tasmanians that it has not lost \$100M this financial year.

Hydro Tasmania operates in a highly dynamic market and its financial position is influenced by a range of factors, including our volume of generation, and weather conditions especially rainfall.

Hydro Tasmania terminated the Basslink Services Agreement with Basslink on 10 February 2022, having concluded that it was a commercially appropriate decision.

Any financial impacts will be accounted for in Hydro Tasmania's annual report which will be tabled in Parliament in October, while results for the 22-23 financial year will be included in next year's Annual Report.

Importantly, Hydro Tasmania's financial position is strong, storages are stable, and Tasmania's energy supply remains secure.

From: Turner, Brad <Brad.Turner@dpac.tas.gov.au>

Sent: Wednesday, 7 September 2022 2:46 PM

To: Duncan Abey <duncan.abey@hydro.com.au>

Cc: Foster, Adam <Adam.Foster@dpac.tas.gov.au>; Cassandra Leigh <Cassandra.Leigh@hydro.com.au>

Subject: Re: HT results response

Could we please include a line on GBE scrutiny?

On 7 Sep 2022, at 2:20 pm, Duncan Abey <duncan.abey@hydro.com.au> wrote:

Hi Brad and Adam,

We are getting these lines signed off now.

But wanted to give you visibility.

Thanks,

Duncan.

Hydro Tasmania can reassure Tasmanians that it has not lost \$100M this financial year.

Hydro Tasmania operates in a highly dynamic market and its financial position is influenced by a range of factors, including our volume of generation, and weather conditions especially rainfall.

Hydro Tasmania terminated the Basslink Services Agreement with Basslink on 10 February 2022, having concluded that it was a commercially appropriate decision in the circumstances.

Any financial impacts will be accounted for in Hydro Tasmania's annual report which will be tabled in Parliament in October, while results for the 22-23 financial year will be included in next year's Annual Report.

Importantly, Hydro Tasmania's financial position is strong, storages are stable, and Tasmania's energy supply remains secure.

At all times, Hydro Tasmania operates with the interests of Tasmanians in mind.

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From: [Hills, Amy](#)
To: [Cassandra Leigh](#); [Foster, Adam](#)
Cc: [Turner, Brad](#); [Rachel Johnson](#)
Subject: RE: MR Basslink - confidential and legally privileged
Date: Thursday, 10 February 2022 11:46:39 AM
Attachments: [image001.jpg](#)
[image002.jpg](#)

Cass – Ace will be discussing this with you and he will come back to us.

A

From: Cassandra Leigh <Cassandra.Leigh@hydro.com.au>
Sent: Thursday, 10 February 2022 11:44 AM
To: Foster, Adam <Adam.Foster@dpac.tas.gov.au>
Cc: Hills, Amy <Amy.Hills@dpac.tas.gov.au>; Turner, Brad <Brad.Turner@dpac.tas.gov.au>; Rachel Johnson <Rachel.Johnson@hydro.com.au>
Subject: FW: MR Basslink - confidential and legally privileged

Hi Adam,

[Redacted]

[Redacted]

[Redacted]

Thanks,
Cass

From: Naomi Allchin <Naomi.Allchin@hydro.com.au>
Sent: Thursday, 10 February 2022 11:37 AM
To: Cassandra Leigh <Cassandra.Leigh@hydro.com.au>; James Pirie <James.Pirie@hydro.com.au>; Rachel Johnson <Rachel.Johnson@hydro.com.au>; O'Reilly, Steve <soreilly@claytonutz.com>; Cochrane, Ged <ged.cochrane@whitecase.com>
Subject: RE: MR Basslink - confidential and legally privileged

[Redacted]

[Redacted]

- [Redacted]
- [Redacted]
- [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

From: Foster, Adam <Adam.Foster@dpac.tas.gov.au>
Sent: Thursday, 10 February 2022 11:21 AM
To: Cassandra Leigh <Cassandra.Leigh@hydro.com.au>
Cc: Hills, Amy <Amy.Hills@dpac.tas.gov.au>; Turner, Brad <Brad.Turner@dpac.tas.gov.au>
Subject: MR Basslink

Hi Cass

Current version below. Please have your legals check ASAP. Yet to get final sign off but we don't expect many, if any changes

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Adam Foster

Major Energy Projects Lead

Office of the Hon Guy Barnett MP

Minister for Primary Industries and Water

Minister for Energy and Emissions Reduction

Minister for Resources

Minister for Trade

Minister for Veterans' Affairs

Level 5, Salamanca Building, Parliament Square, 4 Salamanca Place HOBART, Tas 7000

Phone: 0436 942 006; 03 6165 7719

E-mail: Adam.Foster@dpac.tas.gov.au



Department of Premier & Cabinet

www.premier.tas.gov.au



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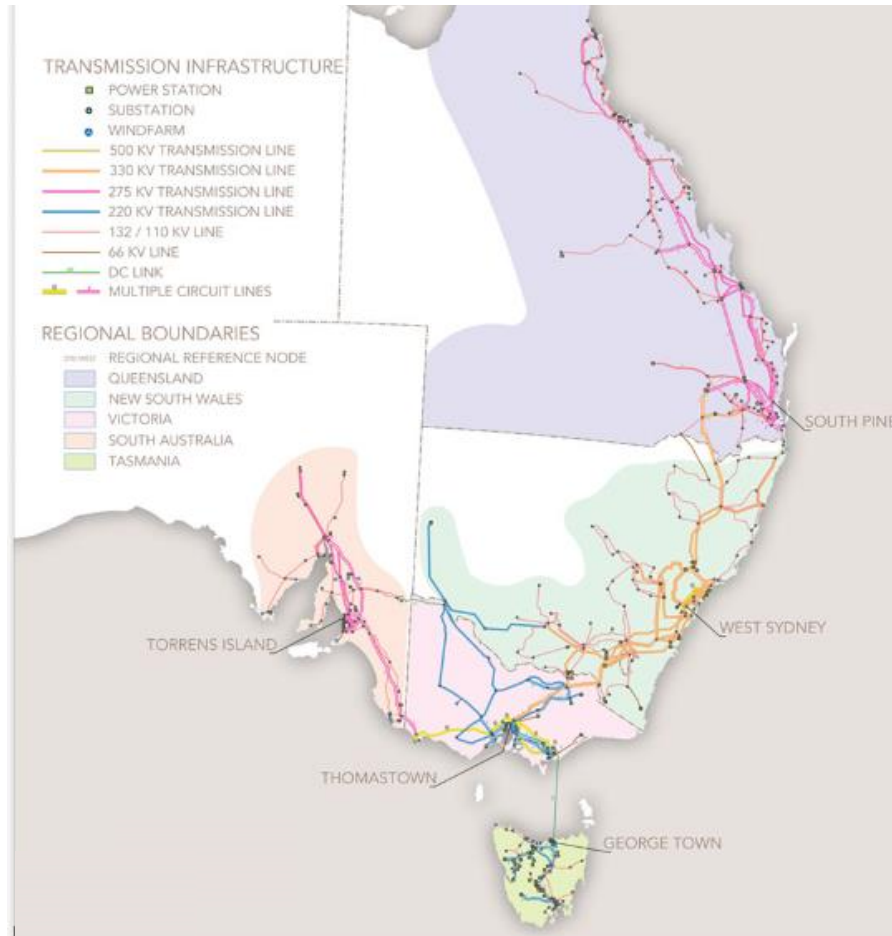
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Basslink Workshop

