

TasNetworks Annual Planning Report 2026

Summary

TasNetworks – our role and our network

Tasmanian Networks Pty Ltd (TasNetworks) presents its 2026 Annual Planning Report (APR) prepared in accordance with the National Electricity Rules (the Rules) and Tasmanian jurisdictional requirements. We are a Transmission and Distribution Network Service Provider within the Tasmanian jurisdiction of the National Electricity Market (NEM) and have been appointed by the Minister as the Jurisdictional Planning Body. As such, in accordance with the Rules, we are also the System Strength Service Provider and Inertia Service Provider and have been appointed as the Coordinating Network Service Provider to allocate the aggregate annual revenue requirement for prescribed transmission services.

The APR provides information on our plans to develop the Tasmanian backbone transmission system that facilitate the intra-regional transfer of electricity from generation sources to Tasmanian load centres as well as support inter-regional power flows to and from the mainland via interconnection with Victoria. In conjunction with our assessment of the backbone transmission network, we plan local transmission and distribution networks. In doing so, we address integrated planning considerations and technical analysis methodologies.

This brochure provides an overview of our existing networks and considers several key developments and activities that will shape them over the next 10 years; chiefly:

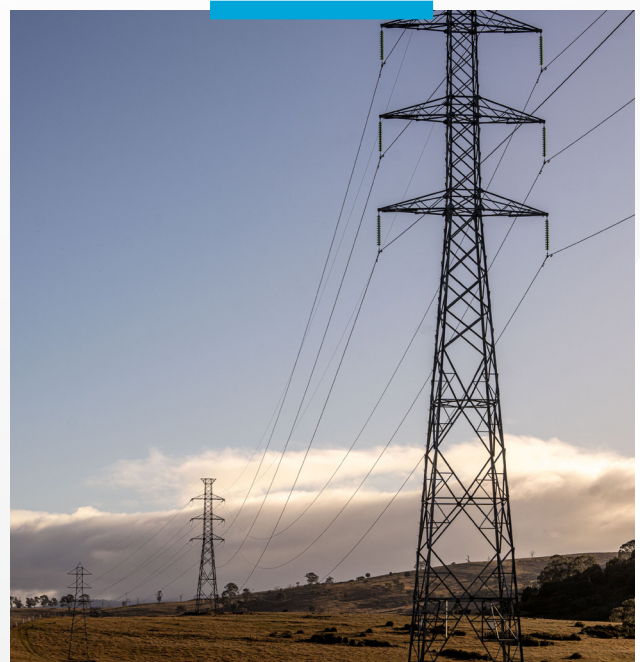
- variable renewable energy (VRE) generation growth;
- progression of new industrial load connections, such as AI factories and renewable hydrogen;
- increased interconnection capacity with Victoria; and
- adaptation of the network with regards to the procurement and management of system strength.

These developments contribute to and are influenced by national objectives, such as the Australian Energy Market Operator's (AEMO) Integrated System Plan (ISP).

TasNetworks is a State-owned company that provides transmission and distribution network services within the Tasmanian jurisdiction of the NEM.

Operating as a commercial business with assets of over \$3.5 billion we deliver monopoly and competitive electricity network services to more than 295,000 residential, commercial, and industrial customers. We also provide telecommunications and technology services to customers across our network.

The Tasmanian transmission network connects 25 hydro-electric power stations, five wind farms, and one thermal (gas-fired) power station with a combined capacity of 3,407 MW. Our system also hosts distribution embedded generation (approximately 39 MW) along with 380 MW of roof-top solar photovoltaics. We also facilitate the transfer of electricity between Victoria and Tasmania via Basslink, a privately owned high-capacity sub-sea interconnector that, following the Australian Energy Regulator's (AER) approval, converted from a market network service to a prescribed transmission service from 1 July 2026.



Introduction

As a key business activity, TasNetworks continuously reviews the adequacy of the Tasmanian electricity networks for both current and future needs and produces a combined transmission and distribution Annual Planning Report.

