

Marinus Link

2025–30 Regulatory Proposal
Online Public Forum

Acknowledgement of Country

Kate Symons
AER Board Member

AER welcome and introductions

Kate Symons
AER Board Member

Agenda

Topic	Speaker	Duration
Welcome/ Acknowledgment of country	Kate Symons, AER Board member	5 mins
Marinus Link Pty Ltd presentation	Collette Burke, Interim CEO, Marinus Link Prajit Parameswar, CCO, Marinus Link	20 mins
Overview of Marinus Link determination process	Kris Funston, Executive General Manager	15 mins
Overview of Issues Paper	Kris Funston, Executive General Manager	10 mins
Facilitated discussion	Kris Funston, Executive General Manager	25 mins
Closing remarks, next steps	Kate Symons, AER Board member	5 mins

Marinus Link Pty Ltd

Dr Collette Burke, Chief Executive Officer
Prajit Parameswar, Chief Commercial Officer

Presentation to AER Public Forum

Marinus Link Pty Ltd

3 April 2025



Acknowledgement

We acknowledge the First Peoples of the Country on which Marinus Link is proposed in Tasmania, across Bass Strait and in Victoria. We recognise the Tasmanian Aboriginal Community and Traditional Owners in Victoria and their continuing connection to land, sea, waterways, sky and culture and pay our respects to all elders past and present.

Agenda

- 1. Project Overview and Consumer Benefits**
- 2. Recent Project Developments and Milestones**
- 3. AER Issues Paper – Summary and MLPL's response**

Questions welcome!

1. Project Overview and Consumer Benefits

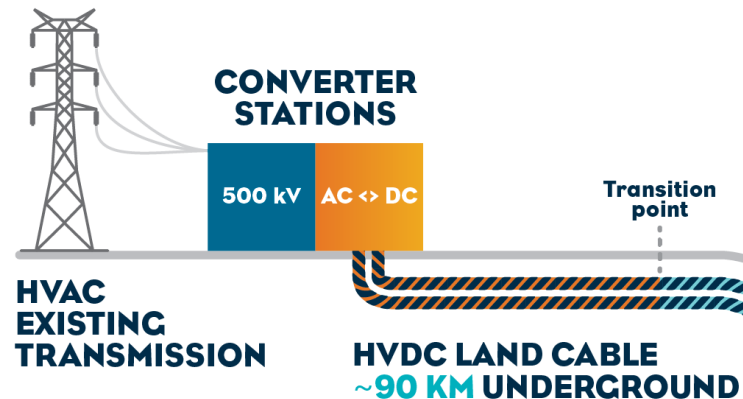


Marinus Link – 1500 MW interconnector, delivered in 2 stages



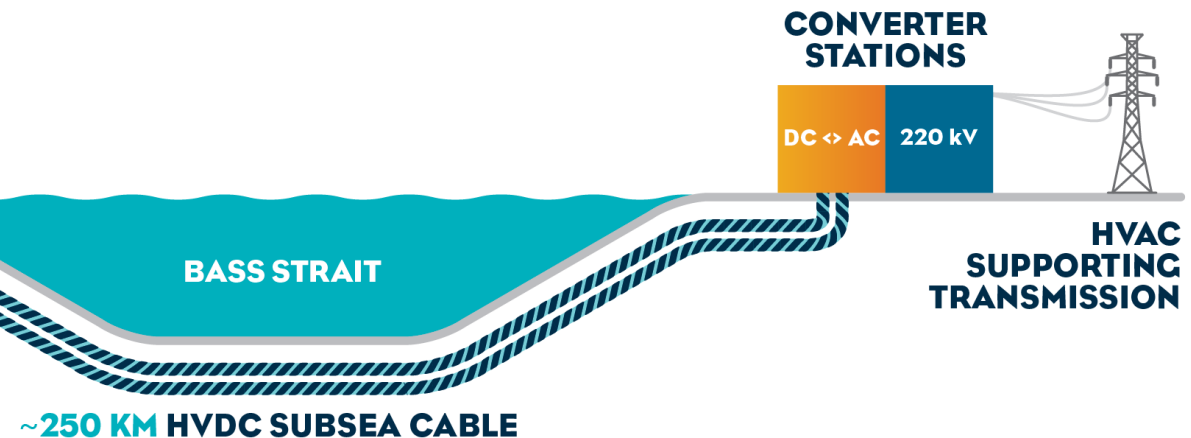
VICTORIA

CONNECTS IN THE LATROBE VALLEY



TASMANIA

CONNECTS IN THE BURNIE AREA



- Single actionable ISP project - 1500 MW, delivered in two 750 MW stages
- Stage 1 testing to be completed by end 2030; timing of stage 2 to be determined
- MLPL's shareholders: Commonwealth (49%), Victorian (33.3%) and Tasmania Governments (17.7%)
- TasNetworks delivering North West Transmission Development component of Project Marinus