Vedran Kovac & James Pirie

17 August 2022

Market Network Service Provider



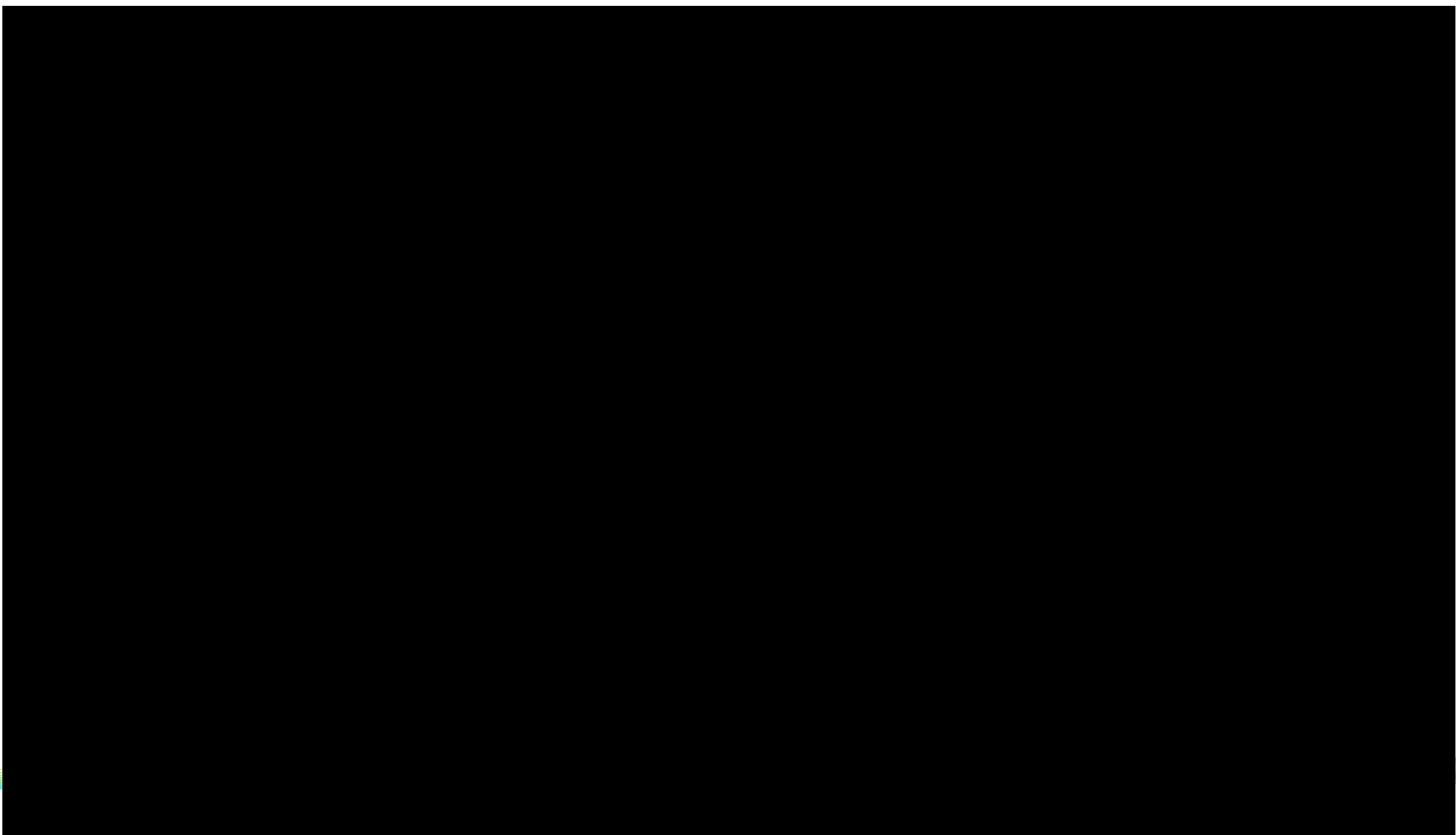
Only **MNSP** in the NEM is **Basslink**

MNSP Revenue = Flow * (Receiving Region Price – Sending Region Price)

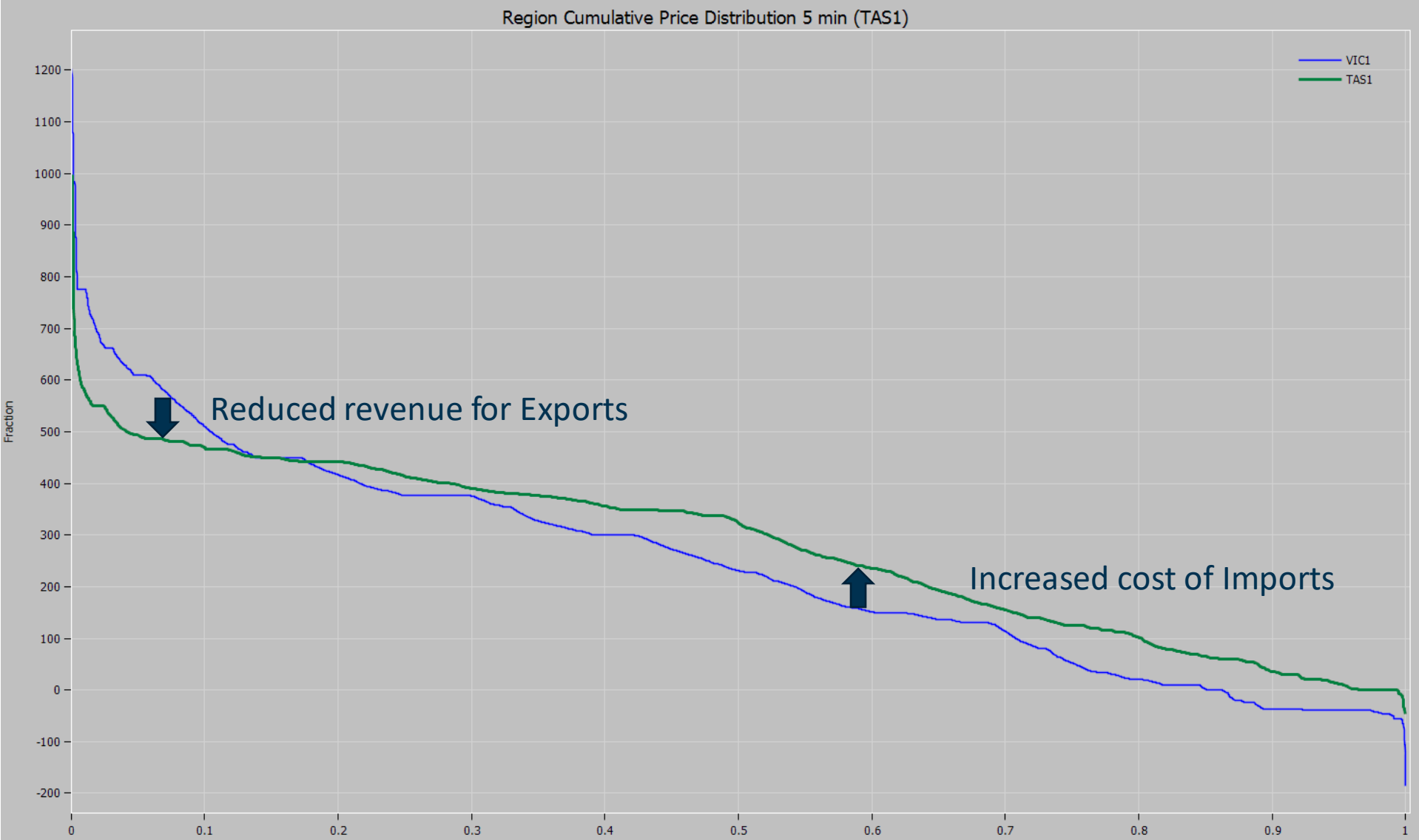
Price separation occurs when flows are at maximum or if **MNSP bids** a minimum price it requires for flows