Updates to the 2026 APR include:

- initiation of the construction phase for North West Transmission Developments and Marinus Link Stage 1;
- notable changes to the energy supply and generation balance; with a reduction in annual energy consumption due to the closure of Liberty Bell Bay;
- the emergence of three new AI factory connections from Firmus Grid, establishing a combined total of 444 MW of additional load; and
- as an outcome of the 2026 ISP, the previously actionable Waddamana-Palmerston project is now replaced with the more broadly defined Tasmania Renewable Energy Zone (REZ) expansion, which nominates Burnie-Hampshire Hills as the actionable, preferred option.

As a provider of monopoly electricity transmission and distribution network services, we commenced preparation of our regulatory proposal for the 2029-2034 period to be submitted for determination by the AER. Regulatory Proposals are submitted every five years and detail capital and operational expenditure requirements to build, operate, and maintain Tasmania's electricity networks.



The Tasmanian power system

Transmission system

The Tasmanian transmission system comprises:

- 220 kV, and some parallel 110 kV, bulk transmission network;
- a peripheral 110 kV transmission network that provides connections to the bulk transmission network; and
- substations that form interconnections within the 110 kV and 220 kV transmission network and provide transmission connection points.

Distribution system

Our distribution system provides supply to more than 295,000 customers and comprises:

- a sub-transmission network that, in addition to transmission-distribution connection points, provides supply to the high voltage distribution network;
- a high voltage network that distributes electricity to the low voltage network and a small number of customers connected directly to the high voltage network; and
- distribution substations and low voltage circuits.

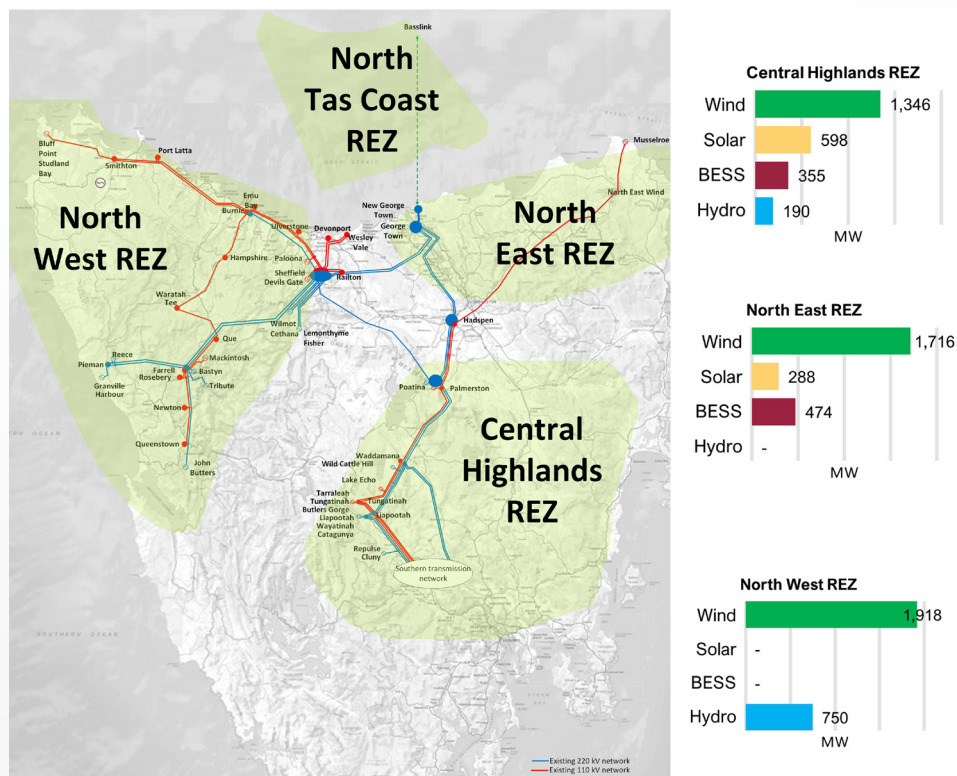
Renewable energy Zones

REZs are “high renewable resource areas” identified by AEMO as best suited to renewable energy generation.

