Energy in Tasmania

Annual Energy Security Review

2024-25 Water Year

November 2025

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Executive Summary

The role of Monitor and Assessor for Energy Security (the Monitor and Assessor) was established under the *Energy Co-ordination and Planning Act 1995* (the Act) to report on energy security in Tasmania and, when necessary, commence the process for managing risks to energy security. Section 8A of the Act provides that the Tasmanian Economic Regulator is the Monitor and Assessor.

The Monitor and Assessor is required to carry out an annual energy security review and prepare a report which sets out the Monitor and Assessor's findings from its review of the most recent 12-month period, together with an assessment of energy security for the forthcoming 12-month period. As in earlier reports, this report covers the period from 1 November to 31 October, defined as the water year. This report reviews the period from 1 November 2024 to 31 October 2025 and makes an assessment of energy security in Tasmania for the following 12-month period.

The Act establishes two profiles for total energy in storage for Hydro Tasmania's system of dams across the year. The lower-level profile, defined as the High Reliability Level (HRL), is set such that mainland Tasmania could withstand a six-month outage of the Basslink interconnector, coinciding with very low inflows to energy in storage. If storage levels fall below the HRL, there would be concerns about Tasmania's energy security over the medium-term. The higher level profile, the Prudent Storage Level (PSL), allows for an additional reserve above the HRL such that there is a low likelihood of the level of energy in storage falling below the HRL under normal operating conditions.

Rainfall over Hydro Tasmania's catchments during the 2024-25 water year was the third lowest on record since Tasmania joined the National Electricity Market (NEM) in 2005-06 at 7 008 GWh. However, this was a 5.5 per cent increase from the 2023-24 water year.

Inflows were below average in each month from December 2024 to August 2025, with Hydro Tasmania modelling a 31 per cent chance of entering the PSL on 4 August 2025. However, strong inflows in September and October 2025 significantly increased Hydro Tasmania's energy in storage, with storages at 7 347 GWh as at 3 November 2025. This represents 50.9 per cent of Hydro Tasmania's storage capacity.

Hydro Tasmania operated the Combined Cycle Gas Turbine (CCGT) at the Tamar Valley Power Station (TVPS) from 11 August 2025 until 27 August 2025 due to the dry conditions across Tasmania and while major hydro stations were on outage, generating 250 GWh from gas during the 2024-25 water year.

Wind and solar generation continues to increase across Tasmania, making up more than 25 per cent of Tasmania's energy generation. Rooftop solar

generation continues to increase, contributing 421 GWh, up from 377 GWh in the 2023-24 water year.

The Basslink interconnector was used as a net importer for most of the 2024-25 water year, with exports only exceeding imports in September and October 2025, coinciding with significant rainfall across the State. Overall, Tasmania imported 1 983 GWh while only exporting 433 GWh, resulting in net imports of 1 550 GWh.

Flows across Basslink fell significantly following the expiry of the Network Services Agreement between Basslink Pty Ltd (a subsidiary of APA Group Ltd) and Hydro Tasmania on 30 June 2025. However, this will not necessarily have an impact on energy security in 2025-26, with the reduced flows arising from dispatch outcomes rather than a lack of availability of the link. Flows across Basslink should normalise from 1 July 2026, if Basslink becomes a regulated link per the Australian Energy Regulator's (AER) determination.

Offsetting the impact of reduced inflows to Hydro Tasmania's storages and reduced flows across Basslink from 1 July 2025, consumption was 5.4 per cent lower than during the 2023-24 water year. It is likely that reduced production at two major industrial customers, Liberty Bell Bay and Nyrstar in Hobart contributed to this fall in consumption.

During the 2024-25 water year, the Monitor and Assessor released monthly dashboards reporting energy in storage levels against the relevant PSL and HRL on the Tasmanian Economic Regulator's website. Hydro Tasmania was not required to prepare any recovery plans during 2024-25.

The Monitor and Assessor considers that there is a very low likelihood that energy in storage will fall below the HRL during 2025-26. The Monitor and Assessor does not expect that Tasmania will face energy security issues related to the level of energy in storage in the 2025-26 water year.

The Monitor and Assessor notes the Australian Energy Market Operator's (AEMO) concerns regarding the risk of short-term gas supply shortfalls and long-term gas supply gaps arising from reduced production in southern Australia, with risks of shortfalls occurring on peak days from 2028 onwards.[1] However, the Monitor and Assessor does not expect that Tasmania will face long-term energy security issues related to the natural gas market during the next water year.

Taking these factors into account, Tasmania's available electricity supply is expected to be sufficient to meet demand over the coming 12 months. With the current level of energy in storage and Tasmania's on-island electricity generation capacity, Tasmania's energy security rating is assessed as high over the 2025-26 water year, including in the event of a temporary loss of generation from the TVPS or a Basslink outage.

[1] AEMO's *2025 Gas Statement of Opportunities – March 2025,* page 3.

Key Statistics

Table 1: Key statistics for the water year (1 November 2024 to 31 October 2025) in GWh[2]

	2023-24	2024-25
Energy in storage (as at end of water year)	6 879	7 347[3]
Total inflow to Hydro Tasmania's storages	6 645	7 008
Tasmanian consumption[4]	10 833	10 249
Hydro generation	6 695	6 568
Wind generation	1 780	1 882
Gas generation	444	250
Distributed generation[5]	377	421[6]
Basslink imports	2 470	1 983
Basslink exports	556	433
Basslink net imports/(exports)	1 914	1 550

[2] Sources: 2023-24 and 2024-25 energy in storage and inflow data were sourced from Hydro Tasmania. Electricity consumption and generation data were sourced from www.NEMreview.info.

[3] Energy in storage at the end of the water year is determined at the first Monday of November (3 November 2025).

[4] Tasmanian consumption refers to the level of electricity generation from hydro, wind and gas generation, as well as Basslink net imports. It includes transmission and distribution network losses but excludes distributed generation.

[5] Distributed generation includes solar generation that is fed into the network and estimated generation that is consumed at the source.

[6] Data for distributed generation has been sourced from NEMReview. Previously, the data has been sourced from Open Electricity. Data from NEMReview provides forecast and estimated actual output of rooftop solar PV every half hour and has been available since 1 June 2018.

1 Introduction

Electricity generation in mainland Tasmania is dominated by hydro generation, which results in risks to energy security due to rainfall variability in hydro catchments and in the requirement for Hydro Tasmania to maintain appropriate levels of energy in storage.

During 2015-16, Tasmania experienced two concurrent low probability events that impacted on energy security, with the Basslink Interconnector out of service and record low rainfall during spring. These events resulted in Hydro Tasmania's water storages falling to historically low levels. Amongst other measures, the Tasmanian Government established the Tasmanian Energy Security Taskforce (Taskforce) to advise the Government on how it can better prepare for, and mitigate against, the risk of future energy security events.

The Taskforce's Final Report was released in 2017.[7] That Report contained a range of recommendations, including a clearly defined framework for assessing and managing Tasmania's energy security (the Framework). A key element of the Framework is the monthly public reporting of energy in storage levels in Tasmania against the PSL and the HRL, details of which are set out in section 3.2.

The Tasmanian Economic Regulator was formally assigned the role of Monitor and Assessor under section 8A of the Act.