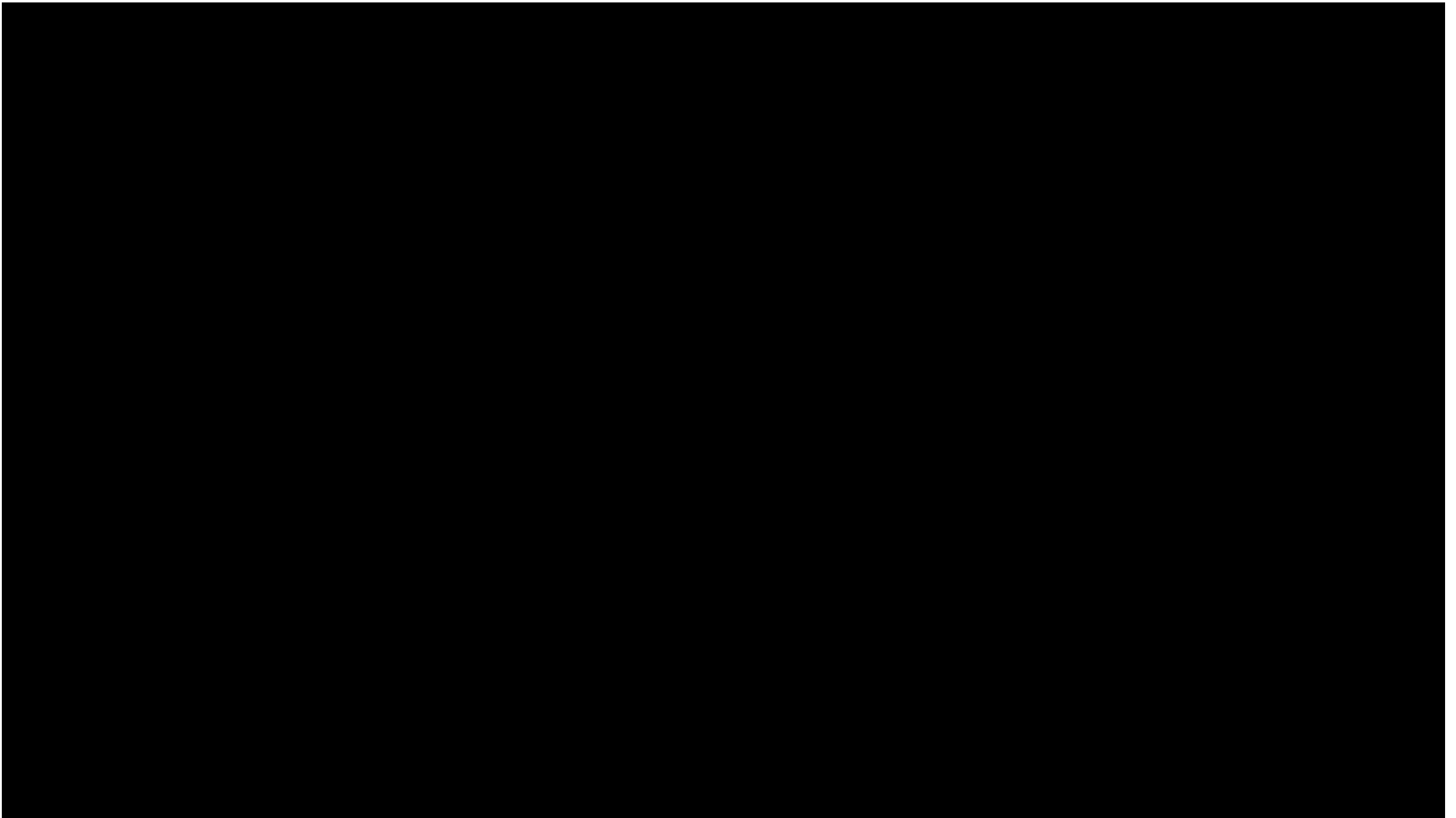
BSA gave HT all Basslink revenue and prevented pricing of flows (\$0/MWh)

NPV of BSA was [REDACTED]

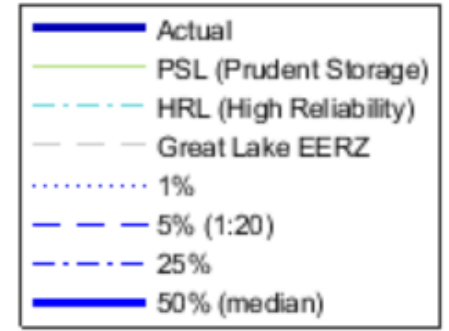
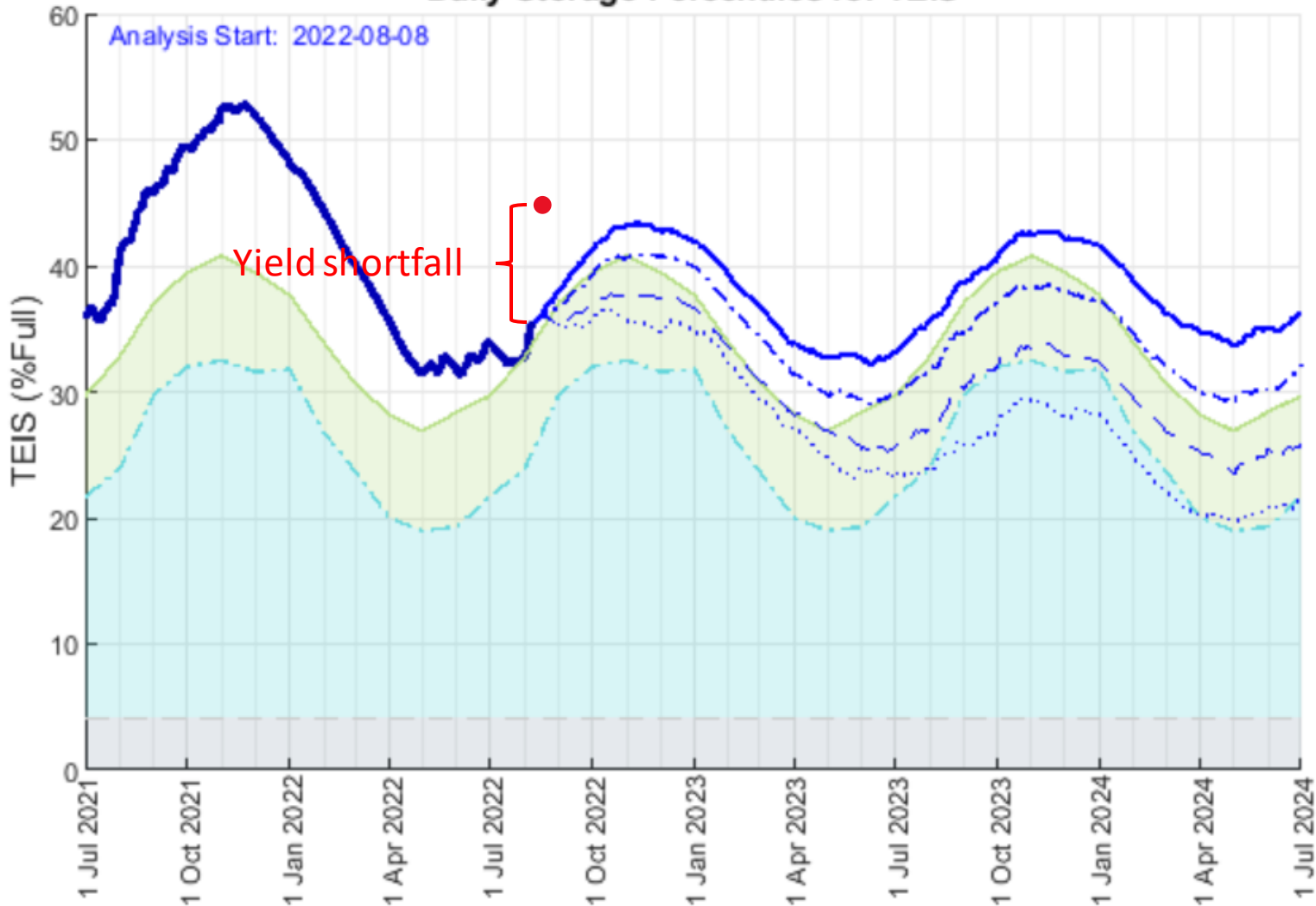