The APR describes each Tasmanian REZ capability to host new VRE with the existing network and the potential augmentations required to support further VRE developments. We take the view that the REZ concept should not restrict the development and connection of any new generation outside of these nominated areas.

New VRE generation may use a variety of natural resources supported by battery energy systems; however, in Tasmania wind is forecast to be the dominant developed energy source. In addition, repurposing, and expansion of the existing hydropower system in Tasmania, including future pumped hydro energy storage, will support REZ development.

Illustrated below is the existing hosting capacity of each REZ transmission network, including publicly announced generation developments.



Tasmanian candidate renewable energy zones and proponent generation interest

Project Marinus is proposed to be a two stage, 1,500 MW interconnection with Victoria being a combination of Marinus Link (itself a transmission network service provider) and the North West Transmission Developments (**NWTD**). Project Marinus will create a transmission pathway significantly increasing energy transfer capabilities between Tasmania and the rest of the NEM and potential new renewable generation and storage projects in North West Tasmania and Central Highlands REZs.

The Tasmania REZ expansion ISP candidate option is to develop a new Burnie–Hampshire Hills 220 kV transmission line and Hampshire Hills Switching Station (in the Hampshire locality) as a collector node for new VRE resources.

The map illustrates the proposed North West Transmission Development. It shows a network of lines connecting three main substations: Hadspen (top), Palmerston (middle), and Waddamana (bottom). The lines are color-coded: blue for the existing 220 kV network, red for the existing 110 kV network, and orange for the proposed North West Transmission Developments (220 kV). The map also indicates the direction of power flow: 'To Sheffield' (top left), 'To southern network' (bottom), and 'Cattle Hill WF' (middle left). A legend in the top right corner defines the line types. A callout box near the Palmerston substation indicates the conversion of a 110 kV line to 220 kV operation and the establishment of a 220-110 kV connection.

Legend:

- Existing 220 kV network
- Existing 110 kV network
- North West Transmission Developments (220 kV)

Key Locations and Connections:

- Hadspen:** Top connection point, linked to Sheffield.
- Palmerston:** Middle connection point, linked to Hadspen and Waddamana. Includes Poatina PS and Cattle Hill WF.
- Waddamana:** Bottom connection point, linked to Palmerston and the southern network.

Callouts:

- Convert 110 kV line to 220 kV operation
- Establish 220-110 kV connection

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Demand and supply

Demand Characteristics

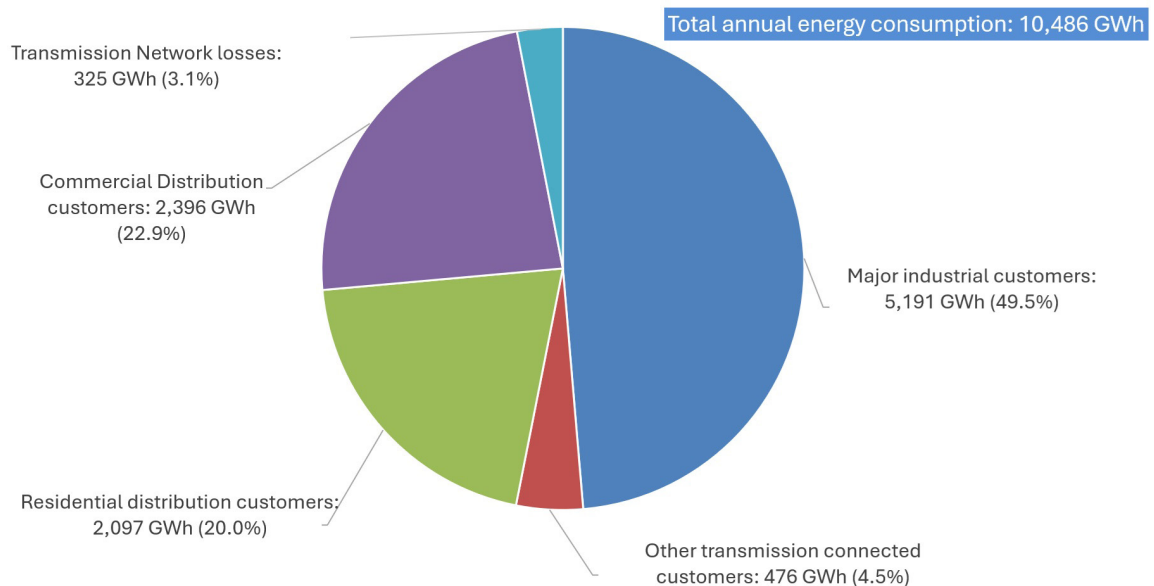
The maximum demand on the transmission network during 2025 to supply Tasmanian customers was 1,645 MW. The network maximum demand including power transfers across Basslink was 2,003 MW.