The Monitor and Assessor's functions under the Act are:

- to monitor and provide reports in relation to energy in storage and other sources of energy;
- to evaluate, on a monthly basis, whether there is sufficient energy in storage and associated generation capacity to meet forecast electricity demand in the Tasmanian region of the NEM;
- to require Hydro Tasmania to provide recovery plans;
- to provide the Energy Security Co-ordinator with a copy of any recovery plan and the Monitor and Assessor's advice on the quality of that plan;
- to notify the Energy Security Co-ordinator when energy in storage levels are likely to drop below the HRL;
- to monitor and evaluate the PSL and HRL and advise the Minister whether changes in the levels are required; and

[7] https://www.stategrowth.tas.gov.au/energy_and_resources/tasmanian_energy_security_taskforce/final_report

- such other functions as may be prescribed.

The Monitor and Assessor therefore provides an additional layer of public reporting on energy security matters. If the energy security risks are elevated, the Monitor and Assessor determines when Hydro Tasmania is required to prepare recovery plans. This public reporting includes monthly dashboards and this annual report. The annual report contains a review of the most recent water year and an assessment of the forthcoming water year, together with a summary of the Monitor and Assessor's performance during the year.

The Monitor and Assessor is also required to review any significant changes to the Tasmanian energy supply and demand balance and provide advice to the Minister for Energy and Renewables (the Minister) to ensure that the framework for energy security remains appropriate.

The Act refers to energy security in the Tasmanian region of the NEM, which excludes King and Flinders Islands. In most instances, such as in the assessment of energy in storage, references to Tasmania in this report are therefore to mainland Tasmania. Electricity supply on King and Flinders Islands is the responsibility of Hydro Tasmania.

2 The Monitor and Assessor's Performance during 2024-25

As required under section 8C(2) of the Act, the Monitor and Assessor is to report on the performance of its functions and the exercise of its powers for the preceding 12 months. The Monitor and Assessor's functions, as set out under the Act, are detailed below, together with a report on the performance against each function for the preceding 12 months.

(a) to monitor and provide reports in relation to energy in storage and other sources of energy;

The Monitor and Assessor published monthly reports (dashboards) on Tasmania's energy security on the Tasmanian Economic Regulator's website in the week following the first Monday of each month. These dashboards set out Tasmania's energy in storage levels at the start of each month against relevant PSL and HRLs, together with the electricity generation mix for each month.

(b) to evaluate, on a monthly basis, whether there is sufficient energy in storage and associated generation capacity to meet forecast electricity demand in the Tasmanian region of the NEM;

The monthly energy security dashboards evaluated whether there was sufficient combined energy in storage and generation capacity from other sources to meet forecast electricity demand in the Tasmanian region of the NEM. The dashboards also considered whether any additional activity by the Monitor and Assessor was required, such as increased monitoring or directing Hydro Tasmania to prepare a recovery plan. No additional monitoring was required during 2024-25.

(c) to require Hydro Tasmania to provide recovery plans and provide the Energy Security Co-ordinator with a copy of any recovery plan and the Monitor and Assessor's advice on the quality of the plan;

Under the Act, the Monitor and Assessor may require Hydro Tasmania to prepare a recovery plan if the level of energy in storage is below the PSL, and the Monitor and Assessor is of the opinion that it is reasonably possible that it will fall below the HRL. The Monitor and Assessor must require Hydro Tasmania to prepare a recovery plan if the Monitor and Assessor is of the opinion that it is probable that the level of energy in storage will fall below the HRL.

The Monitor and Assessor did not require Hydro Tasmania to provide a recovery plan during 2024-25.

(d) to notify the Energy Security Co-ordinator when energy in storage levels are likely to drop below the HRL;

During 2024-25, the Monitor and Assessor did not consider that energy in storage levels were likely to drop below the HRL and therefore no notification was issued to the Energy Security Co-ordinator.

(e) to monitor and evaluate the PSL and HRL and advise the Minister whether changes in the levels are required;

The current PSL and HRL profiles were approved by the Minister and implemented from September 2021. There were no changes to the energy supply industry in Tasmania during the 2024-25 water year that warranted a review of the PSL and HRL profiles.

(f) such other functions as may be prescribed.

No other functions have been prescribed.

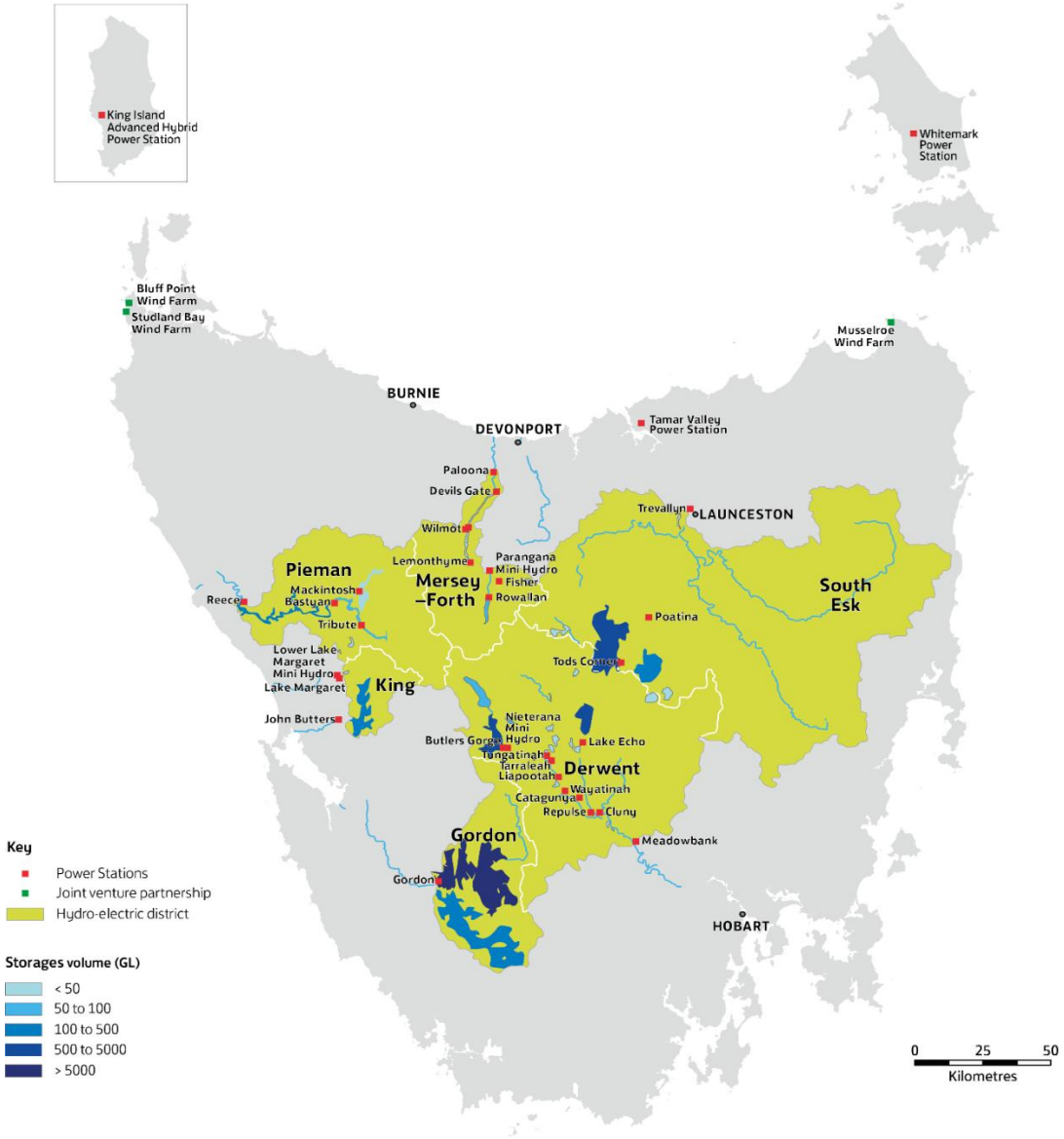
The Monitor and Assessor was not required to exercise any powers under the Act other than those necessary to perform the functions as set out above.

