Media statement

22 October 2018

Basslink rejects Hydro Tasmania disputes

As previously announced, Basslink Pty Ltd (**Basslink**) issued Hydro Tasmania a Notice of Disputes on 14 September 2018 which has since been referred to arbitration (on 8 October 2018).

On 19 October 2018, Basslink received a Notice of Disputes under the Basslink Services Agreement (**BSA**) from Hydro Tasmania. The disputes are all based upon the allegations in the reports Hydro Tasmania's lawyers procured from DNV GL, except the final one which is not dealt with in the DNV GL reports but relates to the content of Basslink's Asset Management Plan and Marine Disaster Recovery Plan.

Basslink has consistently rejected the allegations in the DNV GL reports, which are based on theoretical modelling and not on any testing of the Basslink HVDC cable, as none was undertaken by DNV GL.

Basslink maintains its position that the analysis in those DNV GL reports is flawed, as DNV GL used theoretical models based on certain assumptions and not on actual facts (including facts observed and reported on by Cable Consulting International in the independent investigation of failure of the Basslink HVDC cable).

Based on the DNV GL reports, Hydro Tasmania has alleged that the Basslink Facilities do not satisfy certain Operational Requirements. However, an independent Project Inspector certified that the Basslink Facilities met these Operational Requirements and signed off on them at the Commissioning of the Basslink Facilities in 2006.

Basslink strongly rejects these allegations by Hydro Tasmania about the Operational Requirements in the Notice of Disputes.

On the final matter Hydro Tasmania claims as a dispute, Basslink has advised Hydro Tasmania that the content of Basslink's Asset Management Plan and Marine Disaster Recovery Plan is currently under review but, nonetheless, Hydro Tasmania has pre-emptively chosen to institute a dispute about the content of these Plans prior to Basslink completing its review of those Plans.

-Ends-

For further media enquiries on Basslink, please contact:

Matthew Mahon, Royce, 03 8628 9300 or 0413 101 860 matthew@royce.com.au

About Basslink www.basslink.com.au

The Basslink Interconnector enhances security of supply on both sides of Bass Strait; protecting Tasmania against the risk of drought-constrained energy shortages while providing Victoria and southern states with secure renewable energy during times

of peak demand. The Basslink Interconnector is the world's second longest undersea electricity cable. Owned by Keppel Infrastructure Trust, Basslink delivers excellence in the areas of safety, reliability and performance.

Basslink has a number of fibre optic assets which carry high speed telecommunication traffic. Basslink Telecoms offers a range of wholesale transmission services between Tasmania and Victoria.