TAS vs VIC since BPL active bidding

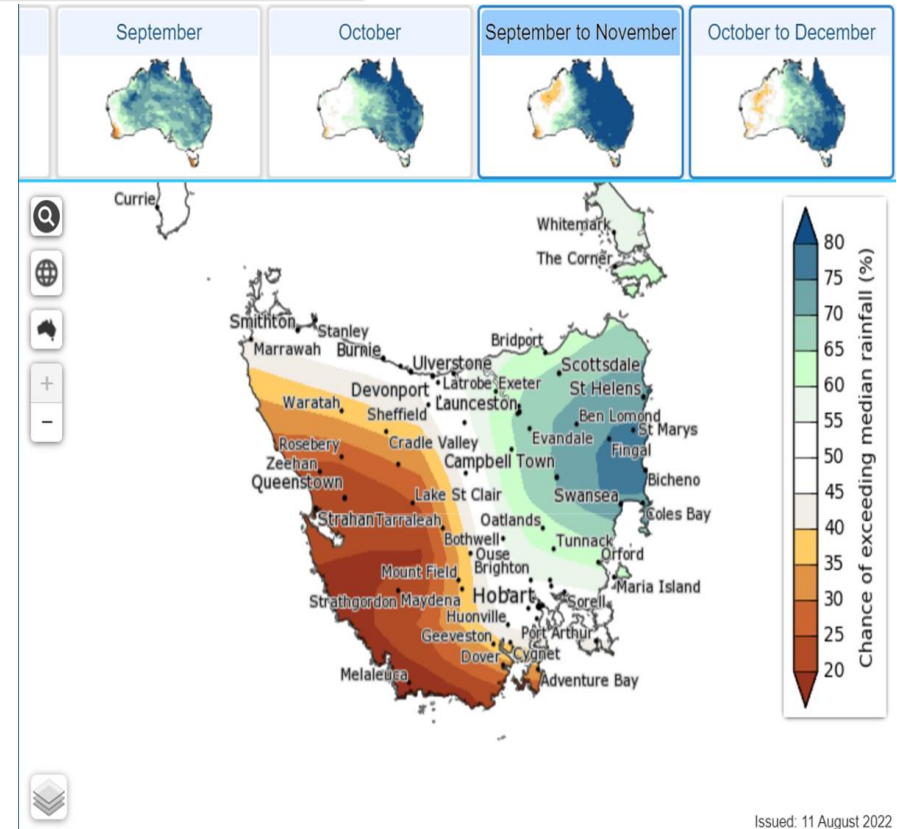


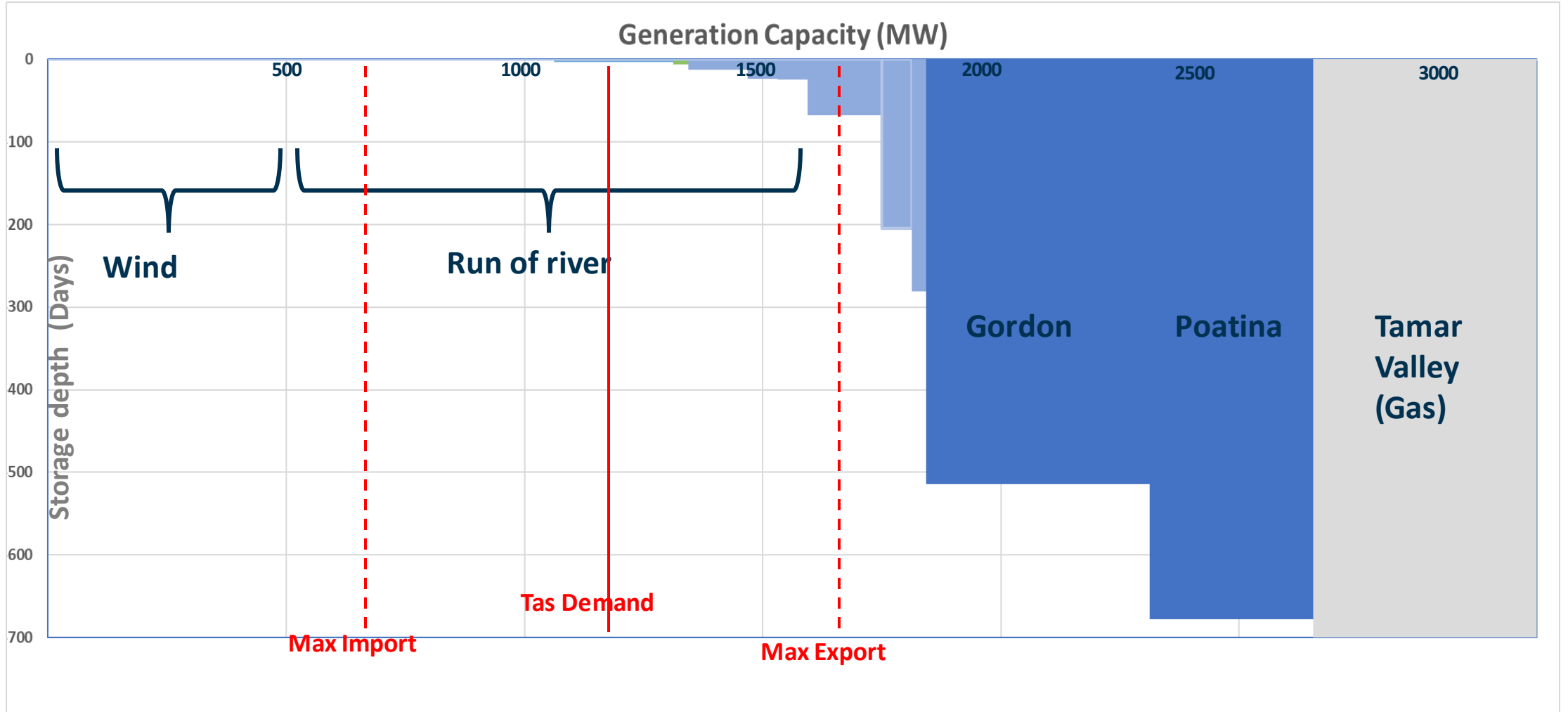


