

23 June 2016

Richard Baines
ABC Journalist
Tasmania

By email

Dear Mr Baines,

Right to Information Request 26 April 2016

I refer to your request pursuant to the *Right to Information Act 2009* (RTI Act) received on 26 April 2016 by Hydro Tasmania.

I am authorised to make decisions on behalf of Hydro Tasmania in respect of applications for information under the RTI Act.

1. Your Request

As agreed your request is for:

“Due to low rainfall and issues with the Basslink cable, information relating to the implementation and operating costs of diesel generation as provided by Hydro Tasmania to the Tasmanian Government between 1 December 2015 and 26 April 2016, and any additional costs that Hydro Tasmania has incurred as a result of low rainfall and issues with the Basslink cable.”

Herein after referred to as “the Request”.

2. Determination and Reasons for Determination of Request

I have determined the following information relevant in response to the Request.

Reports, correspondence and briefing extracts from 25/1/2016 to 26/4/2016 provided in the annexures as follows:

Annexure A - page 1

Annexure B - page 1

Annexure C - pages 1 & 2

Annexure D – pages 1 & 2

Annexure E – pages 1 & 2

Annexure F – page 1 of 1

Annexure G – page 1

Annexure H – pages 1 & 2

Annexure I – page 1

Annexure J – page 1

Annexure K - page 1

Annexure L – page 1

Additional information can be found on the Hydro Tasmania website at <http://www.hydro.com.au/search/node/diesel%20generation>

Please also see RTI request determinations on our website at <http://www.hydro.com.au/about-us/governance/right-information-request-process/right-information-disclosures>

3. Information withheld

I have made the decision to not release certain information:

- The names of officers and contact details have been redacted as that is not information relevant to the request and officer details are also protected by the Privacy Act. Hydro Tasmania has received verbal advice from the Ombudsman's Office that names and details of officers of Hydro Tasmania are not "information" under the RTI Act
- Information which is exempt under Section 26, 35 and 38 of the RTI Act has been withheld;

As required under Section 33 of the RTI Act, I considered the Public Interest Test assessment criteria under the Schedule to the RTI Act in regards to the information ultimately withheld pursuant to sections 35 and 38 and have determined that it was not in the public interest as a whole to disclose the withheld information.

The reasons for the determination are:

- that the release of the information would not contribute to the debate on the matter
- the information would not inform the request about the reasons for a decision
- the disclosure would not provide the contextual information to aid in the understanding of Hydro Tasmania's decisions
- disclosure would harm the business and/or financial interests of Hydro Tasmania
- the information is related to the business affairs of Hydro Tasmania and if released would cause harm to the competitive position of the Corporation.

A copy of this determination will be placed on the Hydro Tasmania website for public information.

4. Review of Rights

You are entitled under Section 43 of the RTI Act to apply for a review of the decision made.


Any request for such a review should be made in writing within twenty (20) working days of receiving this letter and addressed to:

Mr S Davy
Chief Executive Officer
Hydro Tasmania
4 Elizabeth Street
HOBART TAS 7000

Should you have any questions on the information provided please contact the undersigned.

This request is now considered closed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alan W. Evans', enclosed in a thin black rectangular border.

Alan W. Evans
Right to Information Officer & Corporation Secretary
Hydro Tasmania
t 03 6230 5300
e alan.evans@hydro.com.au
f 03 6231 4217

Annexure A

(Extract from report, page 1)

Report to Cabinet sub-committee meeting 25 January 2016

Exempt under S 26(1)(a) of the RTI Act 2009

Annexure B

(Extract from report, page 1)

Report to Cabinet sub-committee meeting 2 February 2016

Exempt under S 26(1)(a) of the RTI Act 2009

Annexure C

(Extract from letter, pages 1 & 2)

3 February 2016

Hon Peter Gutwein MP Treasurer
Level 9, Executive Building
15 Murray Street
HOBART TAS 7000

Hon Matthew Groom MP Minister for Energy
Level 10, Executive Building
15 Murray Street
HOBART TAS 7000

Dear Treasurer and Minister

[REDACTED]

Exempt under S
38(a)(i)(ii) of the RTI Act
2009

[REDACTED]

In response, Hydro Tasmania has:

- Commenced operating gas fired units in the Tamar Valley Power Station to provide 290 MW which is approximately 25% of the State's current energy needs. This is being provided from the combined cycle gas turbine at [REDACTED] MWh, and some small older open cycle units at [REDACTED] /MWh.
- Entered into a commercial arrangement with TEMCO that reduces consumption at the smelter by [REDACTED] GWh [REDACTED] between 11 January 2016 and 30 June 2016.
- Expedited the warranty repair of the newer 58 MW Trent unit (currently overseas) and generation from this source should commence in early April at [REDACTED] /MWh following site testing.
- Commenced repairing two of the older open cycle gas turbines, to enable a return to full capacity. This will provide an additional 36 MW at approximately [REDACTED] /MWh progressively from April 2016 to June 2016.

