# Project Marinus: in Tasmania's interest, and Australia's

by

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## Introduction

Project Marinus is a proposed 750MW electricity interconnector between Tasmania and Victoria (Marinus Link) combined with upgrades to the electricity transmission network in north-western Tasmania (North West Transmission Developments or NWTD), with the possibility of a second 750MW connector being built at a later stage.

The contention of this paper is that Project Marinus is in Australia's interest – as well as in Tasmania's. But it's thus far been a controversial project – for at least three reasons.

First, it is undoubtedly expensive. The most recent estimate of the construction cost of Marinus Link Stage 1 is $3.47 billion (in 2022-23 dollars) (Australian Energy Regulator 2026a: 10), while the latest construction cost estimate for NWTD Stage 1 is $1.07 billion (AER 2026b: 17). Construction costs of Stage 2 of Marinus Link and NWTD have most recently been put at $2.2 billion and $525 million respectively (in 2022-23 dollars) (Department of Treasury and Finance 2025: 51 and 58).

Second, it unavoidably entails some intrusions onto farmland – as any electricity transmission infrastructure project inevitably and unavoidably does (as do most highway construction or duplication projects). TasNetworks have sought to minimize the impact on farms and associated infrastructure, so that most of the land-holders affected by the construction of new 'poles and wires' have reached mutually acceptable commercial agreements with TasNetworks – but around 2% have not.

Third, it has not been particularly well 'sold' to the Tasmanian public by the State Government. The 'Whole of State Business Case' published in August last year is full of redactions – I counted 266 of them, including entire charts and tables as well as words, paragraphs and footnotes. In some cases, there are very good reasons for those redactions – but the frequency with which they permeate this document inevitably invites cynicism on the part of the public as to what is being hidden from them.

And the public is, equally understandably, no less cynical about the Government's repeated assertion that Marinus will result in "lower electricity prices." People have heard those promises before, and know all too well what became of them.

One part of the 'Whole of State Business Case' that wasn't redacted at all was the modelling, undertaken by the Centre of Policy Studies at Victoria University, of the impact of Marinus on the Tasmanian economy. This showed that Stage 1 of Project Marinus (including Hydro Tasmania's Tarraleah re-development) would boost the size of Tasmania's economy by between $1.8 billion (0.4%) and $4.4 billion (1.0%), and employment by between 7,200 and 16,900, over the ten years to 2034-35, depending on the extent to which Australia meets its emissions reduction targets and the growth trajectory of the overall Australian economy. Stage 2 of Project Marinus (including Hydro's mooted pumped hydro project at Cethana) would result in a further boost to the size of Tasmania's economy of between $0.7 billion and $2.4 billion, and to employment of between 3,900 and 10,000, again depending on assumptions about national economic growth and the extent of progress in national emissions reduction (Tasmanian Department of Treasury and Finance 2025a: 146-149).

While these results seem reasonable to me, I'm also conscious that there's a good deal of scepticism – often for very good reasons – about the value of exercises such as this (see, eg, Eslake 2025: 8-12).

So this is an attempt to 'make the case' for Project Marinus in other terms.

This case rests on four propositions:

1. Project Marinus is *in the national interest*. It will make an important – even an essential – contribution to the transition Australia needs to make, sooner or later, to net zero carbon emissions.
2. Project Marinus offers *a way out of the 'Catch-22'* that has confronted Tasmania for more than a decade, namely, that no-one has been willing to invest in significant new generation capacity unless they could be assured that there would be demand for it, whilst no-one has been willing to undertake any investment that would require additional generation capacity unless they could be assured that it would be forthcoming.
3. Project Marinus will *improve Tasmania's 'energy security'* in a world where inflows into Hydro Tasmania's water storages appear likely to continue to decline over time and to become more variable from year to year, and where Basslink will eventually pass its 'use-by' date.
4. Project Marinus will enable Tasmania to get *more value out of its unique hydro assets*.

## Marinus is in the national interest

Although Australia only accounts for about 1% of total global carbon emissions, we are one of the most carbon-intensive economies in the world. Per head of population, Australia's carbon emissions are the 11th highest in the world, the highest of any 'advanced' economy, and 48% above the average for all 'high-income' economies. Per dollar of GDP, Australia's emissions are the sixth highest in the world, 22% above the average for all 'high income' economies (Our World in Data 2026).

The Australian Government has committed to reducing Australia's greenhouse gas emissions to between 43% below 2005 levels by 2030, and to between 62 and 70% below 2005 levels by 2035, as interim steps towards reducing emissions to 'net zero' by 2025 (Department of Climate Change, Energy, the Environment and Water 2025b).

Consistent with those targets, the Australian Energy Market Operator's most recent Draft Integrated System Plan (ISP) envisages that "renewable energy, connected by transmission and distribution, firmed with storage and backed up by gas, presents the least-cost way to supply secure and reliable electricity to consumers through to 2050" (AEMO 2025: 5).

AEMO's 'optimal development path' (ODP) calls for, among other things, 40 GW of "grid-scale storage and hydro", and "an additional 6,000 km of transmission".

AEMO specifically notes that the role of "deep storage … should not be under-estimated in being able to shift energy over weeks and months (seasonal shifting) and cover extended renewable lulls" (AEMO 2025: 13).

