

29 April 2021

Tasmanian Climate Change Office
Department of Premier and Cabinet
GPO Box 123, HOBART TAS 7001
Via email: ConsultationTasmania@jacobs.com

Dear Consultation Team,

RE: Independent Review of Climate Change Act

TasNetworks welcomes the opportunity to make a submission to the *Independent Review of the Climate Change Act* (the Act).

TasNetworks, the Tasmanian jurisdictional planner and operator of Tasmania's transmission network, agrees Tasmania has the opportunity to position itself as a climate change leader at both the national and global level and set a world-leading net zero emissions target. TasNetworks welcomes the work the State Government has undertaken to date to make decisions through the lens of climate change and position itself as a first mover on climate change action. Tasmania has legislated a world-leading renewable energy target of 200% renewables by 2040, providing capacity to support the national transition to renewable energy.

In the attachment to this letter (*Attachment A*) we provide feedback in relation to a number of questions raised in the discussion paper, which we hope will assist the review of the Act.

For more information or to discuss the views expressed in this submission, please contact Government Engagement Specialist, Erin Littlewood.

Yours faithfully



Bess Clark
General Manager Project Marinus

ATTACHMENT A

To what extent should climate change considerations (e.g. greenhouse gas emissions, climate change impacts, climate resilience) influence policies and decisions by State government agencies and government business enterprises?

- TasNetworks encourages the State Government to continue to consider climate change in its policies and decision-making. While adopting more ambitious targets for climate change mitigation and adaptation carries risks, there are significant benefits to including climate change considerations in government decision-making, including:
 - Positioning Tasmania as a preferred site - at a national and global level - for green industry development including energy, manufacturing, IT (i.e. data centres), transport, and agriculture. This will have flow on effects to the Tasmanian economy, including jobs and employment;
 - Building climate change adaptation and resilience into Tasmanian businesses, industry and the community decision making frameworks so they are better prepared for the transition, e.g. resilience against climate change across public infrastructure, town planning, health, biosecurity, environmental and other resource management;
 - Improving understanding and raising awareness of the potential impacts of climate change, so that impacts can be properly assessed and managed efficiently, and potential benefits can be maximised; and
 - Preparing industry for potential implementation of future carbon pricing such as international carbon taxes or emissions trading schemes.

How important is it to you that the Tasmanian government systematically assess and disclose the main risks associated with projected climate change?

- Meaningful, tangible information about the main risks associated with projected climate change is critical to preparing government, communities, businesses and industries for the future;
- Systematic assessment and disclosure of the risks associated with a range of future emissions scenarios provides greater clarity and confidence for business and investment decisions, environmental management, private and public development, and health and safety matters;
- Equally important is the disclosure of climate related financial risks. This includes the potential economic costs and financial losses from climate-change, and transition impacts relating to the process of adjusting to a low-carbon economy; and
- Information can also help raise awareness among the community, and motivate Tasmanians to adopt greener practices and thrive in a low carbon economy.

How might the Act provide you with confidence that successive State governments will continue to act to contain/reduce Tasmania's emissions and build climate resilience?

- Confidence could be achieved by:
 - Legislating for successive emissions reduction targets, backed by recent and credible scientific data;
 - Legislating for annual action plans including tangible, measurable, objectives with feedback loops and review periods to ensure Tasmania's Government(s) maintain vigilance and awareness of Tasmania's emissions and climate resilience; and
 - Legislating for tariffs or other financial incentives for industries and businesses to switch to greener practices.

How might the Act drive further decarbonisation of the Tasmanian economy (e.g. via setting/legislating targets for sectors of the economy, potentially including interim targets)?

- The Act could drive further decarbonisation by including interim targets for emissions reduction. These targets would not only indicate the Tasmanian Government's clear policy intent but also help maintain vigilance on decarbonisation initiatives over time; and
- The Act could also drive further decarbonisation via sector-specific target setting where appropriate, e.g. transport, agriculture, heavy industry. These sector-specific targets could be tailored to take account of the unique challenges facing each industry in a changing climate, balancing the need for emissions reduction against economic sustainability. Such targets would allow for focus with clear accountabilities. Taking the transport sector as an example, the Act could mandate for Electric Vehicle adoption and uptake i.e. 100% clean-energy fuelled public transport by 2050, including 100% of government fleets fuelled by clean energy sources by 2050.

If the Act were to espouse principles that would guide consideration of climate change by government, its agencies and business enterprises, what might they be?

