



20 December 2017

Guy Barnett, Minister for Energy

Basslink

The Government welcomes the additional clarity provided by the Hydro Tasmania-commissioned analysis of the Basslink failure.

We have never accepted the original assertion that the break in 2015 should be dismissed as "cause unknown".

Importantly, the confirmation that the cable can continue to play the same role in our energy security with no suggested change to the 500MW import capacity of the cable is welcome.

The fact that the cable can continue to operate with the same import capacity means that prices and supply in Tasmania will not be negatively impacted.

The energy security update released by the Tasmanian Energy Regulator recently demonstrated Tasmania is very well positioned from an energy security perspective, with dam levels currently at 45.1 per cent. This is well above the prudent management levels which were increased by the Hodgman Liberal Government to prevent storages being drained.

Lower power prices and guaranteed energy security for Tasmania are at the forefront of our 'Tasmania-first' energy policy and will remain so.

That is why we are progressing to the critical next stage of work on a second Bass Strait interconnector, in partnership with the Australian Government.

In regards to the current Basslink cable, its operation is controlled by BPL and we encourage them to work cooperatively with AEMO, the Victorian Government and other stakeholders likely to be impacted by any interim reduction in the maximum export capacity of the cable.

I am advised that the analysis commissioned by Hydro indicates that the cable had been operated by BPL in a manner that allowed it to exceed its temperature design limits during a number of periods in its service life.

It is not suggested that the cable was overloaded at the time of the December 2015 failure.

It is also important to be clear that the Tasmanian Government does not intend for Hydro or

any other Government entity to be a participant in the current market sounding process around a potential sale of Basslink. As we have previously said, the sale process is ultimately a matter for BPL as the owner. Basslink has changed hands before without affecting operations or energy security.