3 Water Year 2024-25

3.1 Energy in storage

Hydro Tasmania's hydro generation power stations are in six separate catchment areas. Most energy in storage is in *yingina*/Great Lake and Lake Gordon/Lake Pedder. Hydro Tasmania's power stations are supported by several seasonal water storages and some run-of-river systems that use seasonal flows. Figure 1 shows Hydro Tasmania's catchment areas and major generators within the State, with the exception of Cattle Hill wind farm in central Tasmania, and Granville Harbour wind farm in western Tasmania.

Figure 1: Hydro Tasmania's catchment areas and power stations



3.2 Storage level profiles

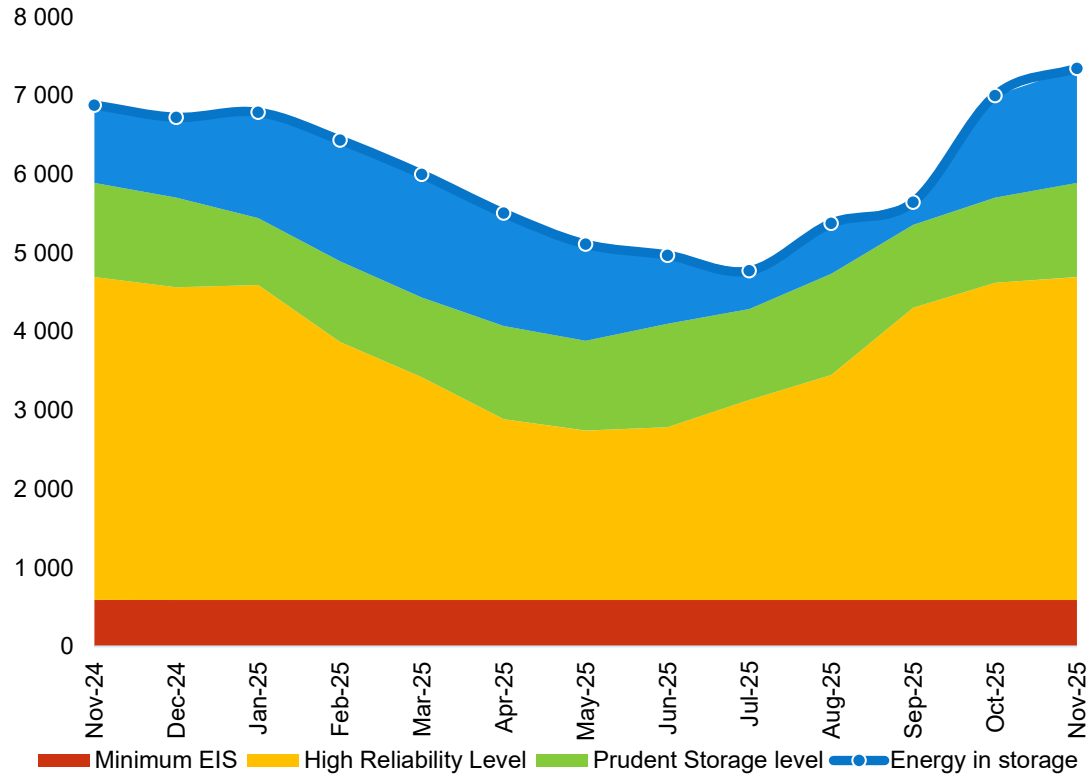
The HRL is a set of monthly storage levels above which Tasmania's electricity supply would be sufficient to meet expected demand in the event of a six-month Basslink outage concurrent with very low inflows to energy in storage, while avoiding extreme environmental risk to *yingina*/Great Lake.

The PSL incorporates additional storage above the HRL such that there is a low likelihood of energy in storage entering the HRL under normal operating conditions.

Following a review of the HRL and PSL profiles, the *Energy Co-ordination and Planning Order 2021,* published on 1 September 2021, established revised storage level profiles. The HRL and PSL levels for the 2024-25 water year reflect these revised profiles.

Figure 2 depicts the total energy in storage in Tasmania at the beginning of each month compared to the HRL and PSL for that month, as well as the minimum energy in storage, for the 2024-25 water year. The minimum energy in storage, also known as the Great Lake Extreme Environmental Risk Zone, is the minimum level at which extreme risks to aquatic biota and their environment can be avoided[8].

Figure 2: Energy in storage during the 2024-25 water year (GWh)



[8] The Great Lake Extreme Environmental Risk Zone is at 9.1 per cent of Great Lake's total capacity, which represents 4.1 per cent of total Hydro Tasmania storages as shown in Figure 2.

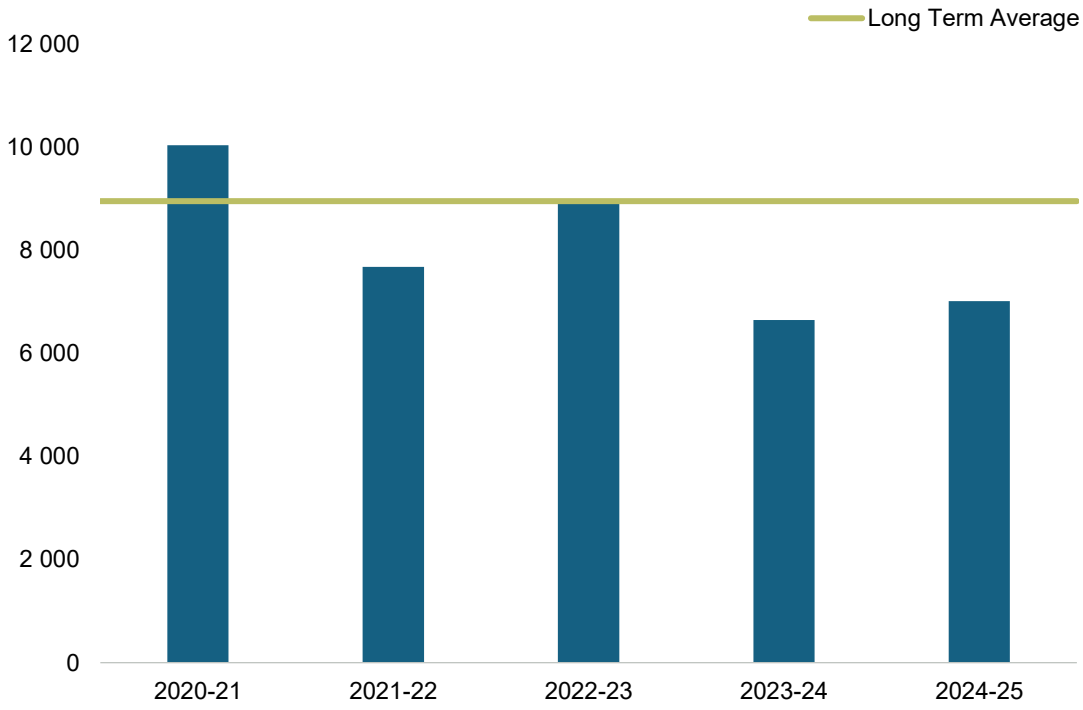
As shown in Figure 2, monthly levels of energy in storage remained above the PSL over the 2024-25 water year. However, due to low inflows from December 2024 to August 2025, energy in storage fell within two percentage points of the PSL as at 1 September 2025.

