

16 February 2026

Australian Energy Market Operator (AEMO)
Via email: ISP@aemo.com.au

Dear AEMO ISP Team,

Re: Draft 2026 Integrated System Plan (ISP)

Marinus Link Pty Ltd (**MLPL**) welcomes the opportunity to make this submission in response to the Australian Energy Market Operator's (**AEMO**) 2026 Draft Integrated System Plan (**ISP**). We commend AEMO on the collaborative and transparent approach adopted in developing the Draft ISP, underpinned by extensive stakeholder engagement and the continued refinement of scenario design, inputs and modelling assumptions.

MLPL is the proponent of Marinus Link, a proposed 1,500 MW high voltage direct current (**HVDC**) undersea and underground interconnector between Tasmania and Victoria, to be delivered in two 750 MW stages. Marinus Link is part of a larger project, referred to as Project Marinus, which will be developed and owned by different entities. Marinus Link will be owned and operated by MLPL, while associated upgrades to the Tasmanian transmission network, referred to as the North West Transmission Developments (**NWTD**), will be owned and operated by TasNetworks.

Project Marinus is designed to unlock Tasmania's deep pipeline of renewable generation and long-duration storage, create additional transfer capacity between Tasmania and Victoria and support least-cost decarbonisation across the National Electricity Market (**NEM**).

Project designation and actionable status

MLPL welcomes the designation of Project Marinus Stage 1 as an 'anticipated' project in the Draft 2026 ISP, and the confirmation that Stage 2 is 'likely to remain actionable' across the scenarios assessed. This assessment aligns with the conclusions of the Regulatory Investment Test for Transmission (RIT-T) update for Project Marinus, published by MLPL in July 2025. The RIT-T update was supported by independent market modelling undertaken by Ernst & Young (**EY**), which demonstrated the project's market benefits across a range of future scenarios.

The recognition of Project Marinus in the Draft 2026 ISP reflects the enduring system need for additional interconnection, including between Victoria and Tasmania, under a wide range of demand, policy and technology trajectories. It also provides an important signal to market participants considering renewable generation and storage developments in Victoria and Tasmania that are contingent on increased transfer capability.

The modelling outcomes in the Draft ISP reflect the strategic value of Project Marinus which:

- Facilitates efficient development of renewable energy zones in Tasmania;
- Enables the export of dispatchable renewable energy and capacity to mainland load centres;
- Improves reliability and resilience by diversifying supply sources and provides the opportunity to transfer cost effective renewable energy;
- Supports integration of variable renewable energy (**VRE**); and
- Reduces overall system costs and emissions across the NEM.

Inputs and assumptions

MLPL welcomes several refinements in the 2025 Inputs, Assumptions and Scenarios Report (**IASR**) and their application in the Draft 2026 ISP modelling. Many of these refinements are consistent with matters MLPL has raised in previous IASR and ISP consultation processes. In particular, we note and support:

- A recalibration of industrial hydrogen consumption forecasts in Tasmania, particularly in the Step Change scenario. This is consistent with MLPL’s earlier submissions, which highlighted the importance of aligning hydrogen demand assumptions with realistic project development timeframes, infrastructure dependencies and global market signals.
- The adoption of technology-specific weighted average cost of capital (**WACC**) assumptions. MLPL continues to support risk-reflective financing parameters that better capture differences between regulated transmission, merchant generation and emerging technologies.
- Alternative approaches to modelling perfect foresight. MLPL has previously noted the modelling limitations in applying perfect foresight assumptions for batteries relative to actual outcomes in the market.

We consider that these refinements strengthen the robustness of the Draft ISP outcomes and provide greater confidence that the modelling captures realistic system development pathways.