It is in this context that Project Marinus is an investment that is in *Australia's national interest*. It will enhance the *National* Electricity Market's capacity to access the long duration storages that Hydro Tasmania manages, thus providing additional 'firming' capacity and longer-term storage that cannot be provided by batteries alone (International Hydropower Association 2026: 2).

Stage 1 of Project Marinus is one of seven "committed or actionable" transmission projects that AEMO lists as part of its 'optimal development path'; while Stage 2 of Project Marinus is one of seven transmission projects which AEMO considers as "likely to remain actionable" as part of the ODP, as illustrated in Figure 1 (AEMO 2025: 16).

More broadly, Australia has a comparative advantage (relative to other 'advanced' economies) in low-cost renewable energy, which, as the Australian Treasury has recently noted, "presents longer-term opportunities to lift productivity" (Australian Treasury 2026:18). Project Marinus can therefore contribute to the goal of reversing the long-term slowdown in Australia's rate of productivity growth, and therefore to improving the rate of growth in Australians' material standard of living.

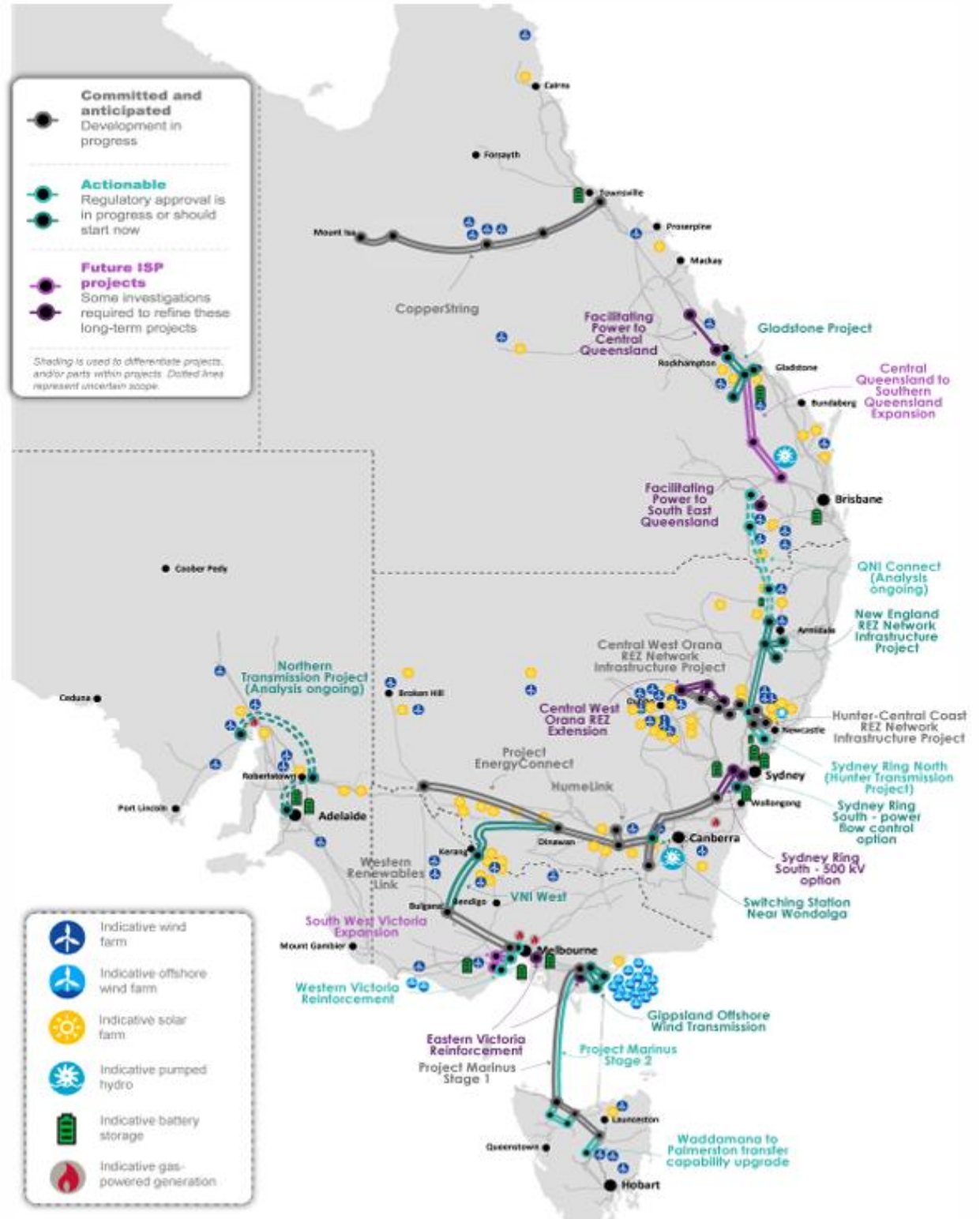
Project Marinus is also in *Victoria's interest*. 39% of Victoria's electricity generation comes from renewables – more than Queensland (28%) and New South Wales (36%), but well behind South Australia (74%) and Tasmania (97%) (Department of Climate Change, Energy, the Environment and Water 2025b: Table O9).