This presents a notable reduction since 2024, attributed to the recent closure of Liberty Bell Bay smelter in the north of the State.

In Tasmania, the annual energy consumption is apportioned approximately equally between transmission and distribution connected customers. The vast majority of transmission consumption is due to major industrial customers, with a small remaining portion attributed to remaining transmission customers. Distribution consumption is comparably divided between commercial and residential customers.

In 2025, the major industrial customers consumed 5,191 GWh or 49.9% of the State total, with the remaining transmission customers consuming 476 GWh (4.6%). Residential distribution customers accounted for 2,097 GWh (20.2%) and commercial customers accounted for 2,396 GWh (23%).

Transmission network losses accounted for approximately 241 GWh, or 2.3% of the State total.

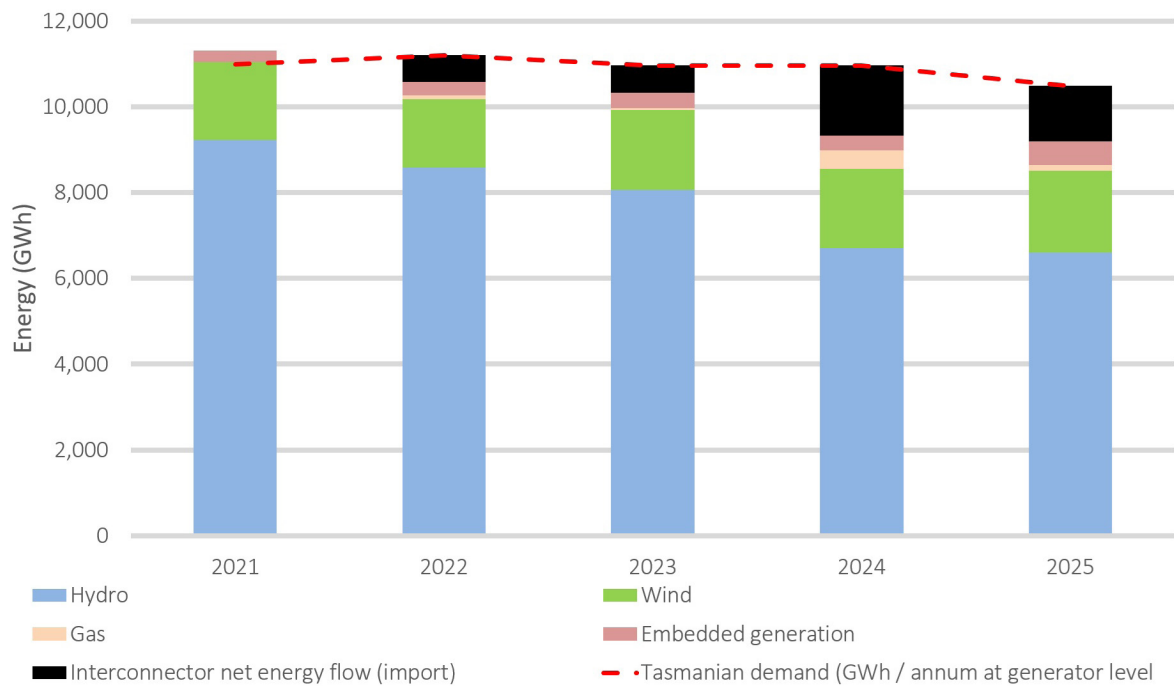


Annual Tasmanian energy consumption in 2025

Supply characteristics