Above-average inflows in September and October 2025 significantly increased the amount of energy in storage to 7 347 GWh as at 3 November 2025. This represents 50.9 per cent of total usable energy in storage, 10.1 percentage points above the PSL and 18.4 percentage points above the HRL for November 2025.

3.3 Inflows into Hydro Tasmania storages

Total inflow, or yield, for the 2024-25 water year was 7 008 GWh, which was a 5.5 per cent increase from the 2023-24 level. However, this was 21.6 per cent lower than the long-term average (Figure 3).

Figure 3: Total inflows into Hydro Tasmania's storages (GWh)



3.4 Electricity consumption

Tasmania's electricity consumption is dominated by large industrial customers involved in industries such as metal smelting, mining and paper production. According to the Energy Security Taskforce, four large major industrial customers account for 54 per cent of the State's electricity load. Residential and business customers connected to the distribution network account for 19 per cent and 23 per cent of Tasmania's load respectively, and

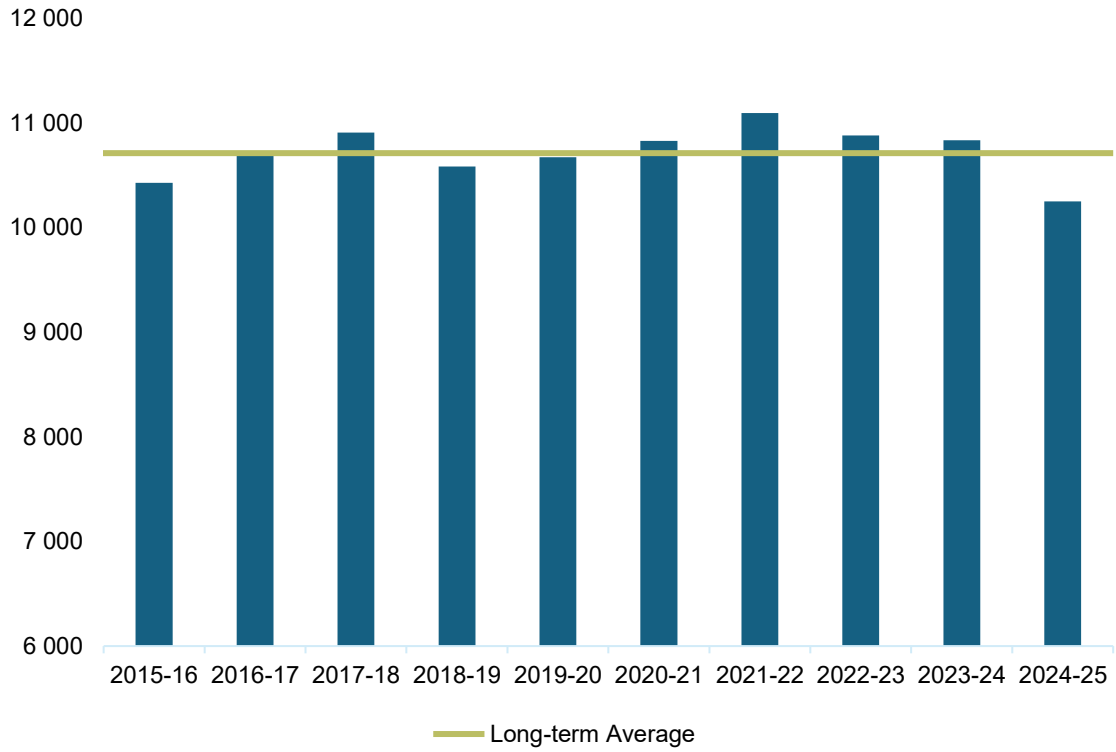
other transmission connected customers account for the remaining four per cent of load.[9]

Tasmania's electricity consumption for the 2024-25 water year was 10 249 GWh, representing a 5.4 percent decrease on the 2023-24 water year (10 833 GWh). These consumption estimates include transmission and distribution network losses and therefore represent the total volume of generation needed to satisfy demand.

Year-to-year variations in consumption are due to several factors including the weather in Tasmania and changes in load for larger commercial and industrial customers. In particular, the Liberty Bell Bay manganese smelter has been in care and maintenance mode since May 2025, and Nyrstar's zinc production facility in Hobart has operated at reduced levels during the second half of the 2024-25 water year. Reduced consumption from these two major industrial customers is likely to have contributed to the fall in consumption for the water year.

Tasmanian annual consumption over the long-term have been relatively stable at approximately 10 710 GWh. However consumption excludes the contribution of distributed generation, both that which is exported to the network and that which is consumed at the source. The growing consumption of electricity produced by solar PV installations may contribute to the relatively flat consumption profile over the 10 years shown in Figure 4.

Figure 4: Tasmanian annual electricity consumption (GWh) since the 2015-16 water year



[9] Tasmanian Energy Security Taskforce Final Report, 2017, page 83.

3.5 Basslink

Basslink is a high voltage direct current electricity interconnector that connects the Tasmanian power system to the Victorian power system via transmission assets and transfer stations. Basslink allows the export of Tasmanian generated electricity into the NEM and the import of mainland-generated electricity into Tasmania.

Basslink had two unplanned outages during the 2024-25 water year, on 12 December 2024 and 16 August 2025. In both instances, Basslink returned to service on the same day.

The Network Services Agreement (NSA) between Basslink Pty Ltd and Hydro Tasmania expired on 30 June 2025. Since 1 July 2025, the amount of energy flowing across Basslink (for both imports and exports) has been significantly lower than the average during the term of the NSA and the previous Basslink Services Agreement (BSA), at an average of 79 GWh per month, compared to 226 GWh over the period from the commencement of the 2019-20 water year to 30 June 2025.

3.6 Tamar Valley Power Station

The TVPS at Bell Bay provides an additional source of electricity generation and therefore contributes to Tasmania's energy security. Hydro Tasmania owns and operates the TVPS, which is the only large thermal generator in Tasmania and runs on natural gas supplied by the Tasmanian Gas Pipeline. The pipeline transports natural gas from the Longford Plant in Victoria to Bell Bay.

The TVPS consists of a combined cycle gas turbine (CCGT) generation plant with a 208 MW generating capacity and four open cycle gas turbine (OCGT) units with a combined generating capacity of 178 MW. Three of the OCGT units can also act as synchronous condensers providing system strength.

The CCGT is operated when, for Hydro Tasmania, it makes commercial sense to do so. When it is not in regular service, Hydro Tasmania can return the CCGT to service at its discretion with less than three months' lead time. The OCGT units remain available at all times, providing quick start generation capability.