- The State Government has an important role to play in involving government, its agencies and business enterprises in considering climate change in their daily practices. TasNetworks would welcome development of voluntary guidelines around climate change in Tasmania to help ensure Tasmania's efficient and affordable transition to a lower carbon economy, and maximise the benefits of this transition for the Tasmanian community. For example, such guidelines could:
 - Encourage businesses, industries and project developers to consider climate science, including the impact of their practices in terms of emissions and the local environment. For example, in developing Marinus Link, TasNetworks is carrying out climate studies along the proposed route corridor in Bass Strait to understand the potential impacts of a changed climate on the infrastructure and ensure it will be resilient under a range of future climate scenarios;
 - Include schemes for off-setting emissions;
 - Include schemes for encouraging the adoption of green technologies and initiatives; and

- Encourage businesses and industries to work with nearby communities, Traditional Owners and indigenous groups to harness their local strategic knowledge, understand their priorities, interests and capabilities, and carry out their practices in a way that benefits their local community. For example, in developing Marinus Link and the North West Transmission Developments, TasNetworks is committed to exploring benefit-sharing opportunities with communities along the proposed infrastructure corridors.

Within the context of global agreements to action to reduce greenhouse gas emissions, what do you consider to be the main roles of the Tasmanian government and how effective do you believe the government has been?

- The State Government should seek to position Tasmania as an international leader in emissions reduction and clean, low cost, reliable energy. Leadership, transparency and accountability in relation to emissions reduction is of key importance in the face of climate change. By committing to clear policies including tangible, measurable, objectives with feedback loops and review periods for emissions reduction, the State Government can signal to domestic and global audiences that Tasmania is a frontrunner in jobs and employment in renewable energy and attract investor confidence. The Tasmanian Renewable Hydrogen Action Plan is a key example of this, as it sets out the State Government's vision to capitalise on the State's many advantages and become a world-leader in large-scale, low emissions, hydrogen production.

What would you consider to be an appropriate long-term greenhouse gas emissions or emissions reduction target for Tasmania (in terms of date and level of emissions or emissions reduction)?

- As Tasmania's net zero emissions targets are already being achieved, the State government should seek to set more ambitious targets as a key policy driver to accelerate the transition to a low carbon economy nationally. The target should align with a future state consistent with Tasmania's 200% renewables target by 2040. This would enable the State government to continue to position itself as a national and international leader for emission reductions and clean energy.

What do you consider to be the main risks and opportunities for Tasmania as it continues to transition towards a low/zero carbon economy and society? What risks and opportunities may arise if Tasmania transitions more slowly/more rapidly?

- A major opportunity for Tasmania presented by the transition to a low-carbon economy is the opportunity to attract emissions-intensive industries who are seeking low-carbon, low emissions opportunities to reduce their carbon footprint and costs. Examples include hydrogen production, data centres, manufacturing and mineral processing. Benefits include: economic development, particularly in regional areas, net reduction in global emissions and better utilisation of Tasmania's competitive advantage in renewable generation.

- The electricity sector is another major opportunity for Tasmania to support the lowering of emissions across the NEM in the near-term and attract domestic and global industries looking to reduce their carbon footprint. To achieve net zero emissions by 2050 or sooner, significant reduction in emissions needs to be made in this decade.

Much of the national electricity grid was designed to deliver energy to customers in large load centres from coal-fired generators. As the generation mix changes, the transmission network needs to be modified to improve capacity, manage local congestion, and enable the benefits of significant renewable energy generation and storage resources in Tasmania, and in other parts of the National Electricity Market (**NEM**), to be efficiently shared. Tasmania's electricity sector is well-placed to assist other NEM states by doing the 'heavy lifting' now as renewable technology and clean firming services are already available.

- Investing in Tasmania's transmission capacity now will signal to developers, locally and internationally, that Tasmania is preparing for a more ambitious renewable energy future. This will help to attract investment and industry seeking to locate their operations in a low cost, low carbon environment, bringing jobs and employment opportunities to Tasmania. Tasmania may miss this opportunity if other countries and states move faster. For example, Marinus Link and the supporting North West Transmission Developments (together Project Marinus), present a significant opportunity to help Tasmania with this clean energy transition. Our findings show that Project Marinus can support Tasmania's workforce participation by fostering the development of skills related to the energy industry as it transitions from coal-fired power generation to a greater mix of renewables and dispatchable capacity by 2035. Our findings also show that Project Marinus would stimulate the following economic opportunities in Tasmania:

- \$1.4 billion in economic stimulus in the form of increased employment and economic value added to regional Tasmanian communities, particularly in the North West region;
- 1400 direct and indirect jobs at peak construction, including a range of roles in the project management, engineering, science, trades, and professional services sectors and further supporting roles including education and training, accommodation and food services, hospitality and transport; and
- Further development of Tasmania's renewable energy resources, unlocking approximately 2,350 jobs, and adding a further estimated value of \$5.7 billion to the Tasmanian economy.