In 2025, overall energy demand in Tasmania was approximately 10,401 GWh, a 5% reduction to the previous year. Wind energy contributions were largely consistent with the previous year at approximately 1,963 GWh and embedded generation increased by 33% to 461 GWh.

The energy supply contributions from hydro generation in Tasmania was approximately 6,597 GWh, also largely consistent with the previous year. The balance of the annual energy demand in the State was met by lower gas generation (145 GWh, a 66% reduction), and Basslink imported energy (1,291 GWh, a 21% reduction).



Supply contribution by type: 2021 to 2025

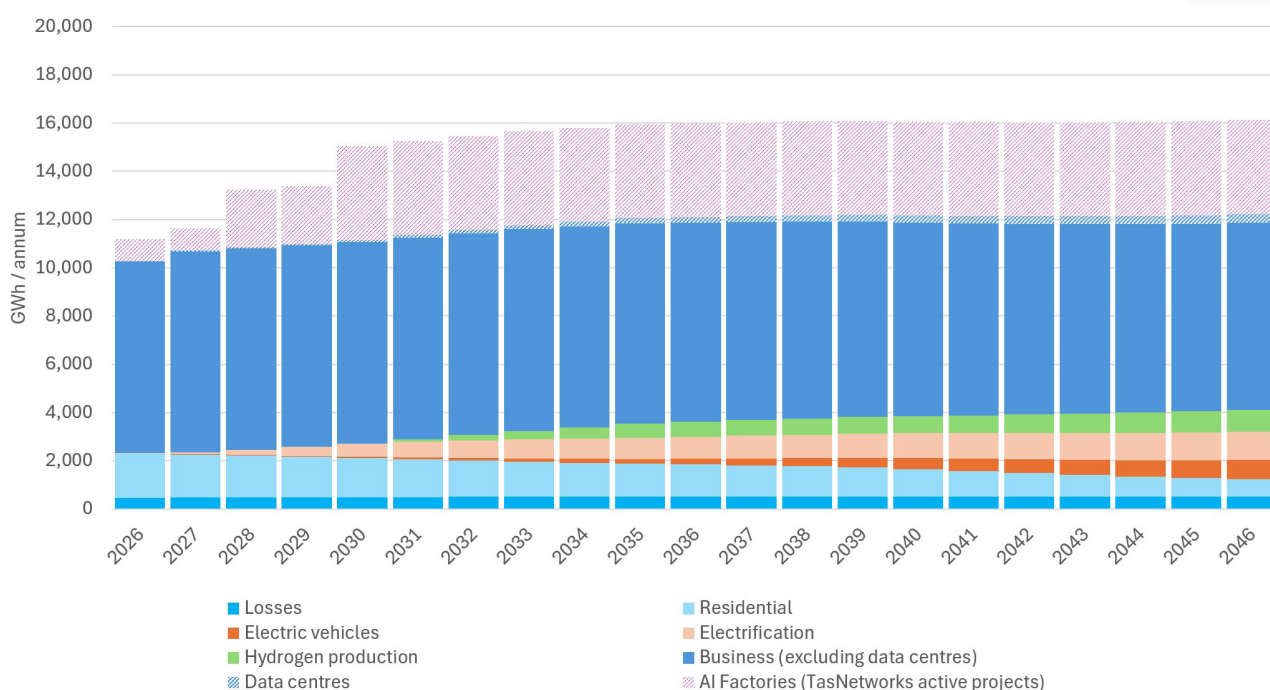


Energy and maximum demand forecasts

For the 2026 APR, TasNetworks prepared 20-year energy and maximum demand forecasts for the existing customer base. Transmission-connected customers (excluding Basslink) account for more than half of the maximum demand. For the distribution network, maximum demand is temperature sensitive, with increased load observed at times of low ambient temperatures.

