

## Guy Barnett MP

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Tasmanian Government **Media Release**

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Guy Barnett, Minister for Energy and Emissions Reduction

### Acting to protect the interests of Tasmanians on Basslink

The Tasmanian Government will always act in the best interests of Tasmanians and to ensure our State's energy supply remains secure

Yesterday I wrote to the owner of Basslink, Keppel Infrastructure Trust, to advise the Tasmanian Government and Hydro Tasmania will not be extending the Standstill Agreement.

Following the Arbitration outcome in December 2020, the Standstill Agreement was put in place between Basslink Pty Ltd (BPL), and the State of Tasmania and Hydro Tasmania in relation to the failure of the Basslink cable in 2015.

As part of that outcome which found in the State and Hydro's favour, the Arbitrator, former High Court Chief Justice Mr Robert French AC, found a force majeure event had not occurred, and awarded the State and Hydro Tasmania in excess of \$70 million, including costs related to the cable failure.

In December 2020, the State and Hydro Tasmania agreed in good faith to enter into a Standstill Agreement, preserving the rights of the parties and allowing negotiations to take place to satisfy BPL's obligations under the Arbitration outcomes, while BPL attempted to refinance its debt.

BPL's obligations included actions to improve the operational performance and reliability of the cable.

For nearly 11 months, Tasmania has acted in good faith in the hope that a resolution could be found, including extending the Standstill Agreement in May this year to allow BPL more time.

However, the Award payments to the State and Hydro Tasmania remain outstanding and BPL has not adequately progressed the commercial and engineering requirements. It has also failed to secure refinancing.

The Government believes that further negotiations are unlikely to lead to a satisfactory resolution and

the current situation cannot be allowed to continue indefinitely.

As the Standstill Agreement expires today, the State and Hydro Tasmania will now pursue their legal rights.

The Government is taking this action to protect the interests of Tasmanians as money owed to the State and Hydro Tasmania is ultimately owed to the people of Tasmania.

We are also confident this legal dispute will not impact the State's energy security. Importantly, Basslink will continue operating, transferring energy between Tasmania and Victoria.

Tasmania's energy supply is very secure, with storage levels above the prudent storage levels. In fact, they are sitting at a healthy 51.4 per cent – the highest levels since 2014.

The Energy Security Risk Response Framework put in place by the Government following the Basslink outage is working well, delivering us confidence and protecting our energy supply.

Our energy security has been further strengthened through our achievement of 100 per cent self-sufficiency in renewable electricity. Backed by our 200 per cent Tasmanian Renewable Energy Target and increasing wind generation, the case for further interconnection across Bass Strait through Marinus Link remains strong.

BPL will now need to work with its owner and financiers on how it will meet the Arbitration outcomes.

The Tasmanian Government will continue implementing its strong plan to deliver energy security in this State, while also protecting the interests of Tasmanians.