In response to continued dry conditions and while major hydro stations were on outage, Hydro Tasmania operated the CCGT from 11 August 2025 until 27 August 2025. Gas generation at the TVPS decreased from 444 GWh in the 2023-24 water year to 250 GWh in 2024-25.

3.7 Electricity generation mix

Table 2 shows the generation mix in Tasmania for the 2023-24 and 2024-25 water years.

Table 2: Tasmanian generation mix (GWh)

Generation source	2023-24	% of total	2024-25	% of total
Hydro	6 695	72.0%	6 568	72.0%
Wind	1 780	19.1%	1 882	20.6%
Gas	444	4.8%	250	2.7%
Distributed Generation	377	4.1%	421	4.6%

Hydro generation accounted for 72.0 per cent of total on-island generation, unchanged from 2023-24.

Wind generation provided 20.6 per cent of on-island generation during 2024-25. This represents a small increase in the share of generation from wind from 2023-24 and an increase in total wind generation from 2023-24 of 5.7 per cent.

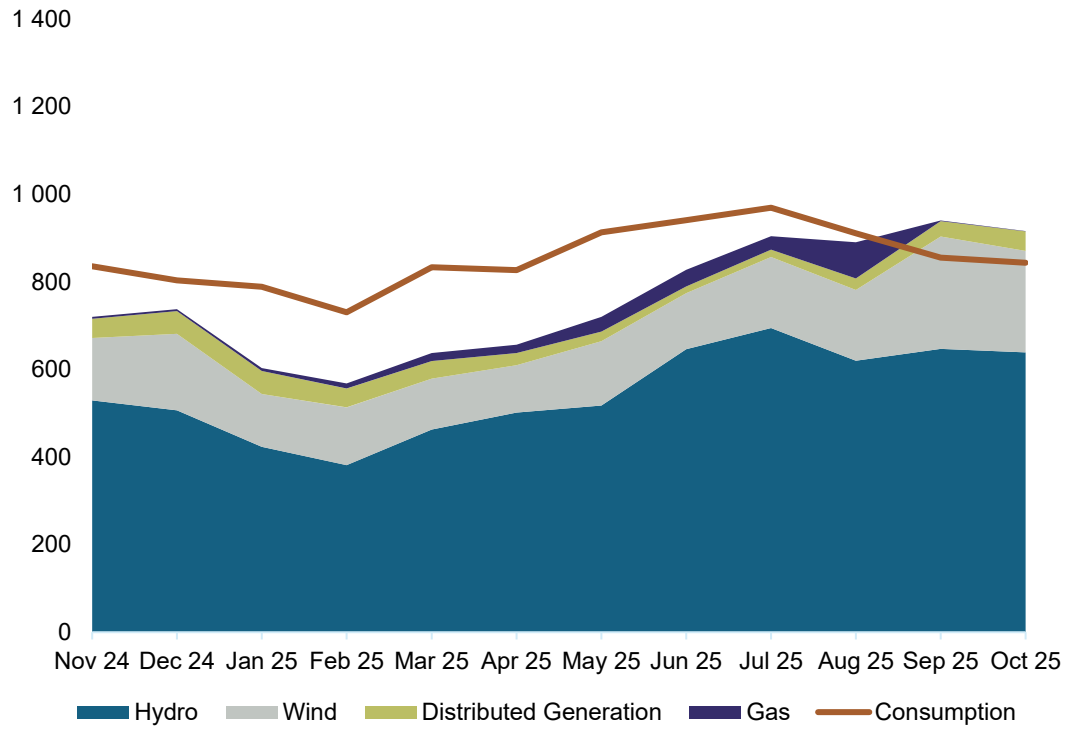
As previously noted, Hydro Tasmania operated the CCGT at TVPS during August. TVPS accounted for 2.7 per cent of electricity generation in Tasmania during 2024-25, down from 4.8 per cent the previous water year.

Distributed generation makes a small, but increasing, contribution to total generation in Tasmania. Output from distributed generation systems reduces the requirement for generation from other sources in two ways: energy from distributed generation is exported to the network to supplement energy produced by other generation sources, and a portion of the electricity produced is consumed behind the meter, reducing consumption of electricity from other generation sources.

Figure 5 shows Tasmanian consumption and the generation mix during 2024-25.

Basslink was in net import mode for nearly all of the water year (when consumption, shown in red, exceeded on-island generation), only exporting more than was imported during September and October 2025. Overall, imports significantly exceeded exports (by 1 550 GWh) for the 2024-25 water year. This compares with net imports of 1 914 GWh for the 2023-24 water year and 495 GWh for the 2022-23 water year.

Figure 5: Tasmanian generation mix and consumption (GWh) over the 2024-25 water year



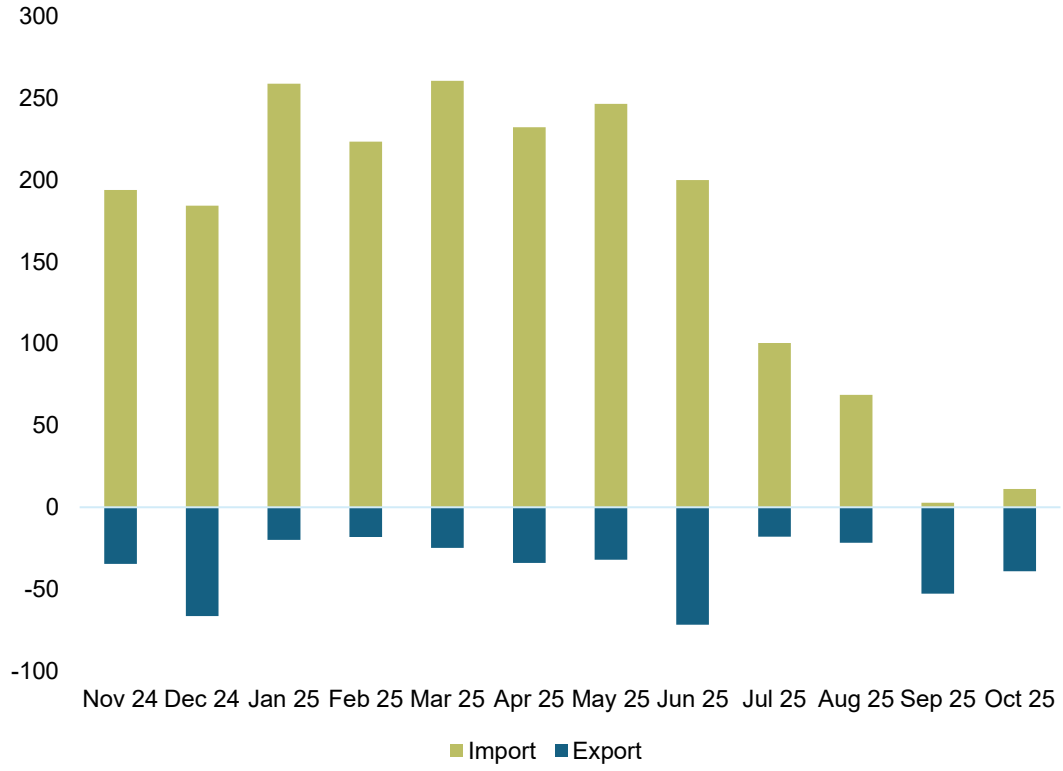
3.8 Discussion

At the start of the 2024-25 water year, total energy in storage was 47.7 per cent of the maximum storage level, 6.9 percentage points above the November PSL. By the end of the water year, energy in storage increased to 50.9 per cent, 10.1 percentage points above the PSL for the month.