For planning activities, we apply a 50% probability of exceedance (POE) maximum demand forecast. Temperature sensitivity is not as acute as other NEM regions that experience maximum demands during extreme summer temperatures.

The annual energy supply and demand balance for Tasmania is impacted by new AI factory connections due to the short time frames for these facilities to come online compared with the new generation. Over the short-medium term, annual energy consumption is forecast to return to early 2025 levels that prevailed prior to the shutdown of existing large industrial load, with continued increases to 16,000 GWh as new AI factory load tranches are connected.



Tasmanian annual energy forecast-consumption by category-Step Change scenario

Large-scale load connections

We monitor the impacts of national and international influences on the operations of Tasmanian industry to understand potential impacts on transmission and distribution services. We are also in discussions with customers with the view to providing connection services that support their operational plans.

AI factories

Australian AI infrastructure developer Firmus Technologies commenced construction of Project Southgate, a series of AI factories. Stage 1 of the project has contracted a 104 MW supply at St Leonards, near Launceston with a further 288 MW at Bell Bay and 52 MW at Wesley Vale. These AI factories will provide a new digital baseload to support the growth of Tasmania's renewable energy sector enabling sustainable expansion in AI infrastructure. Included with these new AI factory developments are planned upgrades to the supporting communications infrastructure, such as additional subsea fibre data cables.

Renewable hydrogen

The Australian Renewable Energy Agency (**ARENA**) shortlisted projects for Round 2 of the Hydrogen Headstart Program. Two Tasmanian based projects, Bell Bay Powerfuels and HIF Tasmania, were selected to progress to the next stage in the application process being some of the most advanced large-scale renewable hydrogen proposals in the country.

In response to the previous levels of combined interest from hydrogen developers at George Town, we initiated a regulatory investment test – transmission (**RIT-T**) assessment to address system security and voltage stability. To account for emerging issues in today's network and into the future, triggered by emerging AI factory loads, we intend to put forward an additional contingent project in our upcoming 2029-2034 revenue submission.

