



## Media statement

22 March 2018

### **Basslink responds to letter from the State of Tasmania**

On 21 March 2018, Basslink Pty Ltd (Basslink) received a letter from the State of Tasmania (State) alleging that it had breached the Basslink Operations Agreement (BOA). The BOA governs the contractual relationship between the State and Basslink as the operator of the Basslink Interconnector.

Basslink strongly denies the allegations set out in the State's letter.

The State has alleged that warranties about the design and construction of the Basslink Interconnector were breached.

As part of the commissioning of the Basslink Interconnector in 2006, the Basslink Interconnector was rigorously tested to ensure the design and construction requirements were satisfied.

In addition, an independent Project Inspector signed off on these requirements, confirming that the Basslink Interconnector had been properly designed, constructed and commissioned. The State, through Hydro Tasmania, was very closely involved in the design, construction and commissioning process. This involvement included attending various meetings with both Basslink and the manufacturers.

Given that the Basslink Interconnector was completed and commissioned more than a decade ago, Basslink is extremely surprised at these very belated allegations by the State and strenuously denies that any warranties under the BOA were breached.

Furthermore, the State has alleged that it has suffered various losses and that Basslink must indemnify it for those losses (including alleged losses incurred by Hydro Tasmania arising from the cable failure in December 2015), amounting to over A\$100 million. Basslink denies that it is liable for any such losses. Should the State take these allegations further, Basslink will vigorously defend any legal action.

Basslink understands that the State's allegations stem from the DNV GL reports commissioned by the lawyers for Hydro Tasmania, which were provided to Basslink in December last year. As Basslink has previously noted, DNV GL did not conduct any testing of the Basslink Interconnector's cable and their reports were solely based on theoretical modelling.

The modelling used for the reports has not been shared with Basslink despite repeated requests to Hydro Tasmania. Without that information, it is difficult for Basslink to respond to these reports.

Basslink considers the analysis in those DNV GL reports flawed as the reports used theoretical models based on certain assumptions and not on actual facts. However, in accordance with good electricity industry practice, Basslink has referred the DNV GL reports to the manufacturers of the Basslink Interconnector, Siemens and Prysmian, and to its independent cable expert, Cable Consulting International (CCI), for comment and analysis.

Basslink stands by the independent investigation that was undertaken by CCI, who concluded the actual root cause of the cable failure in December 2015 as “cause unknown”.

Based on the findings of CCI, Basslink maintains the cable failure was a force majeure event.

**-Ends-**

**For further media enquiries on Basslink, please contact:**

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**About Basslink** [www.basslink.com.au](http://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.