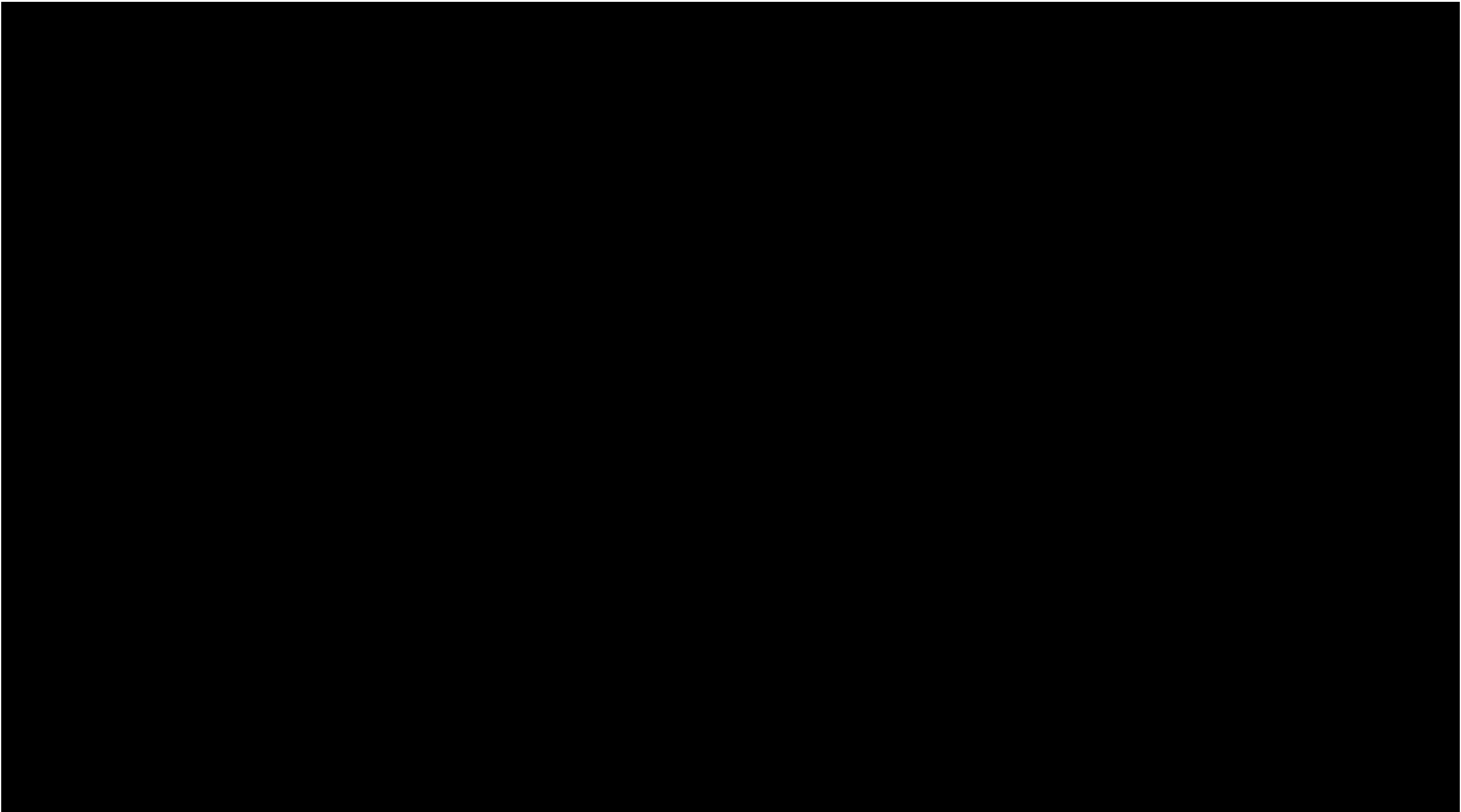
Daily Storage Percentiles for TEIS



Restricted Access:
Commercial in Confidence

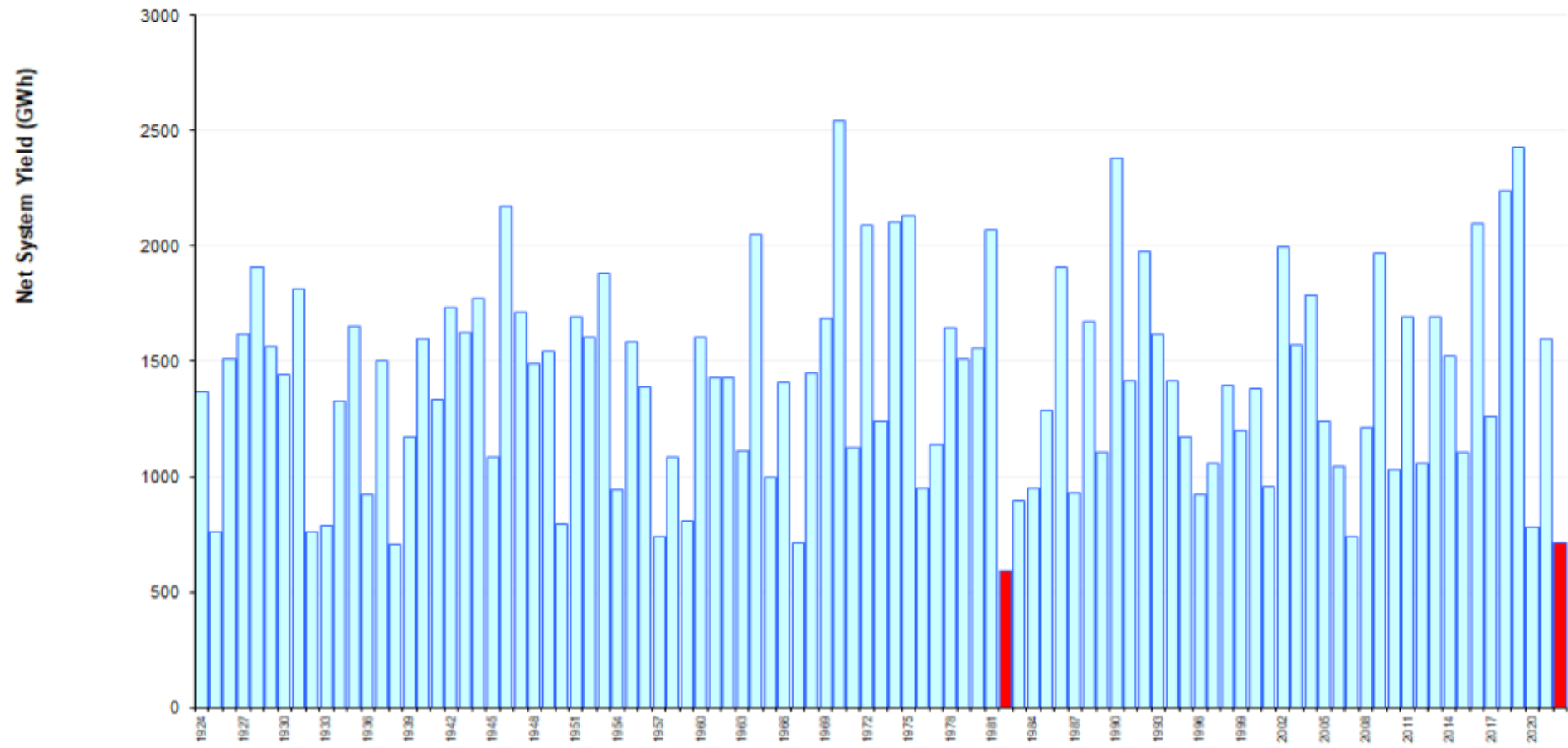




