

## PAEC Inquiry into the 2026-27 Budget Estimates

### Energy and Resources portfolio

#### Question taken on notice

Monday 18 May 2026

#### Question 1: (page 13)

*John PESUTTO: Thank you, Minister. You may not be able to provide this information now, but could I get an undertaking if you cannot to come back to the committee: could we have updated advice on total estimated investment costs associated with VNI West, the Western Renewables Link, the extent to which we might foot the bill for the ConnectEast spur into Victoria and also Marinus? I do not expect you to have those answers. If you do, great; if you do not, would you be prepared to come back to the committee with updated costings?*

*Lily D'AMBROSIO: Absolutely. These things do not appear on budget to us, but of course they end up on bills – I get it. What I will also come back to you with is the total system benefits, because I can tell you now that when you add up the cost of building and what it enables in terms of the new electricity that is being able to be built and delivered, there is a net benefit on people's bills – a net benefit – when you look at the whole system costs.*

#### Response:

Timely investment in transmission infrastructure enables more low-cost, renewable energy to enter the grid, helping to reduce wholesale electricity prices in Victoria.

Electricity bills comprise several components, including transmission, distribution and wholesale generation costs. Transmission costs represent a small share of a typical residential bill - around \$104 per year, or approximately 5-6 per cent - while wholesale costs account for close to one third.

Transmission projects are subject to rigorous identification, assessment and development processes to ensure they deliver net benefits for consumers and other stakeholders. The primary consumer benefit is lower wholesale electricity prices.

Studies and modelling have demonstrated that delaying investment in transmission infrastructure projects will increase overall costs to consumers. For example, the 2025 Australian Energy Market Commission Residential Electricity Price Trends Report<sup>1</sup> showed that delaying key transmission projects across the National Electricity Market by 12 months would result in an increase in average annual residential electricity bills of over 9 per cent over the next 10 years.

And modelling by Nexa Advisory in 2024<sup>2</sup> indicated that delaying transmission infrastructure projects would significantly increase costs for Victorian residential

---

<sup>1</sup> [https://www.aemc.gov.au/sites/default/files/2025-12/Price%20Trends%202025\\_Report%20%281%29.pdf](https://www.aemc.gov.au/sites/default/files/2025-12/Price%20Trends%202025_Report%20%281%29.pdf), page 8

customer bills. A one-year delay would result in an increase of \$65, rising to almost \$1,700 (57 per cent) with a 7-year delay.

Transmission infrastructure is also necessary to ensure that the lights stay on as our ageing coal-fired generators close.

VicGrid is leading the Victoria to New South Wales Interconnector West (VNI West) and Western Renewables Link (WRL) major transmission projects, and providing oversight of Marinus Link, as the shareholder representative for the Victorian Government to ensure Victoria's future needs for low cost, renewable and reliable energy are met as the state's energy system transitions away from coal.

### **VNI West**

VNI West is being led by two entities – VicGrid in Victoria, and Transgrid in New South Wales. VicGrid VNI West is the entity established to progress the development of the Victorian component of VNI West.

In November 2025, Iberdrola Australia Networks was announced as the development partner for the project, and planning and environmental approvals for VNI West are underway. The project's Environment Effects Statement (EES) is due to be publicly exhibited from 4 August to 14 September 2026, and this is expected to be followed by a process of public hearings in response to submissions.

Construction is now targeted for completion in late (Q4) 2030.

The total estimated cost of the Victorian and NSW sections of VNI West is approximately \$7.6 billion<sup>3</sup> (2024).

### **Western Renewables Link**

WRL is a 190 km proposed 500 kV new transmission line that will run between Sydenham and Bulgana and once completed, will be capable of carrying 3 gigawatts (GW) of electricity, enough to power more than 1 million homes.

The project is being delivered by Ausnet and is currently in the delivery stage, targeting a Q4 2029 practical completion date.

An EES is currently underway for WRL. The EES was on public exhibition through July and August 2025 and the public hearing started on 27 October 2025. EES hearings for the project concluded on 3 March 2026 and the EES is now being assessed by the Minister for Planning.

