

6 February 2024

Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2001
Project Reference Code: ERC0348

Dear Anna,

Accommodating financeability - Draft determination

Marinus Link Pty Ltd (**MLPL**) welcomes the opportunity to make this submission in response to the Commission's draft determination on accommodating financeability. The draft rule determination is in response to two rule change requests on this topic, submitted by Energy Networks Australia (ENA) and the Commonwealth Minister for Climate Change and Energy, the Hon Chris Bowen MP.

The Commission's draft determination recognises that the regulatory framework may not provide a cashflow profile that enables actionable Integrated System Plan (ISP) projects to be financed. In proposing a more preferable rule, the Commission accepts ENA's submission that a principles-based approach to financeability will not provide sufficient certainty to prospective investors. However, the Commission rejects ENA's proposal that a formulaic approach to the financeability test should be embedded in the National Electricity Rules (the Rules). Instead, the Commission concludes that the AER should develop and publish guidelines that determine how the financeability test should be applied, noting that it must be replicable and predictable.

In relation to these matters, MLPL strongly agrees with the Commission's approach. In addition, MLPL concurs with the Commission's view that inter-generational equity issues should not be a factor in deciding whether a financeability issue should be addressed. Specifically, the Commission is correct in taking the broader perspective that all customers will benefit if actionable ISP projects proceed in a timely manner. As such, it would be unreasonable to forgo these benefits on the grounds that the revenue profile required to achieve financeability differs from the standard profile derived from the current Rules.

Marinus Link is part of a larger project, which we refer to as Project Marinus, which will be developed and owned by different entities:

- Marinus Link will be owned and operated by MLPL.
- The North West Transmission Development component of Project Marinus will be owned and operated by TasNetworks.

As you know, Project Marinus is an actionable ISP project that is expected to deliver net economic benefits of more than \$2 billion. At this stage, it is anticipated that the first cable will provide transmission services by 2030.

It is important to note that MLPL is an intending TNSP, which means that it does not currently provide prescribed transmission services but will do so once Marinus Link is commissioned. MLPL is concerned that the Commission's draft Rule would not be applicable to a new TNSP, such as MLPL. This problem arises from two separate issues:

1. The financeability test only applies to contingent project applications, not revenue determinations; and
2. The financeability test requires the AER to determine the TNSP's current financeability position. As a new TNSP does not have a current financeability position, the financeability test as drafted cannot be applied.

MLPL considers that both of these issues could be addressed by relatively minor changes to the draft Rule. It is important that these matters are addressed in the final Rule, so that the benefits of the proposed Rule can be applied to all actionable ISP projects, including those that will be provided by new TNSPs such as MLPL.

In addition to raising this specific issue of concern, MLPL would like to note its support for the submission lodged by Energy Networks Australia. MLPL looks forward to working with the Commission as it finalises its Rule determination. In the meantime, if you would like to discuss this submission, please contact me at your convenience.

Yours sincerely,

Ben Wagner
Head of Customer Projects