- Electric Vehicles are a key opportunity for a more sustainable future for Tasmanians; they are cheaper to run, quieter to drive, and have zero emissions when powered from the State's renewable electricity sources. Electric vehicles are a rapidly developing technology and their increased uptake will challenge Tasmania's current energy network. TasNetworks plays a critical role in this transition, by ensuring the energy network is prepared for the changing behaviours of the community. TasNetworks' current focus is to better understand the expectations and changing needs of

customers to determine the best way to integrate electric vehicles and emerging technology into the network and provide convenient and affordable access to electric vehicle charging in Tasmania. TasNetworks established the Fast Charger Support Scheme (FCSS) which supported the installation of Tasmania's first direct current (DC) EV fast charger in October 2018. Planned installations of EV charging infrastructure extend state-wide through 2020 and 2021, supported by the FCSS, Tasmanian Climate Change Office (TCCO) and market-based installations. TasNetworks is currently working in partnership with other Distribution Network Service Providers (DNSPs) and technology partners on the EV Grid Trial, a Dynamic EV Charging project to better understand residential EV charging behaviours and network impacts, and demonstrate the role of technology in managing smart (controlled) charging. Other activities include:

- Participation in the Tasmanian Government Electric Vehicle Working Group
- Delivering on the DC Fast Charger Support Scheme
- Quarterly updates with Department of Premier & Cabinet (DPAC) and State Growth (Transport) to increase visibility of EV activity, develop an EV data repository, and sharing of knowledge.
- Participation in industry working group and collaboration initiative on EV integration and flexible export.

What do you consider to be the main roles for State government in supporting Tasmanian communities, infrastructure, economic activities and environments in becoming more resilient to projected climate change?

- TasNetworks encourages the State Government to develop and publish long-term plans for priority sectors for which the State Government maintains substantial responsibilities, as it is already doing for the energy sector. TasNetworks notes the announcement of the Renewable Energy Action Plan and Hydrogen Action Plan as key examples of this. Such transparency from the State Government helps to support businesses' and communities' understanding of the future lower-emissions landscape and provides certainty around investment for private enterprise. TasNetworks recommends that, in developing plans for other priority sectors, consideration be given to their potential effects on power system security and stability, which remain key factors for investors deciding where to locate businesses and developments, particularly energy intensive industries.
- The State Government has a main role to play in supporting investment in transmission and further interconnection to support Tasmania's ambition to lower emissions and transition smoothly to a lower carbon economy. As existing transmission assets are nearly at capacity, North West Tasmania's electricity transmission network will require both the augmentation of existing corridors and the establishment of new corridors to unlock the energy potential identified by AEMO in the North West and Central Tasmanian Renewable Energy Zones, facilitate connection of additional energy generation and storage, and to support energy flows to and from Marinus Link. TasNetworks' North West Strategic Transmission Plan proposes a collector network for multiple projects from multiple parties to minimise the amount of transmission infrastructure that will ultimately be required to achieve these objectives. This will

require significant investment in the region and proposed transmission developments for North West Tasmania – in the order of \$600 million (\$2020).

- The State Government has a key role to play in continued advocacy and strategic engagement at the national and inter-State level for Marinus Link, the proposed underground and undersea high voltage direct current interconnector between Victoria and Tasmania. Our findings show that Marinus Link and supporting North West Transmission Developments will support increased variable renewable energy generation across the NEM and help to reduce the issues of energy reliability and security, and cost impacts, associated with the NEM's transition away from coal-fired generation by:
 - providing access to firming services needed to support the pipeline of renewable energy projects proposed across the NEM through existing hydro resources and the suite of Battery of the Nation pumped hydro energy storage project proposals;
 - enhancing access to Tasmania's complementary wind profile, and thereby improve energy reliability and stability for the mainland grid during the peak summer period;
 - supporting NEM states' capacity to achieve their net zero greenhouse gas emissions targets; and
 - exerting downward pressure on wholesale electricity prices by introducing additional dispatchable capacity that replaces the marginal gas-powered generators.

Independent analysis shows that, with Marinus Link and other interconnector projects in service (including Humelink, VNI West and Project EnergyConnect), better sharing of renewable and dispatchable resources (including deep storage from Battery of the Nation and Snowy 2.0) will be possible between the three southern NEM states. This not only supports emissions reduction across Australia but also assists in lowering wholesale energy costs for consumers. Without this, the NEM will rely more on gas-powered generators, with higher prices and greater climate impacts.