Inflows to Hydro Tasmania's storages were the third-lowest annual yield since Hydro Tasmania joined the NEM in 2006, with total inflows for 2024-25 water year being 7 008 GWh. However, this is a 5.5 percent increase on 2023-24 water year.

Hydro Tasmania's response to low inflows included reducing exports and increasing imports across Basslink and increasing gas generation at the TVPS. Tasmania was a net importer across Basslink for all months except September and October 2025 (Figure 6).

Figure 6: Tasmanian imports and exports (GWh) over the 2024-25 water year



The Monitor and Assessor did not require Hydro Tasmania to prepare a recovery plan during 2024-25. The Monitor and Assessor was not required to exercise any powers under the Act during 2024-25, apart from those related to monitoring activities.

4 Energy Security Outlook

4.1 Forecast energy in storage

Given the level of energy in storage at the start of the 2025-26 water year, the Monitor and Assessor considers that there is a very low likelihood that energy in storage will fall below the HRL in 2025-26. Inflows into Hydro Tasmania's storages would have to be significantly below long-term average levels for this to occur.

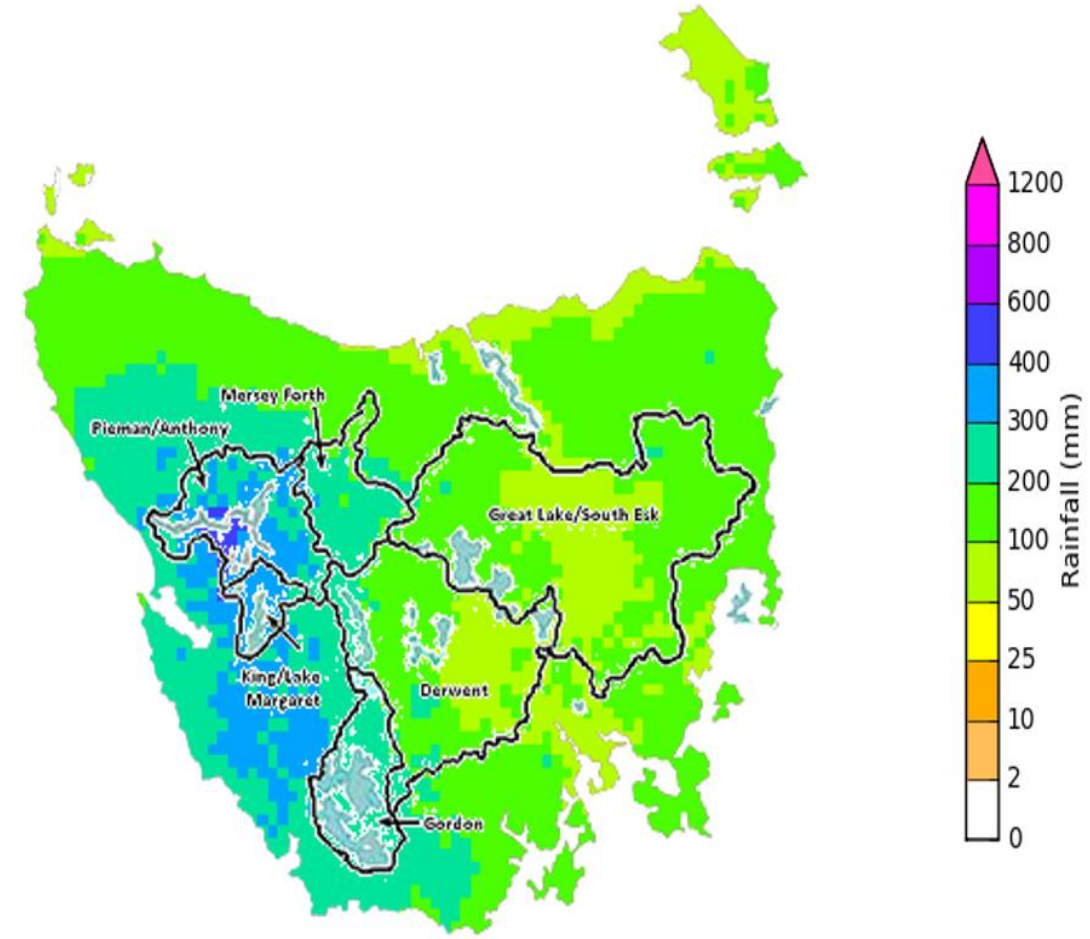
Having consulted with Hydro Tasmania, the Monitor and Assessor considers that there is also a low likelihood that energy in storage will fall below the PSL in 2025-26. This would only occur if there were periods of unusually low rainfall, with a corresponding decrease in inflows, and a curtailment on Hydro Tasmania's ability to preserve energy in storage by increasing imports across Basslink and increasing gas generation.

The following sections set out the basis for this assessment.

4.1.1 Forecast rainfall in Hydro Tasmania catchments

Rainfall levels are consistently and significantly higher on the western side of Tasmania, which is where the catchment areas for Hydro Tasmania's larger dams are located. Figure 7 shows the median Tasmanian rainfall over the three-month period from December to February, based on the Bureau of Meteorology's (BOM) observations from 1990 to 2012.

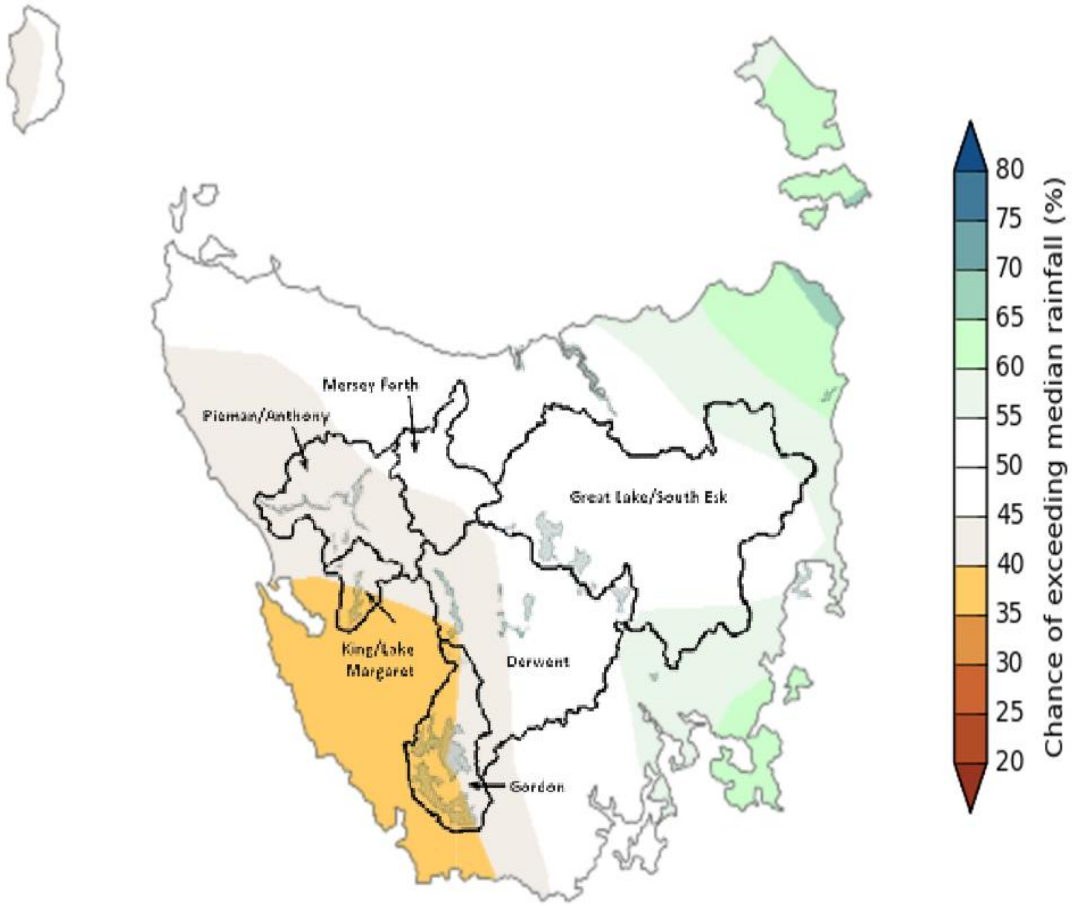
Figure 7: Median rainfall levels in Tasmania - December to February (1990 to 2012)