Benefits of Marinus Link

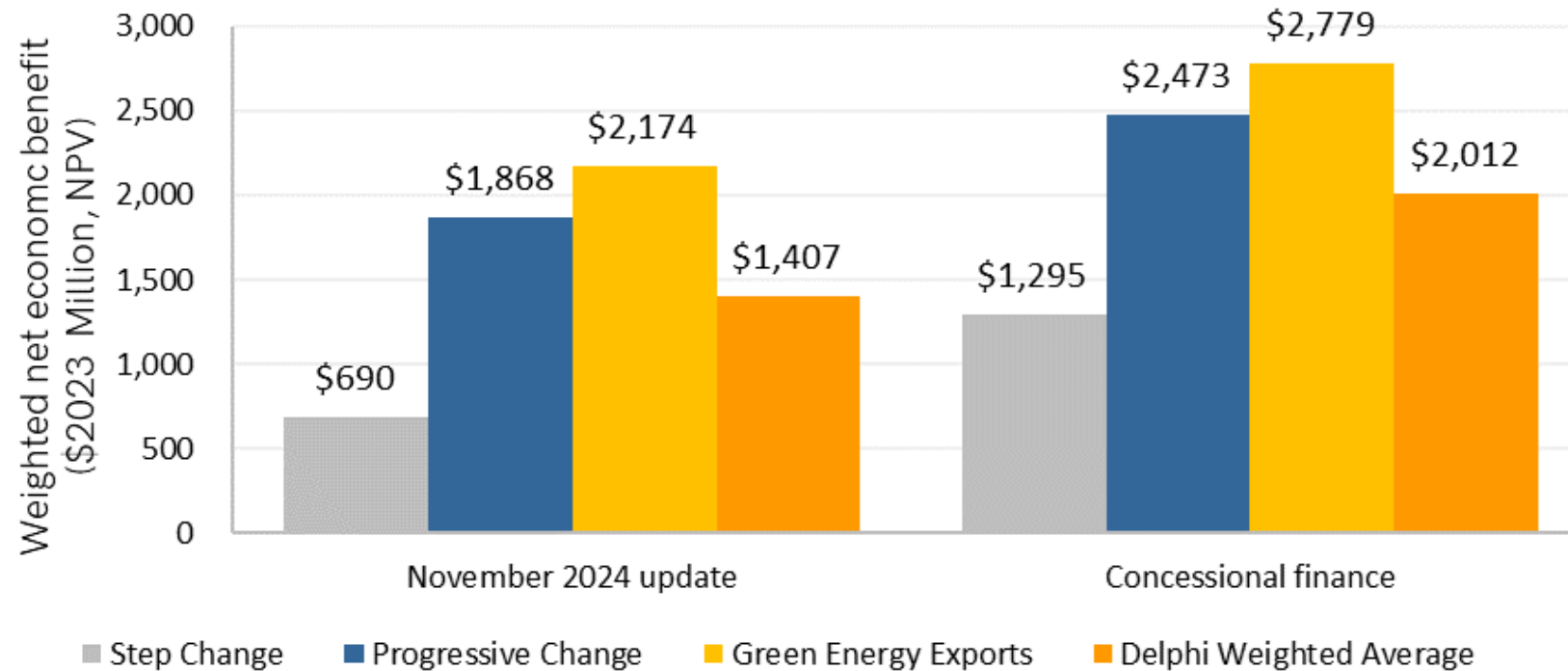


Energy costs are lower 'with' Marinus Link than 'without'

- Delivers lower-cost, reliable and clean energy for customers as coal plants are retired and replaced by intermittent wind and solar generation
- Provides the firming capacity to support the growth in renewable generation that is essential for Australia to meet its emission reduction targets
- Revenue Proposal explained that the average net savings to typical residential customers in both Victoria and Tasmania are expected to be in the range \$25 – \$36 per customer, per annum.