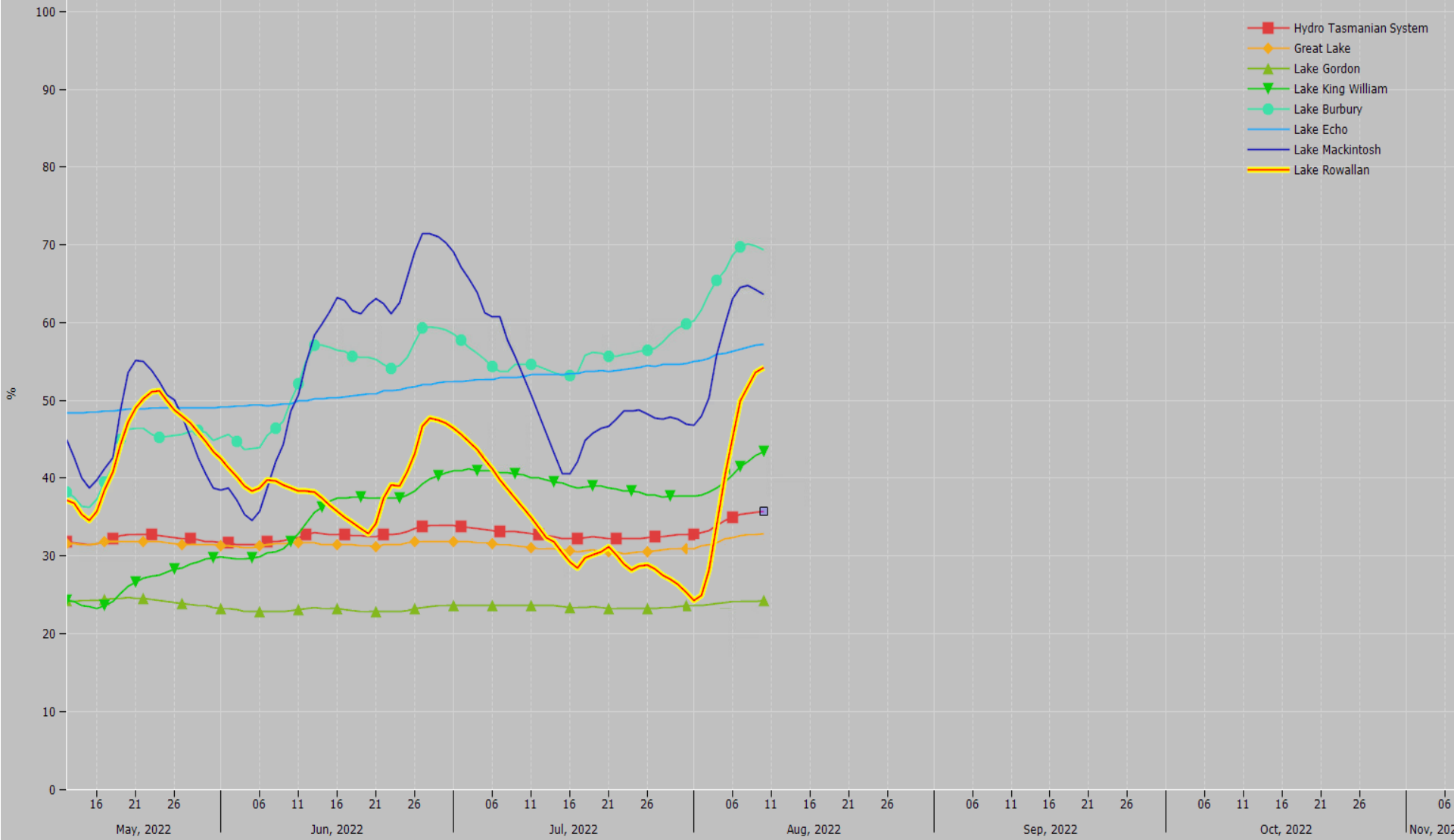


Appendix

July



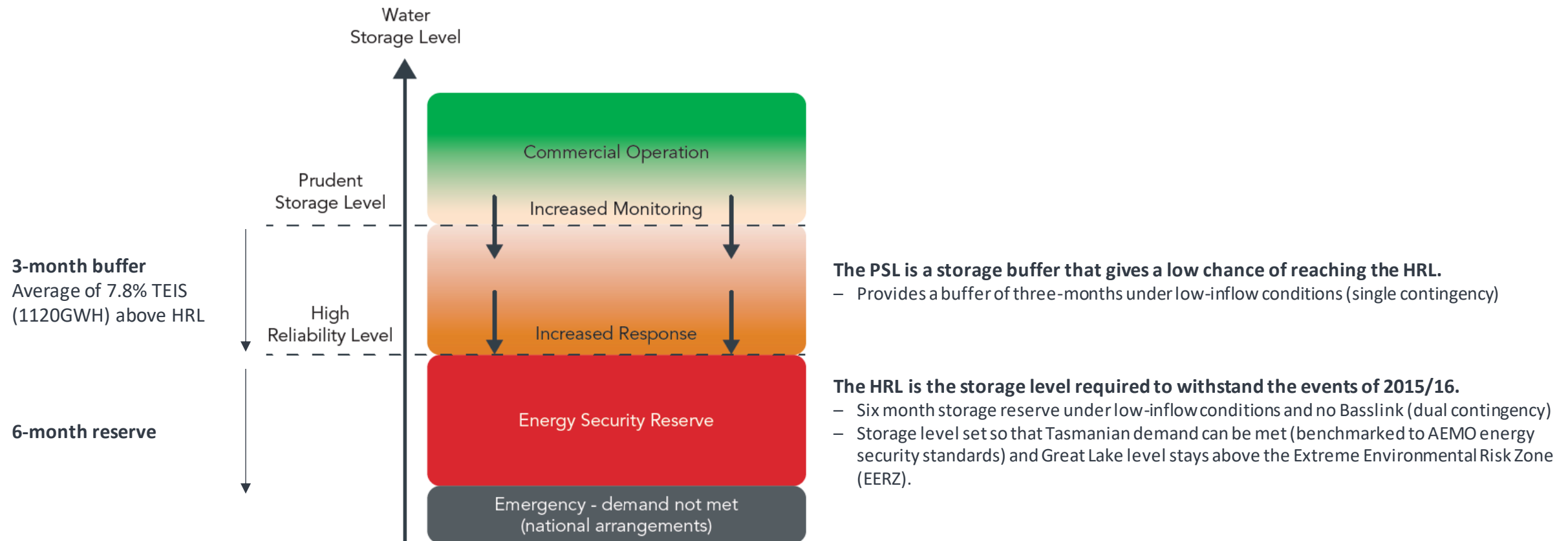
Key Storages % Full (energy)