A revised construction cost estimate of \$1.53 billion was published in June 2025 as part of the EES as a basis for the Economic Impact Assessment<sup>4</sup> and the contract signed with Acciona and Genus is worth approximately \$1.6 billion<sup>5</sup>.

---

<sup>3</sup> AEMO 2025 *Electricity Network Options Report*, August 2025, [2025-electricity-network-options-report.pdf](#), page 37

<sup>4</sup> <https://www.westernrenewableslink.com.au/assets/resources/Technical-Report-G-Economic.pdf> and [EES-Program-change-Economic.pdf](#), page 1

<sup>5</sup> <https://www.genus.com.au/projects/western-renewables-link>

## Marinus Link

While Victorian and Tasmanian consumers will be paying for the costs of constructing Marinus Link, these costs are expected to be outweighed by the benefits of gaining greater access to Tasmanian electricity generation, which will reduce wholesale prices significantly for consumers.

Average net savings to typical residential customers in both Victoria and Tasmania are estimated to be in the range of \$25 to \$36 per customer per annum<sup>6</sup>.

Marinus Link is being delivered by Marinus Link Pty Ltd (MLPL) and was fully owned by the Tasmanian Government up until March 2024.

From March 2024, the Victorian Government took a direct equity position within MLPL, taking ownership of 33.3 per cent, with the Commonwealth and Tasmanian Governments holding 49 per cent and 17.7 per cent respectively.

Marinus Link will receive 20 per cent of its funding from shareholder equity with the remaining 80 per cent coming from debt finance from the Clean Energy Finance Corporation through the Rewiring the Nation program. Both the equity and debt will be provided at rates lower than what is typically commercially available – thereby reducing the cost impact on electricity consumers.

The Australian Energy Regulator (AER) determines what costs Marinus Link can recover from customers. This is happening in stages:

- in December 2023, the AER determined that Marinus Link’s early works were worth \$196.5 million<sup>7</sup>;
- in February 2026, the AER determined that Marinus Link’s construction costs were \$3.47 billion (in real 2023 dollars)<sup>8</sup>.

These two decisions collectively determine Marinus Link’s regulated asset base (RAB) of \$3.67 billion (real 2023 dollars)<sup>9</sup>.

In 2030, the AER will make a determination of what Marinus Link can recover from consumers annually, based on the previously determined RAB. Costs will not be recovered from consumers until Marinus Link is commissioned.

---

<sup>6</sup> *Marinus Link – Project Marinus updated gross market benefits modelling, November 2025*, page 3. Also referenced at <https://www.marinuslink.com.au/2025/11/latest-project-marinus-modelling-shows-substantial-market-benefits-under-updated-aemo-assumptions/>

<sup>7</sup> <https://www.aer.gov.au/system/files/2023-12/AER%20-%20Revenue%20Determination%20-%20Marinus%20Link%20Stage%201%20Part%20A%20%28Early%20works%29%20-%20December%202023.pdf> page iv

<sup>8</sup> <https://www.aer.gov.au/system/files/2026-02/AER%20Final%20Decision%20-%20Marinus%20Link%20Stage%201%20C%20Part%20B%20%28Construction%20costs%29%20-%20February%202026.pdf> page v

<sup>9</sup> \$196.5m (<https://www.aer.gov.au/system/files/2023-12/AER%20-%20Revenue%20Determination%20-%20Marinus%20Link%20Stage%201%20Part%20A%20%28Early%20works%29%20-%20December%202023.pdf>) and \$3.47b (<https://www.aer.gov.au/system/files/2026-02/AER%20Final%20Decision%20-%20Marinus%20Link%20Stage%201%20C%20Part%20B%20%28Construction%20costs%29%20-%20February%202026.pdf>)

Marinus Link is the least-cost option to address Victoria's firming capacity as brown coal retires from the late 2020s to mid-2030s.

At June 2025, Victoria's investment in Marinus Link was valued at \$138.9 million<sup>10</sup>.

### **ConnectEast**

With regards to ConnectEast, VicGrid is not leading any transmission project titled as such.

---

<sup>10</sup> Annual Report 2024–25 Department of Energy, Environment and Climate Action [deeca-annual-report-2024-25.pdf](#) pg. 202