Updated net economic benefit – November 2024

Weighted net economic benefits – single cable (\$2023 Million, NPV)



- Project Marinus delivers significant net market benefits.
- This theme has been consistent throughout the project, despite evolution in energy policy and total project costs.
- This continues to demonstrate that Marinus Link is a vital project for the transitioning NEM.
- Furthermore, these estimates exclude the broader benefits from Marinus Link associated with economic and employment growth.

Consumer & Stakeholder engagement

- Consumer engagement has been on-going since project conception
 - Project Specification Consultation Report – 2018
 - Initial Feasibility Report – 2019
- Key elements to our engagement are
 - Extensive and regular community engagement and attendance at community events in both North West Tasmania and along the Gippsland alignment
 - Landholder Engagement
 - Consumer Advisory Panel (Revenue Proposal)
 - Gippsland Stakeholder Liaison Group (GSLG)
 - Extensive digital library resources available to the public

Benefits of Concessional Finance

- Concessional Finance through the Clean Energy Finance Corporation (CEFC) and Shareholders.
- Estimated impact of MLPL's concessional MAR in comparison to the estimated non-concessional MAR, in nominal terms over the 2030-2035 regulatory period alone.



Maximum Allowable Revenue (MAR) (\$m real 2023)	2030-31	2031-32	2032-33	2033-34	2034-35
Non-concessional revenue	288	292	296	300	304
Concessional Revenue	176	168	170	177	184
Benefit to Customers	112	124	126	123	120

Cost allocation, price impacts and net benefits



Cost allocation between Tasmania & Victoria has been agreed

- Tasmania: 27.6%
- Victoria: 72.4%
- AEMC finalised a rule allowing jurisdictions to agree on cost allocation for new regulated interconnectors. This means the agreement between the Commonwealth, Tasmanian and Victorian Governments can be implemented.

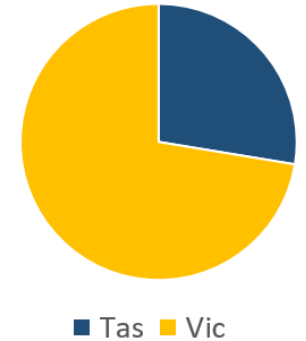
Marinus Link Price impacts

- An increase in transmission charges of \$20 per annum for a typical Victorian residential customer
- An increase in transmission charges of \$47 per annum for a typical Tasmanian residential customer

Net consumer savings

- Marinus Link is expected to deliver savings in the wholesale energy component of the electricity supply chain, which will feed through to lower electricity bills
- Net savings of between \$25-36 per annum per typical residential customer in Victoria and Tasmania

Cost Allocation



2. Project developments and milestones



Significant progress in securing contractual commitments

- Contracts awarded following competitive tender process for
 - Converter Station Equipment : Hitachi Energy, May 2024
 - Submarine and land cables: Prysmian Powerlink, August 2024
- Balance of Works: converter station construction and land cable civil works
 - Request for Proposal (RFP) evaluation process – Completed
 - Board approval of the shortlist companies – Completed
 - Market tested offers – on track to be received mid 2025

Planning processes update

- Environment and planning approvals
 - Commonwealth, Victorian and Tasmanian jurisdictions
 - Currently in progress and on track
- Land access
 - 72% of the Victorian route (62 km of 87.2 km) has secured access agreements, covering both Freehold and Crown land
 - Cultural heritage surveys mostly completed
- Transmission connection agreements
 - Negotiations with AEMO / AusNet (Victoria) and TasNetworks (Tasmania)

3. AER Issues Paper – Summary and MLPL's response



Topics covered in the AER Issues Paper

- Regulatory Investment Test for Transmission (RIT-T)
- Consumer engagement
- Rate of Return and inflation
- Concessional finance
- Capital expenditure including:
 - Procurement
 - Untendered cost estimates
- Regulatory Asset Base (RAB)
- Incentive schemes
- Pass-throughs

Capital Expenditure

- AER notes that the cable and converter costings account for 46% of proposed construction costs.
- Specific feedback is sought on the prudence and efficiency of including Stage 2 enabling works in the Revenue Proposal for Stage 1.
- MLPL's analysis shows that undertaking Stage 2 enabling works is expected to achieve substantial savings for customers

Procurement

- The paper explores the procurement of cable and converters.
- AER notes establishment of Evaluation Steering Committee, which included both an AER and a consumer observer.
- Observers were satisfied that the process was conducted to a high standard, sustained competitive tension, and was consistent with industry norms and government procurement requirements.
- This positive statement highlights the central importance of these processes in demonstrating the prudence and efficiency of the cable and converter station equipment costs.