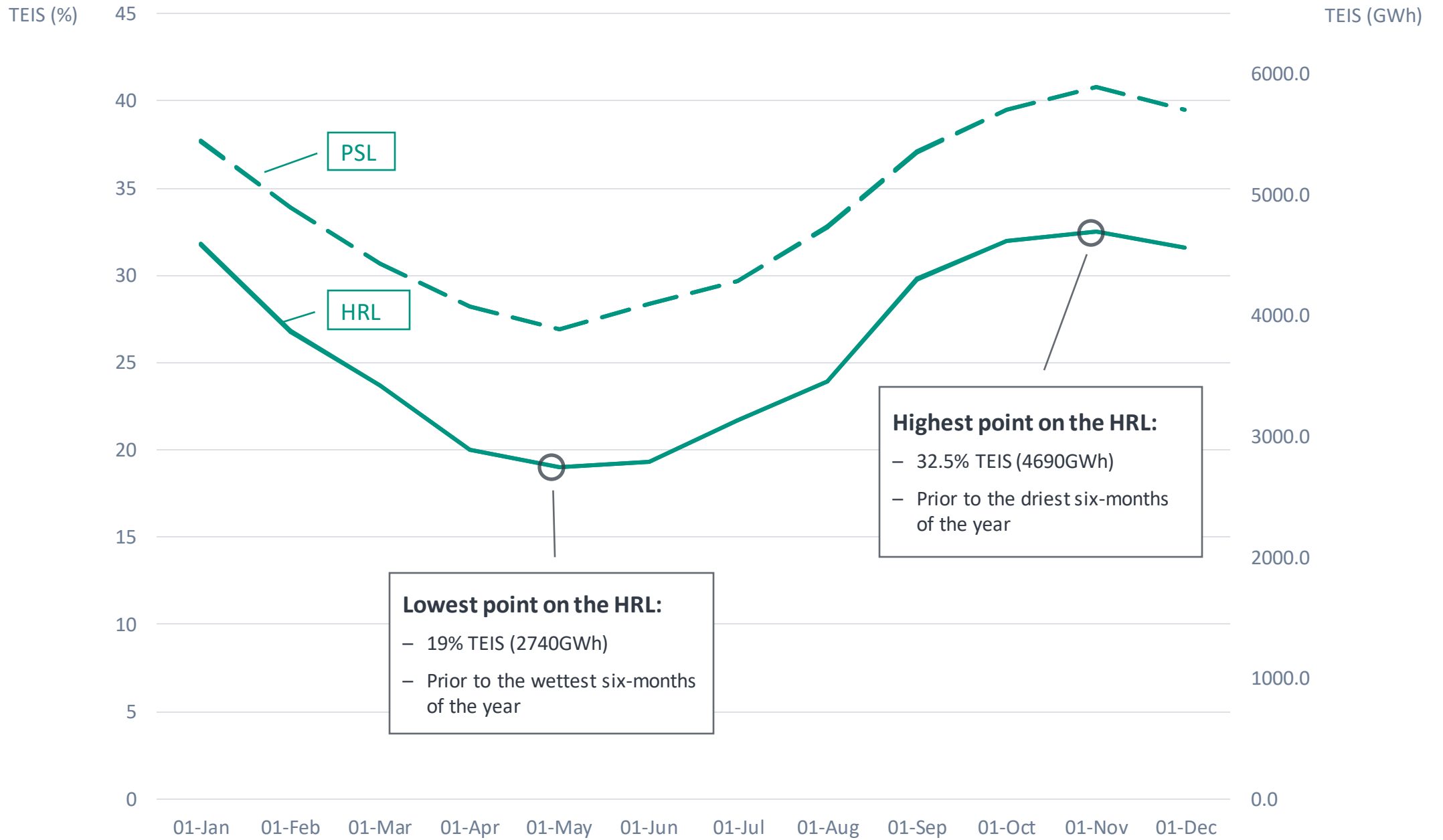


NB: Total system % full will only calculate if 'All' storages are available and have a reasonable quality code!

Energy Security Framework Summary

- The Tasmanian Energy Security Risk Response Framework was implemented in 2017 following the events of 2015/16.
- The Framework defines two key storage levels:
 - High Reliability Level (HRL); and
 - Prudent Storage Level (PSL).





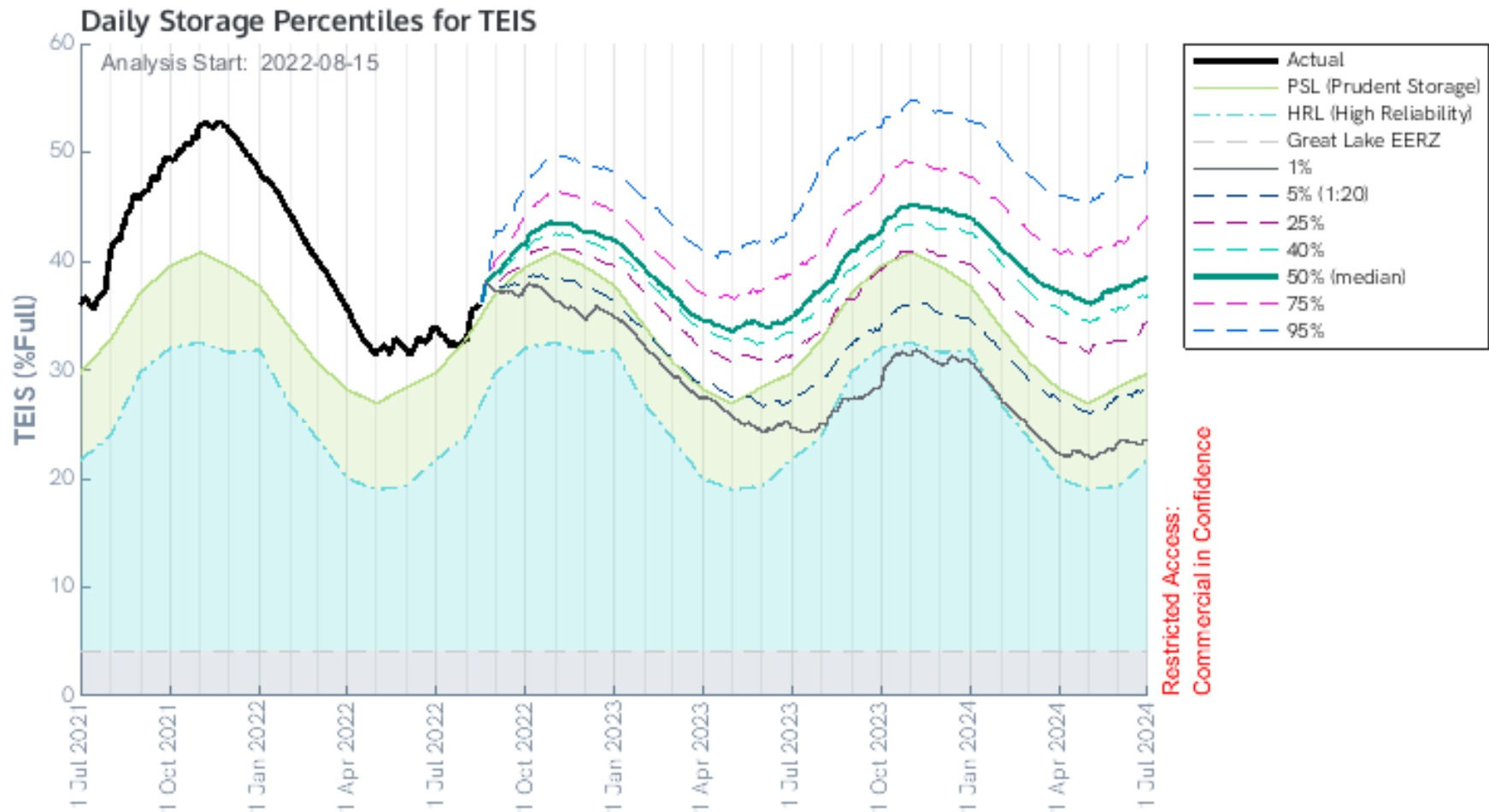
Lowest point on the HRL:

