



11 September 2020

Department of State Growth  
GPO Box 536 Hobart  
Tasmania 7001 Australia  
*Via email:* [renewableenergy@stategrowth.tas.gov.au](mailto:renewableenergy@stategrowth.tas.gov.au)

Dear Sir/Madam,

**Submission: Draft Tasmanian Renewable Energy Action Plan**

We welcome the opportunity to provide feedback on the Tasmanian Government's Renewable Energy Action Plan.

The Clean Energy Council (**CEC**) is the peak body for the clean energy industry in Australia. We represent and work with over 800 of the leading businesses operating in renewable energy and energy storage. We are committed to accelerating Australia's clean energy transformation.

We congratulate the Tasmanian Government on its vision to leverage its outstanding renewable energy resources to provide clean and low-cost power for households, businesses and industry. In harnessing the state's massive hydro and wind resources, the state can also stimulate economic activity, create new jobs, and position itself as an internationally-renowned clean energy powerhouse.

Attracting the new clean energy investment, however, will depend on the state's ability to export its clean power, given that the state is now largely self-sufficient, and build on its renewable energy opportunity to attract significant new energy load.

While there is some limited opportunity for additional interstate export via Basslink, the ability to achieve the vision of 200 per cent renewable energy target will rely on the delivery of the new Marinus Link transmission interconnector, as well as the development of a renewable hydrogen production and export capability and other energy intensive industries.

The State Government's leadership in bringing the enabling transmission infrastructure online and stimulating the development of the renewable hydrogen and other energy intensive sectors is critical and we welcome Tasmania's commitment to shaping its own future.

In this submission, we would particularly like to make comment in reference to:

1. Accelerating Marinus Link to unlock the state's clean energy potential
2. Supporting the growth of Tasmania's renewable hydrogen sector
3. Development of a strategy to expand and attract other energy intensive industries
4. Clean energy jobs and skills
5. Bringing the community along on the clean energy journey.

## 1. Accelerating Marinus Link and unlocking the state's clean energy potential

The CEC supports AEMO's 2020 Integrated System Plan, which recognises the first 750 MW Marinus Link cable as "actionable with decision rules" from 2028-29 should the Step Change scenario emerge, or as late as 2031-32 with the Tasmanian Renewable Energy Target legislation instead pulling it through. The second cable is expected to come online no earlier than 2031-32.

There are insurance benefits associated with Marinus Link being delivered earlier rather than later within the 2028-2032 window indicated by AEMO, by providing additional system resilience in the case of earlier-than-expected retirements of coal-fired power stations, which could create price shocks for consumers. As such, it is a sensible course of action for governments to prepare for an early connection date.

AEMO has indicated that legislation of the 150 per cent target by 2030 and the 200 per cent target by 2040, and resolution of the question of cost allocation for the Marinus Link project will be required in order to ensure that the new interconnector follows the timeline of the 'Step Change' scenario.

The AEMO modelling indicates that the legislation of the targets will assist to bring forward moderate amounts of new generation – up to 600MW – by 2028, which would only just exceed the 500MW Stage 1 of the Robbins Island/Jim's Plain project, which expects to commence construction in late 2022. This would get Tasmania to around half of its 2030 target of 150 per cent.

Further wind projects would be likely to await an advanced stage of the Marinus Link, such as Financial Close, before making a financial commitment to proceed with their projects. If the NEM transition reflects a 'Step Change' scenario, then we could see the balance of the required generation being built in the late 2020s, just in time to hit the 2030 target.

Should the Tasmanian Government wish to bring forward this new clean energy investment in order to assist with economic recovery efforts earlier this decade, we propose that it consider:

- i) **Introducing a further interim target for the year 2025**, in order to ensure that the state is making steady progress towards its 150 per cent target by 2030, and
- ii) **A mechanism to support new investment ahead of the construction of Marinus Link**, which could take the form of initiatives such as reverse auction programs or the underwriting of projects. The CEC and its member companies would welcome the opportunity to work with the Tasmanian Government further to draw on what has worked in other jurisdictions.

Development of the two Marinus Link cables, combined with the strong investment attraction signal of the targets will enable the state to unlock billions of dollars of investment in new wind and pumped hydro projects, and deliver on the state's potential to become the 'battery of the nation' through deep storage capability.

The Integrated System Plan indicates that between 6-19 GW of dispatchable capacity will be needed by 2040 to firm up the new generation of variable renewable energy coming online over the next two decades, and Tasmania has the opportunity to make a large contribution to meeting this need with its hydro capability and pumped hydro potential.

We encourage the Tasmanian Government to continue with its efforts to shape its own clean energy future and ensure that it can capture the largest possible share of the clean energy investment and opportunity as early as possible.

## **2. Supporting the growth of the Tasmanian renewable hydrogen sector**

The development of a new Tasmanian renewable hydrogen sector could provide substantial new demand for clean electricity in the medium to long-term, as well as support hundreds of jobs in hydrogen production and export. We welcome the focus and prioritisation by the State Government in supporting early movers in the fledgling sector through its Renewable Hydrogen Action Plan and \$20 million Renewable Hydrogen Fund.

It will take time for this sector to build scale, and sustained support will be required. We encourage the Government to continue to work with other national agencies and the Federal Government to amplify the impact of the state's available industry development resources.