Exempt
under S
38(a)(i)(ii)
of the RTI
Act 2009

Exempt
under S
38(a)(i)(ii)
of the RTI
Act 2009

- Committed to bringing into Tasmania [REDACTED] diesel generation equipment in two tranches made up of units of 1 to 2MW each. The earliest available date for the units to commence operation is 7 March 2016, subject to regulatory and environmental approvals. These units would only commence generating should the energy supply situation in Tasmania deteriorate to the point where it is considered prudent to inject this [REDACTED] energy into the system.

Exempt under S 38(a)(i)(ii) of the RTI Act 2009

[REDACTED]

Appendix A

Summary of further load reduction offers received from Major Industrial (MI) Customers

Exempt under S 38(a)(i)(ii) of the RTI Act 2009

MI customer	MW	Term	GWh	[REDACTED]	[REDACTED]	Comments
[REDACTED]	35	4 Mar – 30 Apr	48	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	20	4 Mar – 30 Apr	27	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	~10	Mar/Apr*	15	[REDACTED]	[REDACTED]	[REDACTED]
Total	65 MW		90 GWh	[REDACTED]	[REDACTED]	

* April is planned outage

[REDACTED]

Exempt under S 38(a)(i)(ii) of the RTI Act 2009

Annexure D

(Extract from report, pages 1 & 2)

Report to WSAC 17 February 2016

Exempt under S 35(1)(a)
of the RTI Act 2009

[Redacted]

[Redacted]

[Redacted]

[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]

Exempt
under S
35(1)(a)
of the
RTI Act
2009

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Exempt
under S
35(1)(a)
of the
RTI Act
2009

1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]					

Exempt under S 35(1)(a) of the RTI Act 2009

(Extract from report, pages 1 & 2)

Report to WSAC 24 February 2016

Exempt under
S 35(1)(a) of
the RTI Act

[Redacted]

[Redacted]

[Redacted]

[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]

Exempt
under S
35(1)(a)
of the
RTI Act
2009

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Exempt
under S
35(1)(a)
of the
RTI Act
2009

S. No.	Name of the person	Designation	Department	Office	Address	Contact No.
1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Exempt under S 35(1)(a) of the RTI Act 2009

Annexure F

(Letter, page 1 of 1)

26 February 2016

Hon Peter Gutwein
Treasurer
Level 9, Executive Building
15 Murray Street
HOBART TAS 7000

MP Hon Matthew Groom MP
Minister for Energy
Level 10, Executive Building
15 Murray Street
HOBART TAS 7000

Dear Treasurer and Minister

ENERGY SECURITY CONSIDERATIONS

There is a substantial cost of procuring, installing and operating 200 MW of diesel generation units, estimated to be of the order of \$40 to \$44 million fixed cost over a three month period and some \$11 million per month for each 100 MW of production.

Yours sincerely

G. V. Every-Burns
Chairman

(Extract from briefing, page 1)

Hydro Tasmania

Question Time Briefing Minister for Energy

Subject: State-wide temporary diesel installation

Date prepared: 4 March 2016

Speaking points

The cost to secure and install 200 MW of temporary diesel generation includes installation costs of approximately \$20 million and equipment hire cost of approximately \$24 million.

The operational cost of operating the first 100 MW will be approximately \$11 million per month.

It's estimated approximately one-third of that cost will be recouped through energy sales

Background

Cost

The cost to secure and install 200 MW of temporary diesel generation includes installation costs of approximately \$20 million and equipment hire cost of approximately \$24 million. The operational cost of operating the first 100 MW will be approximately \$11 million per month. It's estimated approximately one-third of that cost will be recouped through energy sales.

The actual cost will depend on how much the diesel generation is operated, and for how long. Hydro Tasmania will determine when to run the diesel generation dependant on inflows into storages, energy demand and the return to service of Basslink.

The final financial impact will be influenced by factors including winter rains and the duration of the Basslink outage. There is likely to be an operating loss this financial year. This final impact will be communicated in Hydro Tasmania's annual report as part of its broader financial reporting. Hydro Tasmania is not paying the facility fee while Basslink is out-of-service.

Diesel requirements

Estimated usage for diesel has not been committed or confirmed as yet. It depends on operational requirements – including when Basslink gets repaired and whether it rains. 100MW will require approximately 4,300,000 litres of diesel per week, depending on operating requirements and timeframes.

(Extract from report, pages 1 & 2)

Report to WSAC 8 March 2016**Temporary diesel generation****Phase 1 summary**

Phase 1 – Initial 100MW Generation Available by the End of March						
Site Location	Site Install (MW)	Operating Date ⁴	Site Costs ³ (\$m)	Equipment Costs ² (\$m)	Total Cost (\$m)	Marginal Operating Cost ¹ (\$m / month)
Catagunya Power Station	24	7-3-16	█	█	█	█
George Town Substation	21	18-3-16	█	█	█	█
Meadowbank Power Station	24	25-3-16	█	█	█	█
Port Latta Substation	24	25-3-16	█	█	█	█
Various ⁵	7	31-3-16	█	█	█	█
Sub Total	100		\$7.6	\$8.9	\$16.5	\$11.5

Notes:

1. Marginal Operating Cost Assumptions:

-
- Base-load operation 24/7 @ 80% utilisation for 30 days;
- Diesel consumption: █/MWh;
- Total Marginal Operating Cost = █/MWh;
- This Marginal Operating Cost will be offset by sales revenue of circa █/MWh.