Victoria has a legislated renewable energy target of 65% by 2030 and 95% by 2035 – as part of which, Victoria has set targets of at least 2.6GW of storage capacity by 2030 and at least 6.3GW by 2035 (Victorian Department of Energy, Employment and Climate Action 2026), which include long-duration (at least 8 hours) storage that Tasmania has the potential to provide, if there is sufficient transmission capacity between Tasmania and Victoria.

Given that Project Marinus is in both Australia's and Victoria's interests, it is therefore highly appropriate that the Federal and Victorian Governments will be paying the lion's share of the cost of building and operating it:

- as a result of agreements reached between the Tasmanian, Victorian and Federal Governments, Tasmania's contribution to the cost of building the undersea cable between Tasmania and Victoria will be limited to 4.27% of the total, and capped at $103.5 million (Tasmanian Government 2025b: 2). The balance will be funded by the Federal and Victorian Governments;
- similarly, Tasmanian household and business electricity consumers will bear only 27.6% of the cost of operating Marinus Link: the remaining 72.4% will be shouldered by Victorian consumers (Tasmanian Government 2025b: 2).

**Figure 1: Transmission projects in AEMO's 2026 Integrated System Plan optimal development path**




*Source:* AEMO (2025): 17.

Tasmania will carry the entire cost of the NWTD project. But that cost has been significantly reduced by two contributions from the Federal Government:

- the Federal Government will make a grant of $346 million to Tasmania, which will be used to reduce the cost to the cost of Stage 1 of Project Marinus to Tasmanian consumers, by reducing the value of TasNetworks' Regulatory Asset Base (RAB) which is used to determine the network charges which TasNetworks passes on to Tasmanian customers.(Australian Treasury 2025: 2); and
- TasNetworks will receive concessional financing (that is, at lower interest rates and for a longer period than would be available from the financial markets) through the Federal Government's Clean Energy Finance Corporation (CEFC), the discounted present value of which is estimate to be at least $700 million, which will be set against the revenue which TasNetworks expects to earn from Stage 1 of NWTD, and thus further reduce the amount which TasNetworks will be allowed to recoup from Tasmanian electricity customers in the form of network charges (AER 2026b: 5-6).

In other words, because Project Marinus is in the national interest and because it is also in Victoria's interest – as well as in Tasmania's – and because Project Marinus cannot be undertaken without Tasmania's participation, Tasmania's participation in Project Marinus is being financed on very favourable terms.

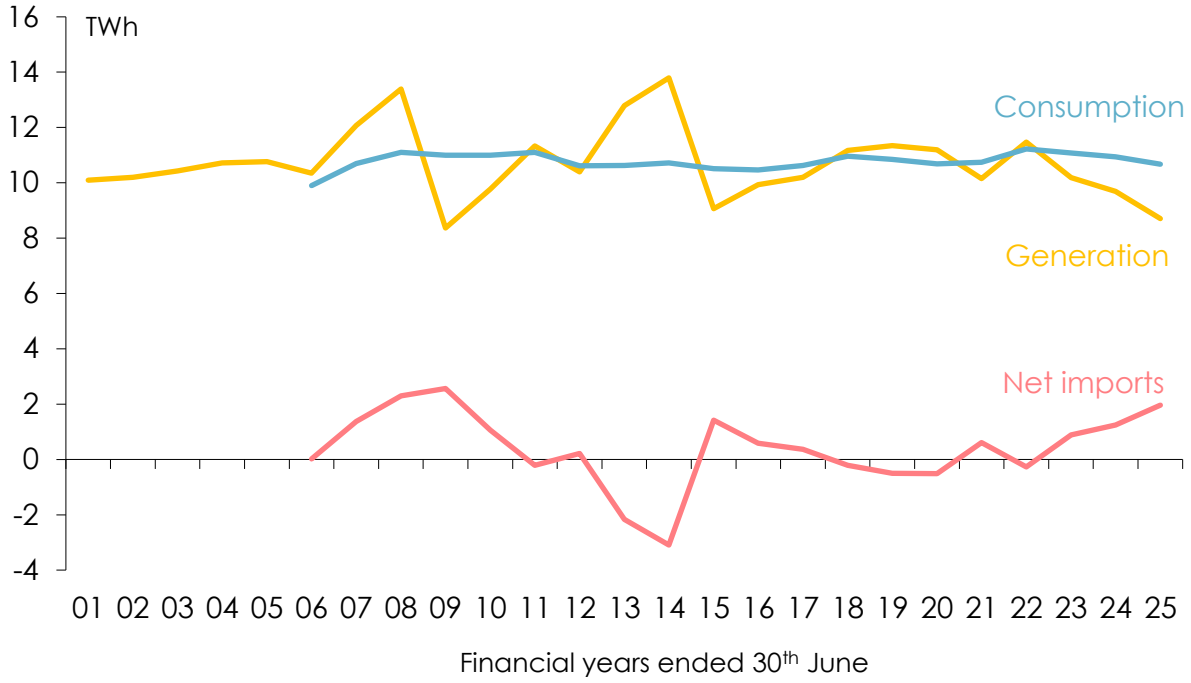
## Marinus will help break the 'deadlock' around new generation and new demand in Tasmania

Tasmanian electricity generation and consumption has flat-lined over the past two decades – as shown in Figure 2. Total on-island electricity generation in 2024-25 was the lowest since 2008-09 (which was, like 2024-25, affected by prolonged periods of low rainfall in Hydro Tasmania's principal catchment areas); and even though that shortfall in on-island generation was met by the highest level of net imports over Basslink since 2008-09, total on-island energy consumption in 2024-25 was lower than in any year since 2016-17, and lower than it had been in each of the years 2006-07 through 2010-11.

