



Media Release

24 NOVEMBER 2017

Building the case for a second interconnector for Bass Strait

On behalf of the Australian Government, the Australian Renewable Energy Agency (ARENA) and TasNetworks today announced plans to work together to explore a more detailed feasibility and business case assessment for a second interconnector across the Bass Strait between Tasmania and the mainland grid.

A second interconnector after Basslink would allow Tasmania to expand the amount of electricity it could provide to the grid, allowing Tasmania to play a greater role in the National Electricity Market. It would also provide a backup to ensure supply to Tasmania.

This more detailed feasibility and business case assessment is expected to cost an estimated \$20 million, to be funded by both ARENA and TasNetworks.

TasNetworks and ARENA are defining the scope of the more detailed feasibility and business case assessment to be formally assessed by ARENA. The business case for a second interconnector to link Tasmania and Victoria across the Bass Strait would consider:

- The optimum capacity
- The preferred route
- Technical specifications and supply arrangements for the cable, and grid interconnections
- Potential timing
- Detailed cost estimates
- Regulatory revenue investment test
- Financial and development models to implement the second interconnector

ARENA has previously committed up to \$2.5 million for Hydro Tasmania to undertake early stage feasibility studies as part of the Battery of the Nation project. This work includes upgrading of existing hydro power stations, identifying 15 high potential sites for pumped hydro and how wind power and hydro could help provide dispatchable, reliable power to other states.

This more detailed feasibility and business case assessment will build upon the Tamblyn

ARENA media contacts:

0410 724 227

media@arena.gov.au

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information**
arena.gov.au

review and will be informed by the findings of the Battery of the Nation feasibility studies.

The third of these studies currently underway considers how Tasmania can play an expanded role in the NEM through increased wind power and reconfiguring or expanding its hydro capacity, which would rely upon a second interconnector. Preliminary findings from that study indicate that the benefits of a second interconnector could outweigh the costs by \$500 million.

ARENA Chief Executive Officer Ivor Frischknecht said making the case for a second interconnector could enable Tasmania to act as a giant battery, providing large scale renewable energy generation and storage capacity.

“Tasmania has some of Australia’s best wind resources, a large established hydro electric system and the potential to develop pumped hydro sites. To harness this potential, a second interconnector would need to be constructed to enable further generation and storage capacity to be delivered to the rest of the NEM.

“With Hydro Tasmania, ARENA is already investigating the feasibility for new wind and pumped hydro, and this business case would be the next step,” Mr Frischknecht said.

TasNetworks Chief Executive Officer Lance Balcombe said a more detailed feasibility and business case assessment would be a crucial step towards determining whether a second interconnector was viable, and how the project should proceed.

“TasNetworks is excited to work with the Australian Government and ARENA to explore the potential for a second interconnector which could unlock huge potential for Tasmania to become a major energy exporter,” he said.

For further information, visit arena.gov.au and tasnetworks.com.au

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