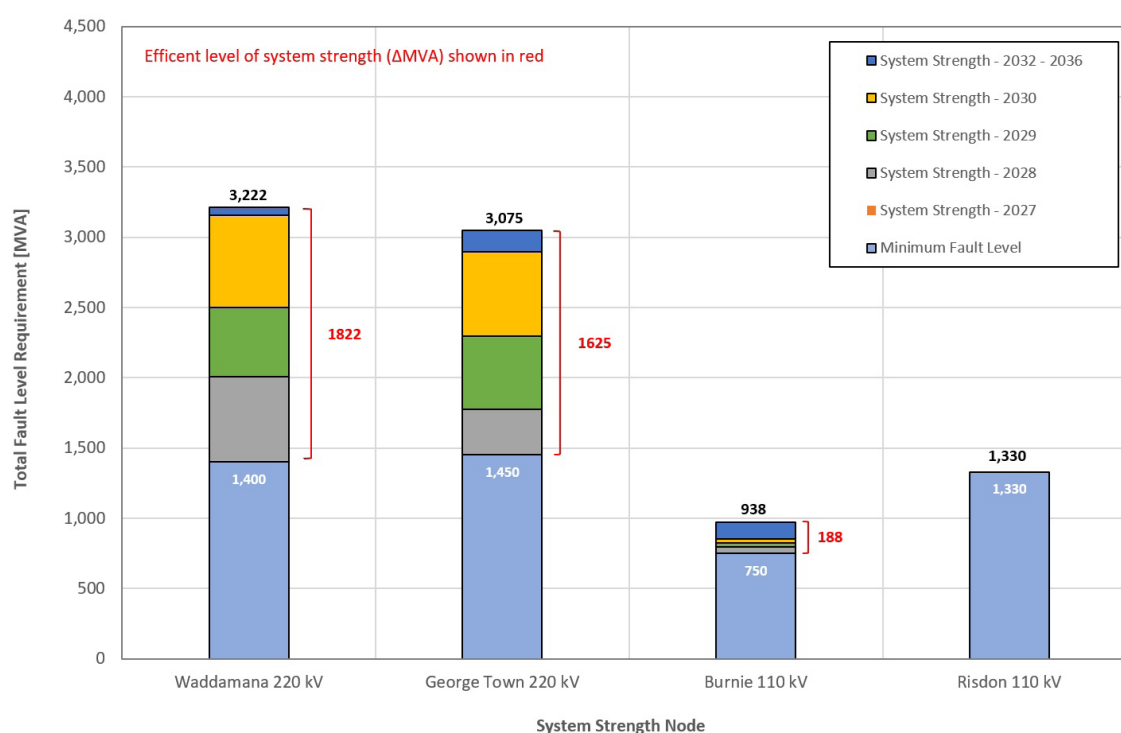


Management of System Strength

The Rules framework for managing system strength introduced significant new obligations for System Strength Service Providers (SSSP) which commenced on 2 December 2025. TasNetworks is the SSSP for the Tasmanian region of the NEM.

The new framework introduces a new approach for the procurement and payment of *system strength services*, including proactive planning obligations for SSSPs which now form part of the *System Standards* within the Rules.

To meet our obligations to procure the required services we completed a RIT-T that considered options to meet, on a forward-looking basis, the system strength standard specification published by AEMO. We published the Project Assessment Conclusions Report (**PACR**) confirming the preferred option is to contract with existing owners of synchronous condensers and generation assets. The estimated three-phase fault level requirements at each of the declared System Strength Nodes for future years, extending out to 2036 are illustrated below.



Forecast system strength requirements for Tasmania

To comply with the new system strength Rule requirements, TasNetworks initiated a RIT-T, which included the publication of a Project Specification Consultation Report (**PSCR**) and a Request for Expression of Interest (**EOI**) in early August 2023.

In November 2024, TasNetworks published a Project Assessment Draft Report (**PADR**) which set out assessment of options to meet the system strength requirement in Tasmania from 2 December 2025 to June 2029 and identified a preferred solution.

Network security and reliability

We manage our network by balancing cost, risk, and performance to deliver affordable levels of supply reliability and quality to our customers. Network service performance is a critical aspect of our customer service and must meet customer expectations and regulatory obligations.

The APR provides information about applicable network reliability targets, our performance against those targets, the issues that impact on network reliability, and our plans to ensure compliance. Issues associated with customer areas with service levels outside target levels are discussed along with our strategy to undertake corrective actions.

In financial year 2025-26, significant weather and bushfire events impacted Tasmania's electricity network, damaging assets and interrupting electricity supply to customers.

- In October 2025, destructive winds and severe weather caused widespread outages across Tasmania. Regional Fault Management (**RFM**), previously known as the Incident Control System (**ICS**) was established to manage the operational response.
- In December 2025, bushfires occurred on the East Coast and in the state's south.



TasNetworks welcomes feedback and enquiries on our Annual Planning Report, particularly from anyone interested in discussing opportunities for alternate network solutions to those identified. Please send feedback and enquiries to:

planning.enquiries@tasnetworks.com.au.

Potential demand management solution providers can also register with us via our Industry Engagement register on our website at:

www.tasnetworks.com.au/forms/Industry-Engagement-Register/Industry-Engagement