No new generation capacity has been added in Tasmania since the completion of the Granville Harbour and Cattle Hill wind farms in 2019 and 2020 respectively – and their completion required Hydro Tasmania and Aurora Energy, respectively, to enter into Power Purchase Agreements (PPA) with those schemes' proponents. Although arguably beneficial from the standpoint of inducing additional on-island generation, both Hydro Tasmania and Aurora Energy have since classified them as 'onerous contracts' (that is, where the unavoidable cost of fulfilling the contractual obligation exceeds the economic benefits received') in their financial statements (Hydro Tasmania 2025: 45, 76 and 123; Aurora Energy 2025: 76 and 96).

While the number of residential electricity customers in Tasmania has increased by 14.2% over the past 15 years, the number of business customers has declined by 16.5% over the same period, including a 27% decline in the number of large business customers since it peaked in 2012-13 (Figure 3).

**Figure 2: Tasmanian electricity supply and demand, 2000-01 to 2024-25**




*Note:* Excludes Bass Strait islands. 'TWh' = terawatt hours (1,000 gigawatt hours).
*Sources:* Office of the Tasmanian Economic Regulator (2025 and 2026a); Hydro Tasmania (2025).

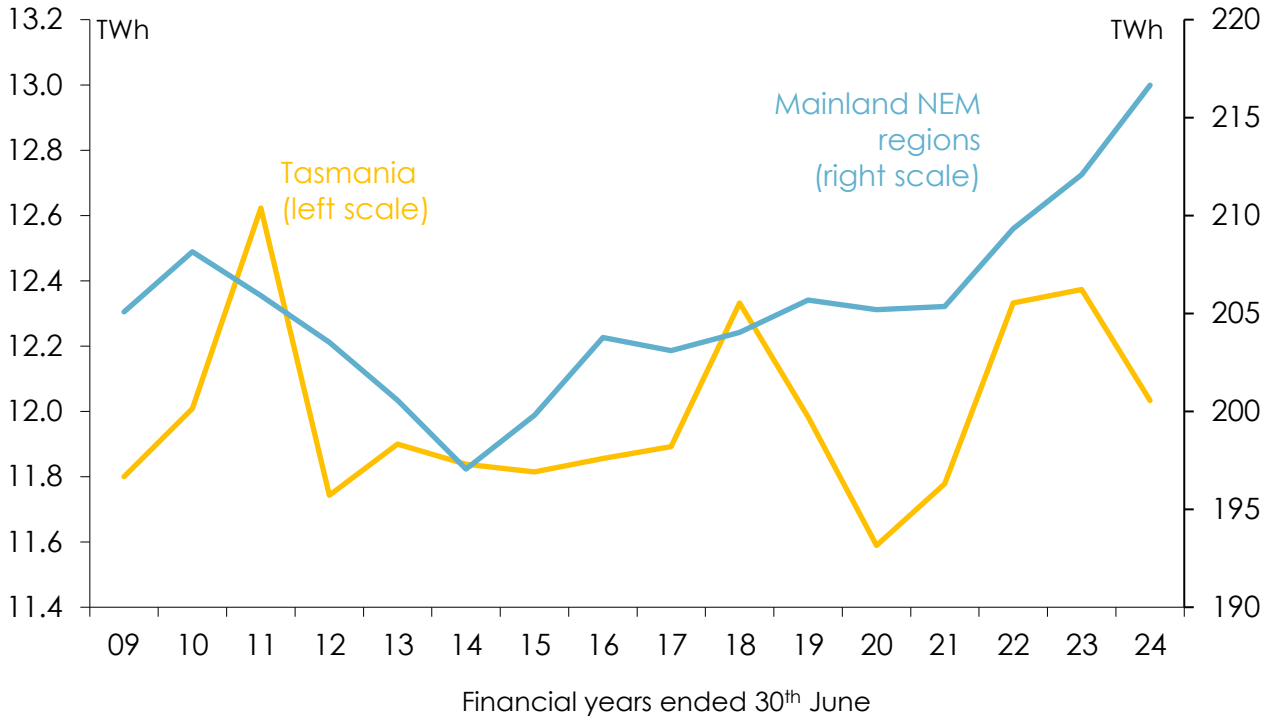
**Figure 3: Number of residential and business electricity customers in Tasmania**


*Note:* Excludes Bass Strait islands.
*Sources:* Office of the Tasmanian Economic Regulator (2025 and 2026a).

It isn't possible to dissect mathematically the decline in electricity generation and consumption over the past 10-15 years between 'cause' and 'effect', or between 'supply' and 'demand'. But there is considerable anecdotal evidence to suggest that insufficient generation capacity has been an obstacle to increased business investment in Tasmania (see, for example, Inglis 2023, Laity 2024 and Duggan 2025).

The stagnation in the demand for and supply of electricity in Tasmania over the past 10-15 years is in stark contrast to the rest of the National Electricity Market (ie New South Wales, Victoria, Queensland, South Australia and the ACT). As shown in Figure 4, electricity consumption in Tasmania was only 0.2% higher in 2023-24 than it had been in 2008-09, whereas in the four other regions of the NEM electricity consumption rose by 4.1% (twenty times as much as in Tasmania) over the same period.