Exempt under S
38(a)(i)(ii) of the
RTI Act 2009

The total cost of the initial 100 MW of generation from the sites listed in Phase 1 (table above) for three months will be ~\$51m. █

Phase 2 – Additional 100 MW Generation Available by the End of April

Site Location	Site Install (MW)	Operating Date	Site Costs (\$m)	Equipment Costs (\$m)	Total Cost (\$m)	Marginal Operating Cost (\$m / month)
Tribute PS	24+		█	█	█	
█	36+					
Bell Bay PS	36+		█		█	
Various (to date)	70+		█	█	█	
Sub Total	100	30 April	\$9.4	\$11.9	\$21.3	\$11.5
Total	200	30 April	\$17.0	\$20.8m	\$37.8	\$23.0

Exempt under S 37(1)(a) of the RTI Act 2009

Annexure I

(Extract from email, page 1)

From: [REDACTED]
Sent: Wednesday, 16 March 2016 8:20 AM
To: [REDACTED]@dpac.tas.gov.au
Cc: [REDACTED]
Subject: FW: URGENT PLEASE: Trent update

For the TVPS portfolio marginal cost of production (gas plus transport) excluding variable operational and maintenance costs.

CCGT \$ [REDACTED]

Exempt
under S
38(a)(i)(ii)
of the RTI
Act 2009

FT8's \$ [REDACTED]

[REDACTED]

[REDACTED]

****Names removed under Privacy Act***

Annexure J

(Extract from email, page 1)

-----Original Message-----

From: [REDACTED]

Sent: Thursday, 24 March 2016 3:09 PM

To: [REDACTED] (DPaC)

Cc: [REDACTED]

Subject: Trent [REDACTED]

[REDACTED]

[REDACTED]

Exempt under S 35(1)(a) of the RTI Act 2009

[REDACTED]

[REDACTED]

[REDACTED]

Exempt under S 35(1)(a) of the RTI Act 2009

****Names removed under Privacy Act***

(Extract from briefing, page 1)

Hydro Tasmania

Question Time Briefing Minister for Energy

Subject: State-wide temporary diesel installation

Date prepared: 1 April 2016

Speaking points

- The cost to secure and install 200 MW of temporary diesel generation includes installation costs of approximately \$20 million and equipment hire cost of approximately \$24 million.
- The operational cost of operating the first 100 MW will be approximately \$11 million per month.
- It's estimated approximately one-third of the operational costs will be recouped through energy sales.

Background

Cost

The cost to secure and install 200MW of temporary diesel generation includes installation costs of approximately \$20 million and equipment hire cost of approximately \$24 million. The operational cost of operating the first 100MW will be approximately \$11 million per month. It's estimated approximately one-third of that cost will be recouped through energy sales.

The actual cost will depend on how much the diesel generation is operated, and for how long. Hydro Tasmania will determine when to run the diesel generation dependant on inflows into storages, energy demand and the return to service of Basslink.

The final financial impact will be influenced by factors including winter rains and the duration of the Basslink outage. There is likely to be an operating loss this financial year. This final impact will be communicated in Hydro Tasmania's annual report as part of its broader financial reporting. Hydro Tasmania is not paying the facility fee while Basslink is out-of-service.

Annexure L

(Extract from briefing, page 1)

Hydro Tasmania

Question Time Briefing Minister for Energy

(Extract from briefing, page 1)

Subject: State-wide temporary diesel installation

Date prepared: 21 April 2016

Speaking points

The costs to secure and install the first 200 MW of temporary diesel generation include estimated installation costs of \$20 million and equipment hire cost of approximately \$24 million.

The operational cost associated with the first 100 MW will be approximately \$11 million per month.

It's estimated that one-third of the operational costs will be recouped through energy sales

Background

Cost

The cost to secure and install the first 200MW of temporary diesel generation includes installation costs of approximately \$20 million and equipment hire cost of approximately \$24 million. The operational cost of operating the first 100MW will be approximately \$11 million per month. It's estimated approximately one-third of that cost will be recouped through energy sales.

The actual cost will depend on how much the diesel generation is operated, and for how long. Hydro Tasmania will determine when to run the diesel generation dependant on inflows into storages, energy demand and the return to service of Basslink.

The final financial impact will be influenced by factors including winter rains and the duration of the Basslink outage. There is likely to be an operating loss this financial year. This final impact will be communicated in Hydro Tasmania's annual report as part of its broader financial reporting. Hydro Tasmania is not paying the facility fee while Basslink is out-of-service.