One of the most critical issues in relation to the industry's ability to secure hydrogen offtake agreements with buyers is putting in place a hydrogen certification/guarantee of origin scheme to enable producers to demonstrate the veracity of their renewable hydrogen claims. It is squarely within Tasmania's interests to promote the development of a guarantee of origin methodology and registry for 'below baseline' renewable energy generation as a matter of urgency, to ensure that the state's existing hydro assets can capture the new electricity supply opportunities provided by renewable hydrogen. We would welcome Tasmanian Government advocacy on this issue in its engagement with the Australian Government.

## **3. Attracting further energy load to Tasmania**

Renewable hydrogen production is not the only energy-intensive industry that Tasmania could attract. Owners of energy-intensive manufacturing facilities are increasingly prioritising access to *clean*, low-cost and reliable electricity for determining the strategic siting of their plant. Ready access to a renewable hydrogen supply will provide an additional draw card for metal refining industries or ammonia/fertiliser production.

With the delivery of the Renewable Energy and Renewable Hydrogen Action Plans, the state will be well placed to make a compelling investment case for the expansion of existing industries or attraction of large new manufacturing facilities, and we welcome the Government's commitment to developing a new load growth attraction strategy for the state. We recommend that this action is prioritised by the Department of State Growth given the long-lead times associated with investment decisions for energy intensive users.

## **4. Clean energy jobs & skills**

The Tasmanian Renewable Energy Targets and associated projects can unlock thousands of jobs. The CEC recently commissioned the University of Technology Sydney (UTS) to study the workforce needs for the renewable energy sector.

Updated with the latest AEMO Integrated System Plan scenarios, the study found that the clean energy sector in Tasmania directly employs around 1,000 people with half of those working in the wind sector, a third in hydro, and the rest in distributed energy such as rooftop solar, solar hot water and batteries. By 2032, under the Step Change scenario, that workforce could have doubled in size largely due to new wind projects, pumped hydro and both utility-scale and rooftop solar. As many as 400 of these jobs are directly related to the inclusion of the TRET in the modelling. Importantly, trades and technical roles in the operation and maintenance of renewable energy systems could also almost double from just below 500, to almost 1,000. Unlike short-term construction and installation jobs, operation and maintenance roles tend to represent stable ongoing employment in regional areas.

These figures relate to direct and supply chain employment only. The findings do not include induced jobs such as those generated in a community as a result of expenditure from workers involved in construction. Adding in these induced jobs would illustrate the broader economic benefit of renewable energy in Tasmanian communities.

The study and its findings also exclude jobs relating to the construction of the Marinus Link and those relating to industries that are enabled by renewable energy, which the TREAP refers to as 'load growth'. Employment in both the Marinus Link and load growth areas, in particularly hydrogen, are likely to be important for Tasmania. The Draft Tasmanian Renewable Hydrogen Action Plan outlines a vision of Tasmania commencing production of renewable hydrogen by 2022, commencing export by 2025, and becoming a significant exporter by 2030.

The 'Energising Tasmania' initiative is a good complement to Tasmania's ambitious policies for the deployment of renewable energy and the production of hydrogen, as it supports the development of the skills needed to deliver the projects. However, the clean energy workforce, being largely involved in project-based construction work in regional areas, fluctuates in size over time. Workers in one region that undergo training for a series of proposed renewable energy projects, can be left unemployed at the completion of those projects. As such, we recommend that all training initiatives be accompanied by a long-term and multi-industry vision of the career pathways of that workforce. Ongoing considerations of skills portability, reskilling and upskilling should be maintained in ensuring that renewable energy projects create sustainable career pathways in regional areas.

The CEC is soon to embark on stage 2 of the study on the renewable energy workforce and skills needs, which will explore employment and skills needs for transmission (including Marinus Link) and the hydrogen sector. We would welcome the State Government's support for this work which we are looking to progress over the coming 3-6 months.

## **5. Bringing the community on the clean energy journey**

While Tasmania has long been a clean-energy powerhouse, delivery of the Tasmanian Government's vision will nevertheless be transformative for many communities across the state. The industry recognises the importance of bringing the community with us on the journey, and we are committed to working in partnership with the State Government to communicate the vision and its potential to improve the livelihoods of Tasmanians.

We also recognise the importance of renewable energy proponents engaging closely and collaboratively with communities to develop projects in accordance with community expectations. Almost 50 members of our industry are now signed onto the CEC's *Best Practice Charter for Renewable Energy Developments*, which commits signatories to engage respectfully with the communities in which they plan and operate projects, to be sensitive to environmental and cultural values, and to make a positive contribution to the regions in which they operate.

We believe that the charter will be a valuable tool for communities, state and local governments, providing a clear and accessible statement of what excellence in project development looks like.

**In conclusion**

We commend the Tasmanian Government for its bold and ambitious vision to capture the tremendous opportunities from the global transition to a zero-carbon economy. We encourage the state to continue to lean into the clean energy transition by legislating 2025, 2030 and 2040 renewable energy targets, establishing measures to stimulate additional clean energy investment over the next five years, providing sustained support to the development of the Tasmanian renewable hydrogen sector and working with industry to ensure that the state has the necessary skills base to maximise local employment opportunities.

We look forward to partnering with you on this journey.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kane Thornton', with a stylized flourish at the end.

Kane Thornton  
Chief Executive