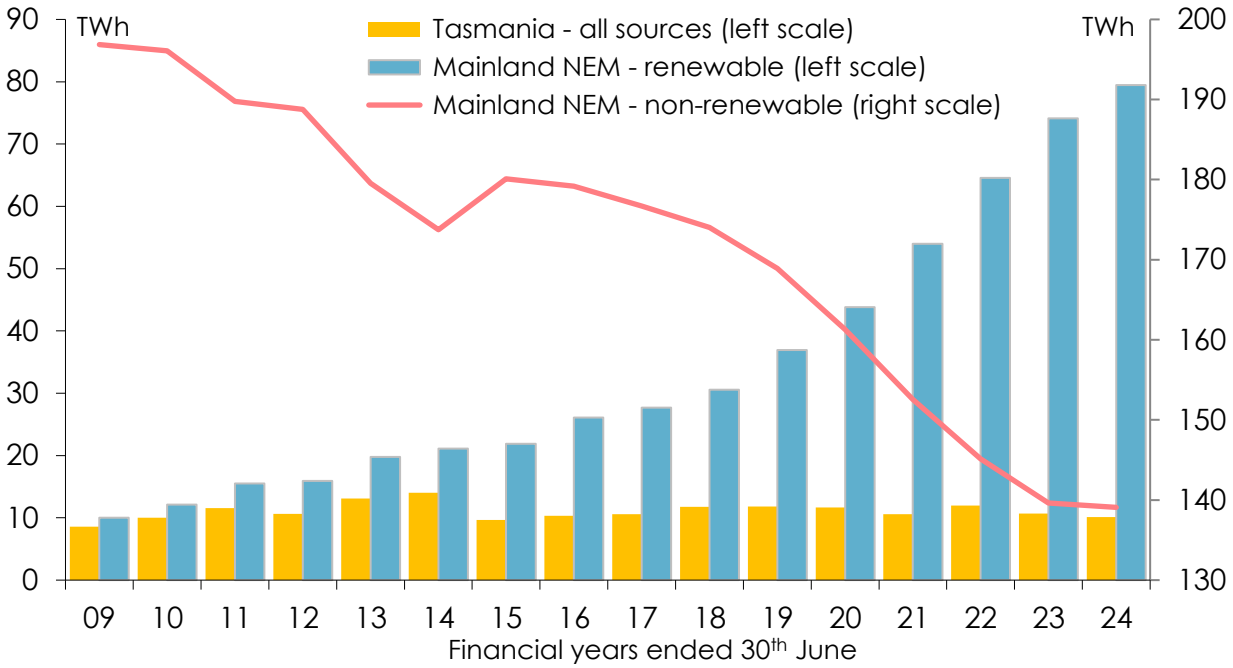
**Figure 4: Electricity consumption in Tasmania and other regions of the National Electricity Market (NEM), 2008-09 to 2023-24**




*Note:* "TWh" = terawatt hours ('000 gigawatt hours). Left and right scales are proportionately equivalent. *Source:* Department of Climate Change, Energy, the Environment and Water (2025a), Table D.

Similarly, the decline in electricity generation in Tasmania over the past decade-and-a-half is in contrast to trends in the rest of the National Electricity Market. As shown in Figure 5, renewable energy generation in the mainland regions of the NEM increased by almost 700% between 2008-09 and 2023-24. While most of that was offset by a 29% decline in (the much larger volume of) electricity generation from non-renewable sources (largely due to the retirement of coal-fired generation), total electricity supply in the mainland regions of the NEM nonetheless increased by 5.6% over this period.

**Figure 5: Electricity generation in Tasmania and other regions of the National Electricity Market (NEM), 2008-09 to 2023-24**




*Note:* "TWh" = terawatt hours ('000 gigawatt hours). *Source:* Department of Climate Change, Energy, the Environment and Water (2025a), Table O.

While, as noted above, there has been no new wind (or large-scale solar) energy generation capacity installed in Tasmania since the commencement of the Cattle Hill wind farm in August 2020, since then an additional 5,900 MW of large-scale solar and 3,920 MW of wind generation (as well as an additional 14.6MW of roof-top solar generation) have become operational in the mainland regions of the NEM.

Electricity demand and supply in Tasmania have been confronted by a 'Catch-22' dilemma: prospective investment in new electricity supply has been stymied by the absence of reasonable prospect of sustained increases in demand for electricity, while prospective investments which might lead to sustained increases in demand have been stymied by the lack of assurance of supply.

Project Marinus offers a pathway out of this deadlock. The additional 750MW connection to be provided by Stage 1 of Project Marinus provides up to 6,570 GWh of electricity supply annually – if it were to be on full import for the whole year – or, alternatively, an outlet for up to 6,570 GWh of additional electricity generation in Tasmania – if it were to be on full export for the whole year. That's almost two-thirds of the current levels of electricity demand and supply in Tasmania.

In practice, of course, the potential additional supply or demand would be determined by market conditions in both Tasmania and the mainland regions of the NEM, and would be smaller than 6,570 GWh per annum – although they would still be very significant relative to current supply and demand.