Source: Bureau of Meteorology

The BOM makes regular assessments of the chance of Tasmania's rainfall being above or below median levels over a following three-month period. The BOM's most recent assessment, released on 1 November 2025, indicates a likelihood of above median rainfall at Hydro Tasmania's Great Lake/South Esk catchment during the December 2025 to February 2026 period, and below median rainfall at Hydro Tasmania's King/Lake Margaret and Gordon catchments (see Figure 8). However, it should be noted that rainfall levels are typically lower during this three-month period than in winter and spring.

Figure 8: Rainfall in Tasmania - Bureau of Meteorology assessment of the likelihood of above and below median levels from December 2025 to February 2026



Source: Bureau of Meteorology

4.1.2 Forecast consumption

The most recent electricity consumption forecasts from AEMO, prepared for the Electricity Statement of Opportunities and released on 21 August 2025, forecasts consumption in Tasmania to be 10 598 GWh in 2025-26, increasing to 11 039 GWh in 2026-27. These forecasts include allowances for network losses. A pro-rata adjustment of these forecasts to obtain an estimate for the 2025-26 water year produces a consumption estimate of 10 892 GWh, representing a 6.3 per cent increase on 2024-25 consumption of 10 249 GWh.

4.1.3 Energy supply capability

This section compares the forecast available energy supply against the 12-month consumption forecast for the 2025-26 water year. The assumptions underlying this approach are set out in Table 3.

Table 3: Energy supply capability assumptions for the 2024-25 water year

Parameter	Assumptions
Consumption[10]	10 892 GWh
Wind generation	1 940 GWh
Energy in storage above HRL at the start of 2025-26	2 655 GWh
Average inflow scenario	8 950 GWh
Basslink total imports under average inflow scenario	1 000 GWh
TVPS generation average inflow scenario	70 GWh
Low inflow scenario	6 371 GWh
Basslink total imports under low inflow scenario	2 500 GWh
TVPS generation low inflow scenario	140 GWh

Average hydro inflows are assumed to be 8 950 GWh per annum, derived using Hydro Tasmania supplied data from the 1997-98 water year to the 2024-25 water year. The low inflow scenario of 6 371 GWh is calculated as the mean annual inflow minus two standard deviations. This calculation sets the estimated low inflow level such that there is around a 97.5 per cent probability that the inflow in 2025-26 will be above that level.

Total wind generation is assumed to be 1 940 GWh for the 2025-26 water year. This estimate assumes that all turbines in each operational large-scale wind farm in Tasmania are operating during the 2025-26 water year.

Basslink imports are the equivalent of an additional source of electricity generation for Tasmania and in recent years have been around 1 000 GWh, with the exception of 2023-24, where imports were significantly higher. This level has been assumed for the 2025-26 water year. This is equivalent to 228 MW of average imports across Basslink for 50 per cent of the year. The low inflow scenario assumes 2 500 GWh of Basslink imports, equivalent to 381 MW of average imports for 75 per cent of the year. Basslink has a long-term average import capacity of around 450 MW.

Energy flows across Basslink since 30 June 2025 have been significantly lower than usual for this time of year. However, flows across Basslink should normalise from 1 July 2026, if Basslink becomes a regulated link per the Australian Energy Regulator's (AER) determination.

Generation from the TVPS is assumed to be 70 GWh under the average inflow scenario, reflecting recent generation levels at TVPS. The average inflow assumption is consistent with the estimate used in the Monitor and Assessor's review of the HRL and PSL profiles, approximately equivalent to

[10] This value refers to the level of electricity generation required to meet forecast annual consumption and therefore includes transmission and distribution network losses.

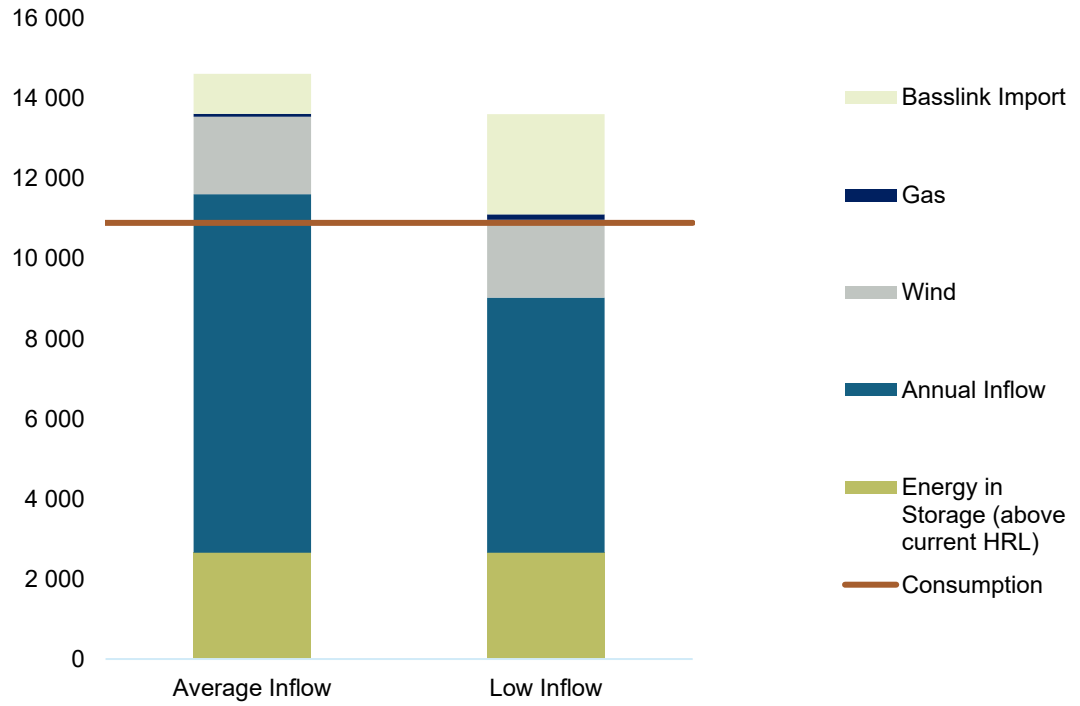
the average gas usage during the 2019-20 and 2020-21 water years. Under the low inflow scenario, TVPS output is assumed to be 140 GWh.