Long duration storage

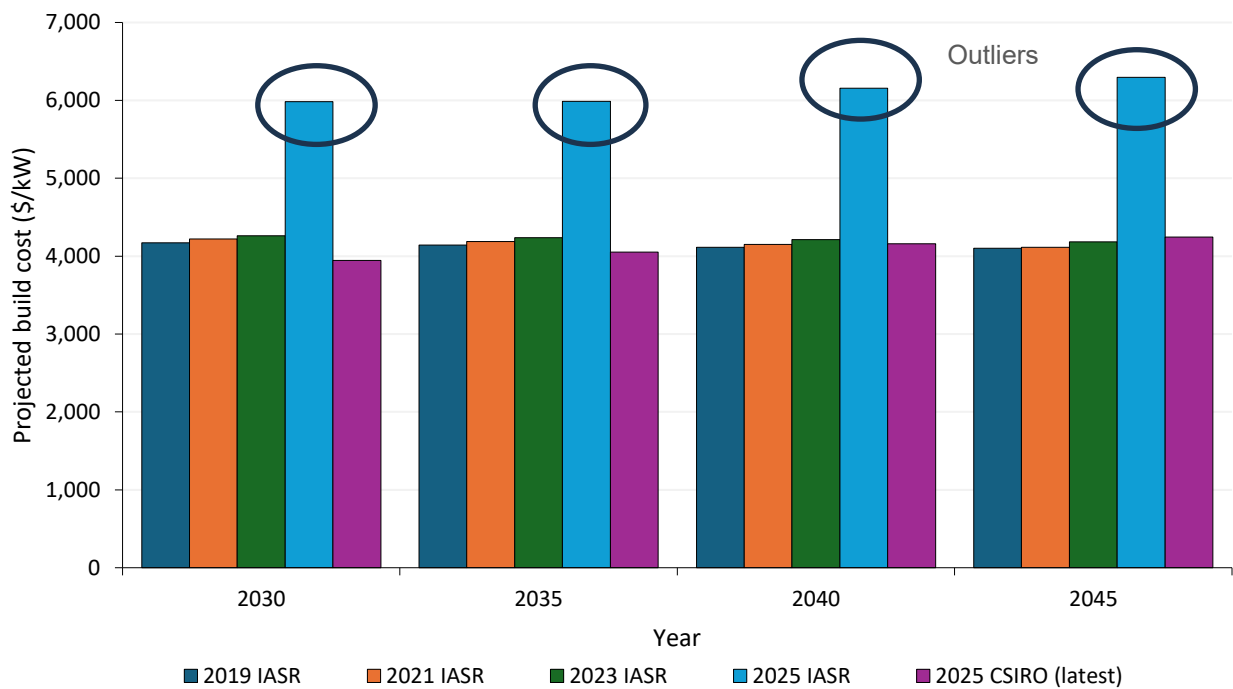
MLPL notes that, despite AEMO’s consistent emphasis on the critical role of long-duration storage in managing high-VRE futures, AEMO’s 2026 Draft ISP Model does not build any pumped hydro across any scenario or sensitivity, other than those already committed and anticipated.

Firstly, the ISP seeks to identify the optimal development path (**ODP**) for transmission that delivers least-cost outcomes under a wide range of plausible futures. The new generation capacity mix is largely a function of future technology costs, which are inherently uncertain, and serve as an input to stress-test transmission needs across scenarios. As such, the absence of a particular generation technology in the optimal mix does not imply the technology lacks system value, nor that it will not be built.

Secondly, generation and storage build-out is highly sensitive to technology cost and performance assumptions, which are inherently uncertain and evolve over time. The 2025 IASR assumes materially higher capital costs for pumped hydro compared to earlier ISPs. More recent cost estimates published by

CSIRO indicate that pumped hydro costs have been revised downward again, following a detailed assessment by GHD¹.

Figure 1 Projected 24 hr pumped hydro costs from AEMO and CSIRO (\$2025)



Source: Historical AEMO and CSIRO data from AEMO’s IASR workbooks and CSIRO’s GenCost projections

Finally, long-term optimisation modelling tends to structurally undervalue deep storage and firm energy because it assumes perfect foresight over extended time horizons. These idealised conditions enable the model to dispatch resources optimally to reduce system stress. In real operations, however, the system faces network constraints, outage risks and operational uncertainties which are underplayed and/or not included in the modelling. These real-world factors increase the value of dispatchable energy and long-duration storage as insurance against risk and uncertainty, meaning their practical benefit is greater than the model suggests.

We acknowledge that the ISP must rely on comparative modelling outcomes and least-cost optimisation. However, the absence of deep storage pumped hydro projects warrants careful consideration, particularly considering:

- The ability of dispatchable energy and long-duration storage to insure against network risk and uncertainty, as explained above ;
- Uncertainty in gas prices and availability, along with broader gas supply chain pressures, which may constrain the role of gas-powered generation as a firming resource compared to the Draft ISP modelling assumptions;
- The ability of long-duration storage to absorb and time-shift surplus renewable generation;
- Growing system resilience and firming requirements under high renewable penetrations; and

¹ GHD 2025, 2025 energy technology costs and technical parameter review, [Microsoft Word - 12666712_REP_AEMO PHES parameter review_2025.docx](#)

- The recognised value of geographically diverse long-duration storage resources.

In previous ISP and IASR submissions, MLPL has emphasised that long-duration storage in Tasmania, when combined with Marinus Link, offers system benefits that extend beyond energy arbitrage. These include deep firming capability, inertia and system strength support and enhanced resilience under extreme weather or prolonged low renewable output conditions on the mainland.

We encourage AEMO to continue examining sensitivities that test higher resilience standards, more pronounced renewable drought conditions or accelerated coal retirements. Such sensitivities may more fully reveal the strategic value of large-scale, long-duration storage developments in Tasmania when enabled by additional interconnection capacity.

Closing

MLPL is grateful for the opportunity to make this submission to AEMO's Draft 2026 ISP. We appreciate the constructive engagement between AEMO and stakeholders throughout the ISP and IASR processes and acknowledge the significant analytical work underpinning the Draft.

We look forward to continuing to engage with AEMO on Project Marinus as the ISP process progresses. We commend AEMO's rigorous and transparent work in delivering the ISP, which plays a critical role in guiding timely, least-cost investment and supporting a secure, reliable and future-ready National Electricity Market.

If you would like to discuss any aspect of this submission, please feel free to contact [REDACTED] at [REDACTED]@marinuslink.com.au.

Yours sincerely,



Prajit Parameswar
Chief Commercial Officer