But Project Marinus, when operational, will provide potential investors in new generation capacity with greater confidence that they will find a market for their electrons: and it will also provide potential investors in facilities requiring electricity that additional supply can be obtained from mainland generators (via Marinus) if it can't be obtained from on-island generators. That's likely to add to the appeal that Tasmania presents as a location for data centres based on our more favourable climate and availability of water.

Marinus may also facilitate greater competition – at both the wholesale and retail levels – in the supply of electricity in Tasmania, which would in turn benefit consumers.

## Marinus will materially improve Tasmania's "energy security"

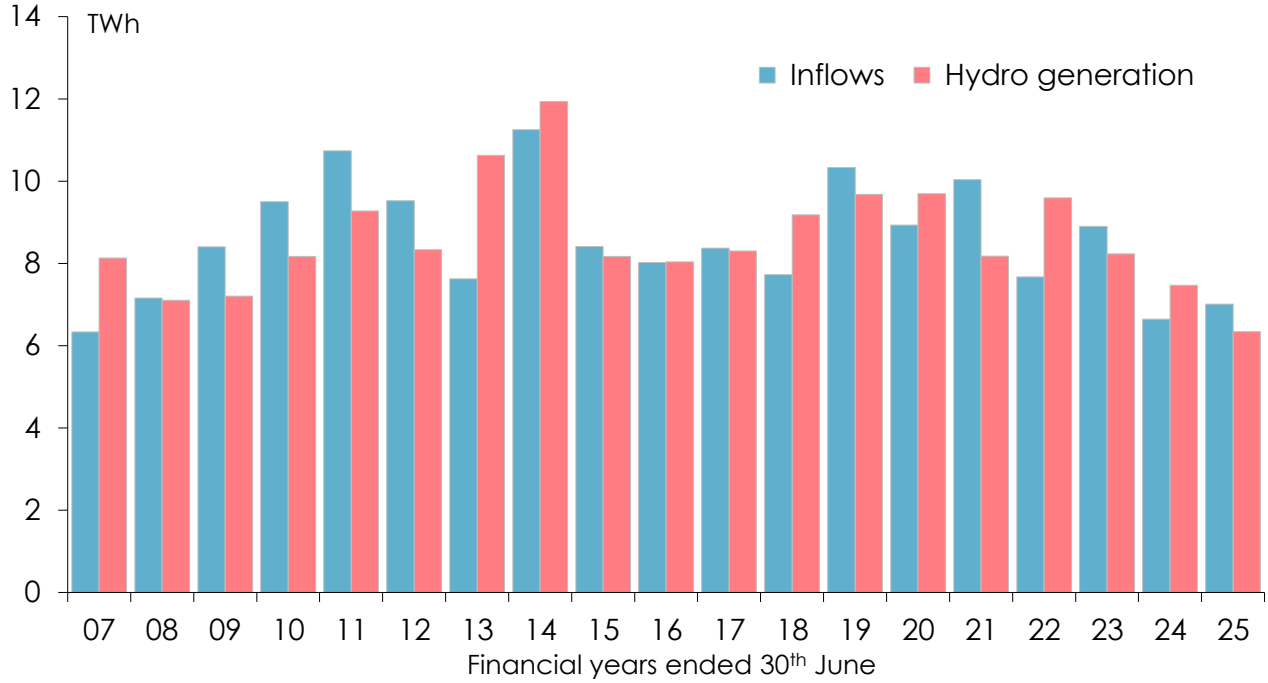
Because hydro has, on average over the past thirty years, accounted for 85% of Tasmania's total on-island electricity generation, the security of Tasmania's electricity supplies has been heavily dependent on the volume and regularity of inflows of water into Hydro Tasmania's storages, and on Hydro Tasmania's ability to manage fluctuations in those inflows from year to year. Since December 2005, Basslink has assisted with that task – when it has been operational (which it wasn't between 21st December 2015 and 13th June 2016, co-inciding with a period of very low inflows).

Climate change has resulted in inflows into Hydro Tasmania's storages declining, and becoming more irregular, over time – as illustrated in Figure 6. Throughout the second half of the twentieth century, Hydro Tasmania's generation averaged close to 10 TWh (10,000 GWh) per annum. Subsequently, however, Hydro Tasmania has down-graded its expectations for average inflows to 8.7 TWh (8,700 GWh) per annum (Hydro Tasmania 2025: 63). More recently, Hydro Tasmania has indicated that it expects that inflows will continue to decline by 21 GWh (0.2%) per annum between 2026 and 20250 (Hydro Tasmania 2026b: 4). In 2024-25, inflows into Hydro Tasmania's storages were only 6,343 GWh, the lowest since 1966-67 - although (illustrating the volatility of inflows), inflows in the first half of 2025-26 were almost as much as for the full 2024-25 year, and more than those for all of 2023-24 (Hydro Tasmania 2026a: 2).

Reflecting these trends, Tasmania has been a net importer of electricity via Basslink in 13 of the 20 years since Basslink commenced operations (as shown in Figure 2). But Basslink's "life" is officially expected to come to an end in 2046 (Australian Energy Regulator 2025: 33). Once Basslink has passed its "use-by" date, and in the absence of Marinus Link, or some alternative interconnection to mainland electricity generation capacity, the security of Tasmania's electricity supply would again be at the mercy of weather conditions in Tasmania.