- 19% TEIS (2740GWh)
- Prior to the wettest six-months of the year

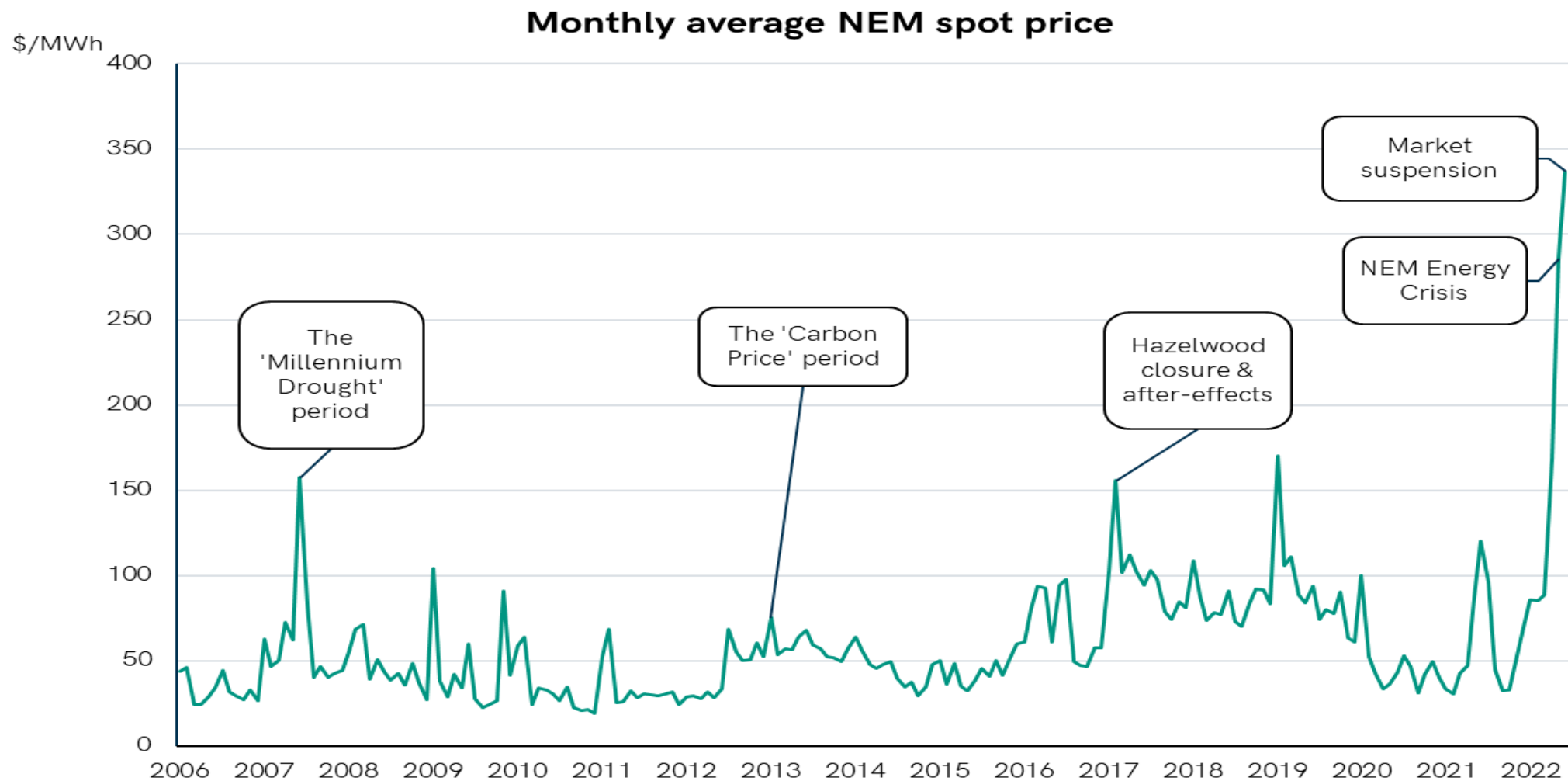
Highest point on the HRL:

- 32.5% TEIS (4690GWh)
- Prior to the driest six-months of the year

Total Energy in Storage



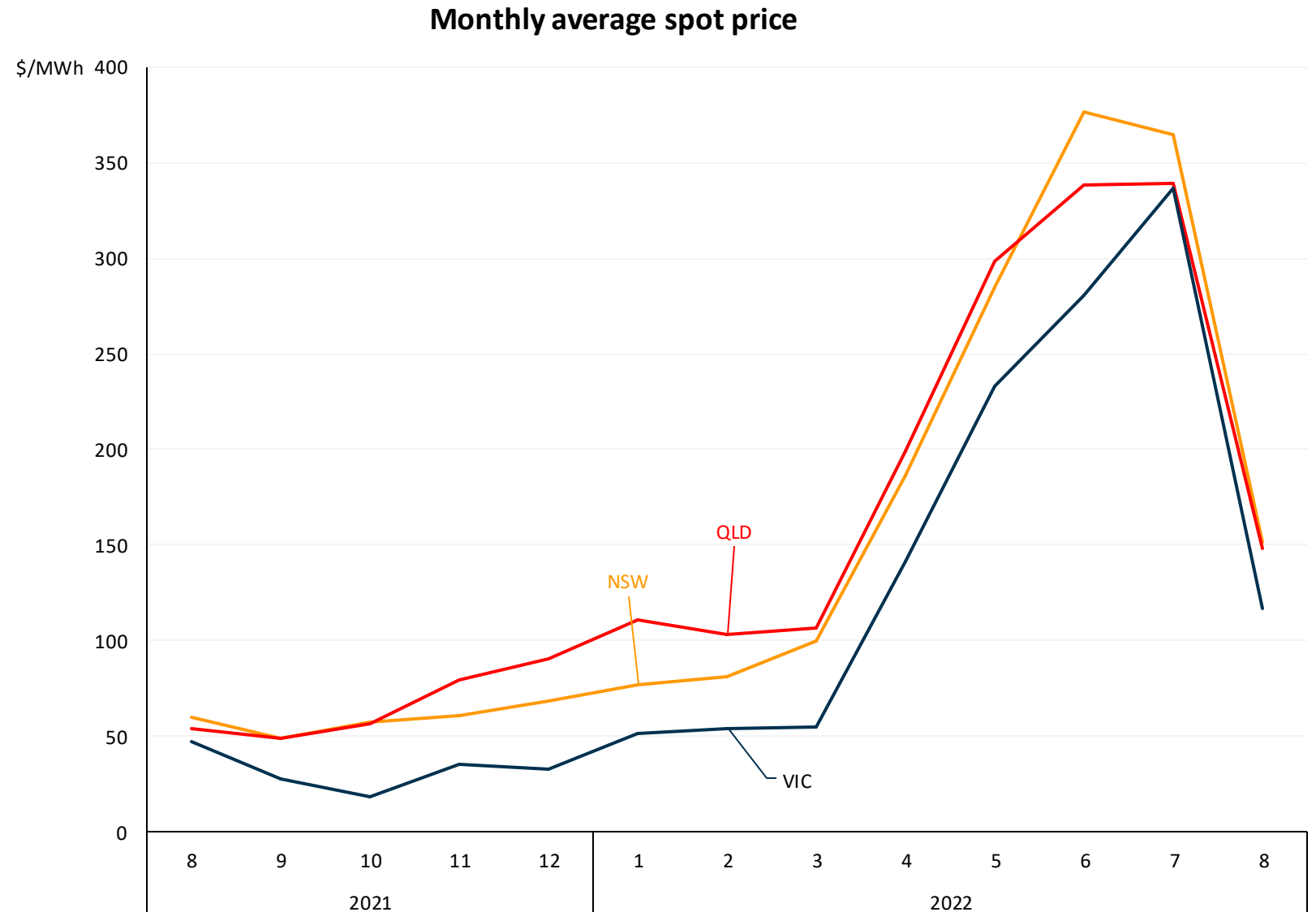
Market Context



NEM spot prices plunge from historical highs in August to date

Summary

- Month to date spot prices have fallen by \$220/MWh (-65%) in VIC; \$213/MWh (-58%) in NSW; \$191/MWh (-56%) in QLD.
- While lower demand and high wind output have contributed, the main driver has been a shift in market fundamentals: coal and gas generator bidding, and coal generator availability.



Gas prices

Summary

- Sharp fall in east coast gas market prices, with the DWGM dropping from a July average of \$37/GJ to \$16/GJ this month.
- Likely factors (yet to be fully analysed) include: lower domestic demand as cold July conditions ease; reduced LNG exports from APLNG (need to confirm whether due to an outage or risk of government intervention); and lower gas-powered generation demand (25% lower than July)

DWGM monthly average gas price