Generation from distributed generation systems such as solar PV and other behind-the-meter energy sources are not included. This is because the estimates of consumption used in this report do not include consumption from distributed generation systems as the purchase of this energy is not from AEMO and is therefore not reported as being made via the NEM. As the absolute level of generation in Tasmania from distributed generation systems is relatively small, at an estimated 421 GWh in 2024-25, annual changes in output from distributed generation systems are not expected to have a material effect on overall energy security. However, distributed generation has materially increased over the past five years and is expected to continue increasing in the future.

At the start of the 2025-26 water year, energy in storage was 2 655 GWh above the HRL. This represents additional energy supply capability that can be utilised without incurring an unacceptable energy security risk. It is assumed that other sources of energy, as previously discussed, would be utilised before energy in storage falls below the HRL.

Under both the average and low inflow scenarios, energy supply capability in Tasmania in 2025-26 is expected to be above forecast consumption, as shown in Figure 9.

Figure 9: Energy supply capability in Tasmania 2025-26 water year (GWh)



Hydro Tasmania's modelling shows a low likelihood of energy in storage falling below the PSL during parts of the 2025-26 water year. The likelihood that energy in storage could fall below the HRL, which is substantially below the PSL, during the 2025-26 water year is very low, based on Hydro Tasmania's modelling. The Monitor and Assessor agrees and has assessed the overall level of energy security risk as low over the 2025-26 water year.

4.2 Potential future developments

This section discusses potential future developments that may affect Tasmania's long-term energy security.

The Act was amended in 2020 to include targets for the generation of electricity using renewable energy sources in Tasmania. These targets are 15 750 GWh by 2030 and 21 000 GWh by 2040. This compares with 8 871 GWh produced by renewable energy resources in the 2024-25 water year. A significant increase in generation from renewable energy sources is therefore required to meet these targets.

4.2.1 Basslink

On 19 May 2023, APA submitted an application to the AER to convert the Basslink interconnector from a Market Network Service Provider to a Transmission Network Service Provider and to commence the process for making a revenue determination.

On 26 June 2025, the AER published its final decision to accept the conversion of Basslink to a regulated asset. The AER released its draft revenue determination on 12 September 2025 and APA submitted its revised proposal on 14 November 2025.

The Monitor and Assessor will monitor the progress of converting Basslink to a regulated link and any impact the conversion may have on Tasmania's energy security.

4.2.2 Marinus Link

Marinus Link is an undersea electricity interconnector that will provide further interconnection between Tasmania and Victoria. The effect of an interconnector such as the Marinus Link is that the Victorian and Tasmanian electricity markets would be much more closely integrated than they currently are.

On 1 August 2025, the Tasmanian, Victorian and Australian Governments confirmed a final investment decision to proceed with Stage 1 of Marinus Link. Construction is expected to begin in 2026.

Tasmania's energy security prospects will improve significantly once the Marinus Link interconnector has been constructed. A second interconnector will reduce the risk that Tasmania would not be able to import electricity from Victoria as a result of an interconnector outage. The Marinus Link could also lead to higher investment in renewable electricity generation in Tasmania due to greater export-potential to the larger mainland NEM jurisdictions, which would further decrease the energy security risk in Tasmania.

4.2.3 New wind and solar generation

There are a number of large-scale onshore and offshore wind projects proposed for construction in Tasmania, including several in the 1 GW range. The progression of a small number of such projects could substantially increase Tasmania's wind generation capacity. However, some of the proposed projects may be dependent on large increases in load in Tasmania, while others may be contingent on the construction of Marinus Link.

During the 2024-25 water year, the Regulator issued two licences for solar farms to generate electricity in Tasmania. The solar farms, which will each generate up to 288 MW of electricity respectively, were issued to Northern Midlands Solar Farm Tas Pty Ltd in June 2025 and to Sun Spot 9 Pty Ltd in October 2025. If they proceed to the construction phase, it is expected that these solar farms will begin generating electricity in the 2025-26 or 2026-27 water years.

There are also several other generation projects currently in development. The Monitor and Assessor will monitor the development of future wind and solar generation projects and the impact they will have on Tasmania's energy security.

4.2.4 Hydro Tasmania Major Projects

Hydro Tasmania is working on two proposed major projects to increase Tasmania's hydropower capacity:

- a pumped hydro project at Lake Cethana, with 750 MW capacity and providing up to 20 hours of deep energy storage; and
- redevelopment of the 85-year-old Tarraleah hydropower scheme to increase peak capacity and operational flexibility.

In December 2020, Hydro Tasmania announced that Lake Cethana had been selected as Hydro Tasmania's preferred pumped hydro site. The Cethana pumped hydro project is progressing towards a Final Investment Decision, including progressing Commonwealth, State and local government approvals, planning for housing a future workforce and ongoing community engagement.

Hydro Tasmania's proposed redevelopment of the Tarraleah hydropower scheme, which has the potential to increase peak capacity of the scheme from around 90 MW to around 190 MW, is also progressing towards a Final

Investment Decision. This includes progressing approvals at local, state and Commonwealth levels, planning for procurement and continued community engagement.

Tasmania's energy security prospects would be improved if these projects result in increased hydro generation, particularly if they support a greater contribution from variable generators, such as wind farms. The Monitor and Assessor will continue to monitor Hydro Tasmania's progress with its major projects and their potential impact on Tasmania's energy security.

4.2.5 Big Batteries

A number of grid scale batteries have also been proposed for Tasmania, with capacities up to 300 MW. Batteries have the benefit of being able to store energy generated from renewable sources (such as wind and solar) during times of low demand and dispatch it at times of peak demand. Batteries provide flexibility and can respond faster than other storage or generation technologies, helping to maintain grid stability through frequency control and load shifting.

The Monitor and Assessor will monitor the development of big batteries in Tasmania and their impact on Tasmania's energy security.

4.3 Natural gas

In its *2025 Gas Statement of Opportunities* (2025 GSOO), AEMO forecasts annual gas consumption and maximum demand and reports on the adequacy of central and eastern gas markets to supply forecast demand over a 20-year outlook period. AEMO uses information from gas producers about reserves and forecast production to project the supply-demand balance and potential gaps under a range of plausible scenarios for eastern and south-eastern Australian gas markets to 2044.

The 2025 GSOO forecasts risks of shortfalls on peak days from 2028, and structural supply gaps occurring from 2029 in southern Australia. Despite forecast gas usage falling from 2029 onwards, annual supply gaps are forecast unless new gas supply developments are commenced to maintain gas supply adequacy.

The *ACCC Gas Inquiry 2017-2030 – Interim update on east coast gas market, June 2025,* forecast that the east coast has sufficient gas reserves and resources to meet the east coast demand for the next decade. However, with the declining gas reserves in southern Australia, these states are likely to increase their dependence for surplus gas from Queensland. Queensland is forecast to supply 96 per cent of gas to southern states by 2037, up from 87 per cent in 2027.

The Monitor and Assessor does not expect that Tasmania will face long-term energy security issues related to the natural gas market in the next water year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