Stage 1 of Marinus Link in effect gives Tasmania access to up to 750 MW of potential additional generation capacity – equivalent to that of the Gordon and Poatina stations combined – from which Tasmania could draw in the event of a prolonged period of unusually low rainfall, or some other event that detracted from Tasmania's on-island generating capacity.

**Figure 6: Inflows into Hydro Tasmania's storages and hydro generation**




*Note:* "TWh" = terawatt hours ('000 gigawatt hours). *Source:* Hydro Tasmania (2025).

In that sense, Project Marinus can be viewed as an investment in enhancing Tasmania's energy security.

In the absence of the access to mainland generation which Marinus will provide, and of the additional on-island wind and solar generation which (as discussed in the previous section) for which Marinus is likely to provide an incentive, Tasmania's energy security in the event of protracted droughts would be entirely dependent on the gas-fired Tamar Valley Power Station, which even when operating at full capacity can only meet about 3½% of Tasmania's normal electricity demand.

## Marinus will enhance the value of Tasmania's hydro assets

Tasmanians have long been conditioned to think of electricity generated by Tasmania's hydro-electric schemes as the cheapest form of electricity available in Australia. That was the foundation of the 'hydro-industrialization' strategy pursued by successive Tasmanian Governments from the early 20th century until the early 1990s (Callaghan 1977: 47-49; Robson 1991: 490, 509-19 and 538; Koshin 2009: 218, 261-267, 340-347 and 353-356, and Hydro Tasmania 2026c).

While Tasmanian regulated retail electricity prices are typically the lowest in Australia (Canstar 2026), that is no longer always the case with regard to wholesale prices. As shown in Figure 7, the average Tasmanian wholesale electricity price has been lower than the corresponding Victorian price in only 12 of the 21 years since Tasmania entered the National Electricity Market in 2005.

**Figure 7: Average wholesale electricity prices, Tasmania and Victoria, 2005-2025**


*Source:* Australian Energy Market Operator (2026).

And Tasmania has had the lowest average wholesale price of *any* region in the NEM in only nine of the past 21 years.

The likely on-going decline in the cost of renewable (solar and wind) generation combined with the increasing share of generation coming from these sources means that – all else being equal – Tasmanian wholesale electricity prices will be higher more often – and possibly by larger margins – than those on the mainland. The CSIRO's most recent projections of generation costs suggest that the 'levelized cost'[1] of electricity generated by solar-PV will decline from a range of $52-$88/MWh in 2025 to $26-$69/MWh (in 2025-26 dollars) by 2030 and to $22-53/MWh by 2040; while that of onshore wind will decline from a range of $78-$129/MWh in 2025 to $64-$109/MWh by 2030 and $54-$96/MWh by 2040 (Graham et al 2025: 75)[2].

The CSIRO doesn't make projections of LCOEs for conventional hydro generation (such as Hydro Tasmania's), because there are no new such projects under contemplation. Other studies have estimated an LCOE for large-scale hydro generation of around $80/MWh (Tasmanian Policy Exchange 2023: 15) – although Hydro Tasmania's costs may be a little less than that.

[1] The levelized cost of electricity (LCOE) is the minimum per unit price that a project requires to pay back its investment and running costs over its life (Graham et al 2025: vii and 46).
[2] By contrast, the CSIRO projects the LCOE for baseload gas, black coal and small modular reactor nuclear generation to be in the ranges $99-$169/MWh, $105-$170/MWh and $268-$516/MWh (in 2025-26 dollars), respectively, by 2040.

These prospects constitute a profound change in the way Tasmania should think about its hydro assets.

Rather than providing base-load power for energy-intensive industries employing relatively large (by Tasmanian standards) numbers of factory workers, the greatest value for electricity generated by Hydro Tasmania's assets is likely to be in meeting peak demand in the National Electricity Market (ie, on the mainland) as well as in Tasmania, and in providing assurance (in the form of access to the deep storages which Hydro's assets – unlike batteries – can provide) or 'firming' for wind and solar generators (both on the mainland and in Tasmania) during periods when winds aren't blowing or the sun isn't shining (what the Germans call *dunkelflaute*).

Conversely, it will increasingly make sense for Tasmania to import base-load electricity from the mainland (and allow Hydro Tasmania to build up storages) during periods when weather conditions are highly favourable for wind or solar generation and/or when mainland demand is relatively low.

Those periods – when conditions are favourable (or unfavourable) for renewable energy generation on the mainland, or when mainland demand is relatively high – will vary in relatively predictable ways both throughout each day of the year, and throughout each year in accordance with seasonal weather patterns, as well as in unpredictable ways – as they also will in Tasmania, albeit in many instances differently from on the mainland (as is particularly the case for wind generation).

The key point is that the value of Tasmania's hydro generation capacity will increasingly be maximized *not* by exploiting differences between mainland (and in particular Victorian) and Tasmanian wholesale prices (as has often been the case since Tasmania entered the NEM), but rather by exploiting differences between wholesale prices (which tend to be very similar in both Tasmania and Victoria) *at different times of the day* and *at different times during each year*[3].

Additional interconnection with the mainland through Marinus will greatly enhance Tasmania's capacity to exploit these intra-day and inter-seasonal differences in electricity prices – by more than doubling the capacity presently provided by Basslink. Conversely, if Marinus does not proceed, Tasmania's capacity to exploit these differences will disappear entirely once Basslink passes the end of its life.

While the greater interconnection capacity which Marinus will provide is likely to result in (further) narrowing of wholesale price differences or 'spreads' between Victoria and Tasmania, it is also likely to result in a widening of price spreads between intra-day and inter-seasonal peaks and troughs.

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[3] Note that exploiting these price differentials doesn't affect the prices that Tasmanian retail customers pay for their electricity, because (in Tasmania at least) that is set each year by regulation (Office of the Tasmanian Economic Regulator 2026b).

It is true that, with Basslink becoming a 'regulated asset' (as Marinus will also be), Hydro Tasmania will no longer be able to access the Inter-Regional Revenues resulting from trading across Basslink which, as Independent MLC Ruth Forrest points out, have "historically [been] a major windfall for Hydro" (Forrest 2026) – although it will still be able to bid for access to those revenues at auctions conducted by AEMO.

But nor will Hydro Tasmania have to pay the Basslink Facility Fee, which has averaged around $70 million a year since Basslink commenced operations in 2005.

To the extent that Marinus allows Hydro Tasmania to make additional profits from exploiting these intra-day and inter-seasonal differences in wholesale prices (which is of course sensitive to variations from year to year in the volume of inflows into Hydro's storages), 90% of those profits are (ordinarily) payable to the State Government by way of dividends (Department of Treasury and Finance 2014: 3).

The Government has also indicated that 50% of any dividend payment by Hydro in excess of $90 million (in 2023 dollars) would be paid to residential customers in the form of rebates on their electricity bills (Department of Treasury and Finance 2025a: 177 and 209-211)[4].

There is no compelling reason that Project Marinus, on its own, will result in the electricity prices paid by Tasmanian households and businesses going *down*.

On the contrary, the likelihood is that electricity prices will *continue to rise* – albeit more slowly than over the past three years (unless the current conflict in the Middle East continues for a prolonged period). The most recent projections from the Australian Energy Market Commission – which it emphasizes are not 'forecasts' – suggests that Tasmanian residential electricity prices will rise by an average of 2.7% per annum in real terms over the next ten years (AEMC 2025: 37).

AEMC notes that this increase is partly driven by rising transmission costs, including those associated with Project Marinus – although it also states that their Tasmanian projections are "slightly over-estimated due to information gaps," including concessional finance for NWTD and the benefits of Basslink's conversion to a regulated asset (AEMC 2025: 37).

AEMO also notes that delays to transmission projects (including, specifically, Marinus Link) would have a negative impact on this outlook (that is, result in higher prices) (AEMC 2025: 14).

There are good reasons, however, to think that Marinus will result in Tasmanian electricity prices rising by *less than they would without Marinus*.

[4] From the standpoint of the State Government and its budget, higher dividends from Hydro Tasmania, if they are forthcoming, will be partially offset by lower dividends from TasNetworks until the latter's loan from CEFC is repaid (Department of Treasury and Finance 2026a: 256-265). Note also that, depending on the direction and magnitude of flows across Marinus Link, some of the costs of NWTD may be transferred to Victorian consumers through Transmission Use of System (TUOS) rules.

That is largely because of the greater capacity which Marinus will create for Tasmania to import lower-cost electricity from the mainland when mainland prices are low, than could be generated on-island in Tasmania – as well as (potentially) funding rebates for Tasmanian residential customers from higher dividend payments from Hydro Tasmania.

Another important point made by AEMC is that households – including Tasmanian households – could reduce their *total* annual energy costs by up to 90% through 'full electrification' (including switching from gas appliances to electric equivalents, and switching from internal combustion engine vehicles to electric vehicles) (AEMC 2025: 25). However that would be more difficult to accomplish without Marinus because of the likely lack of additional on-island generation capacity (as well as more limited access to mainland generation), other than through an accelerated take-up of roof-top solar and household batteries.

## Conclusion

There are four good arguments as to why Project Marinus, structured as it now is between the Federal, Victorian and Tasmanian Governments, represents a sound investment for Tasmania and the Tasmanian Government.

First, it is in Australia's *national interest*, and in Victoria's interest – and, appropriately, the Federal and Victorian Governments are therefore footing the bulk of the capital and operating costs of the project.

Second, it provides a means of breaking the deadlock which has, over the past two decades, acted as an almost insuperable obstacle to the addition of new electricity generation capacity in Tasmania and new demand for electricity (from both existing and new businesses, and from households).

Third, it will materially enhance Tasmania's energy security, given the likelihood that rainfall over Tasmania's principal water catchment areas may continue both to decline and become more volatile and less predictable.

And fourth, it will allow Tasmania to capture increased value from its existing and (potentially new) hydro generation assets.

Like any major infrastructure project, Project Marinus is not without risks – including cost escalation and delays in construction, though not (given the terms on which concessional finance is being provided) higher interest rates. However it also holds out the prospects of higher returns – not just in the form of increased economic activity and greater security of Tasmania's energy supplies, but also, unlike the proposed AFL stadium at Macquarie Point, in the form of greater financial returns to the Tasmanian Government which can be used to pay for the initial costs which the Government will incur in bringing Marinus into existence.

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