RIT-T

- AER discusses the RIT-T process, noting that MLPL updated the RIT-T in April 2024
- MLPL will provide a further update of the RIT-T in June 2025 and complete feedback loop, using latest available cost information
- AER discusses MLPL's possible future Contingent Project Application (CPA) for a 2nd cable.
- MLPL's view is that the timing of the 2nd cable should be informed by AEMO's future ISP(s)

Incentive Schemes

- The AER's default position is to apply the CESS and it would be careful in making exclusions and variations.
- The paper describes MLPL's proposal to vary the CESS and outlines MLPL's arguments in favour of a 5% incentive rate (compared to the default rate of 30%).
- MLPL encourages stakeholders to review the attachment in its Revenue Proposal, which explains the rationale for a 5% incentive rate

Consumer Engagement

The AER Issues Paper examines the nature, breadth, and depth of the engagement.

- The scope of MLPL's Revenue Proposal is similar in scope to a Contingent Project Application, given that it relates to a single actionable ISP project
 - Key issues relate to business case assessment, RIT-T, route options
 - Services will not commence until next regulatory period – pricing methodology, operating expenditure forecasts and service incentive scheme are not yet required

MLPL has undertaken extensive community and landholder engagement, which is detailed in the Revenue Proposal. MLPL has established channels to engage proactively with community and interested stakeholders through our community updates, website, and social.

- MLPL has dedicated community engagement specialists who proactively attend and present at a range of events and respond regularly to inbound queries.
- The Marinus Link Consumer Advisory Panel (CAP) has provided extensive feedback on our plans and Revenue Proposals, taking a customer and community perspective throughout.
- The CAP has operated since 2022 and held over 16 sessions covering topics such as: social licence; tendering and procurement; sustainability; incentive schemes; and pricing.
- The CAP's feedback has been reflected in many aspects of MLPL's Revenue Proposal, with key themes highlighted in Chapter 3.

Summary

- Marinus Link will deliver significant benefits for consumers (affordability, reliability, decarbonisation)
 - Positive net market benefits
 - Consumer savings
 - Overall economic benefits
 - Concessional finance benefits are being passed through to consumers
- The project is progressing as planned – key contracts executed, milestones being achieved, moving towards commencing construction in 2026
- MLPL is doing everything we can to ensure our forecast expenditure is prudent and efficient for consumers
 - Robust processes including key stakeholder reviews
 - Competitive procurement processes, including involvement of AER observers
 - Extensive independent assurance by experts



**Delivering low cost,
reliable & clean energy**

Find out more:

marinuslink.com.au

Email the team:

team@marinuslink.com.au

LinkedIn:

@marinus-link

Facebook:

@marinuslink

Overview of Marinus Link's determination process

Kris Funston
Executive General Manager
Network Regulation

Marinus Link framework

Project Marinus:

- An actionable AEMO Integrated System Plan (ISP) project under the optimal development pathway
- Two components – Marinus Link and North West Transmission Development

Marinus Link

- Marinus Link is progressing under the intending transmission network service provider (TNSP) framework:
 - Upon request, the AER to decide whether to commence the process to make a transmission revenue determination
 - We commenced a transmission revenue determination for the Marinus Link interconnector in June 2023
 - The Commencement and Process Paper details the determination process
 - Intending TNSP framework affords flexibility to modify transmission revenue determination process including staging
 - AER published an updated Commencement and Process Paper in December 2024

Marinus Link: Staged approach

- Stage 1, Part A (Early Works)
 - Determination published December 2023
- Stage 1, Part B (Construction costs)
 - Current stage
 - There will be an initial and supplementary draft decision prior to a final decision
 - A determination will not be made on the following matters:
 - Operating expenditure
 - Pricing methodology
 - Service target performance incentive scheme
 - Efficiency benefit sharing scheme
 - Maximum allowed revenue for Marinus Link
- Stage 2 (revenue proposal)
 - AER to receive the proposal in 2029, publish the revenue determination in 2030
 - 2030–35 regulatory control period

Indicative Timeline

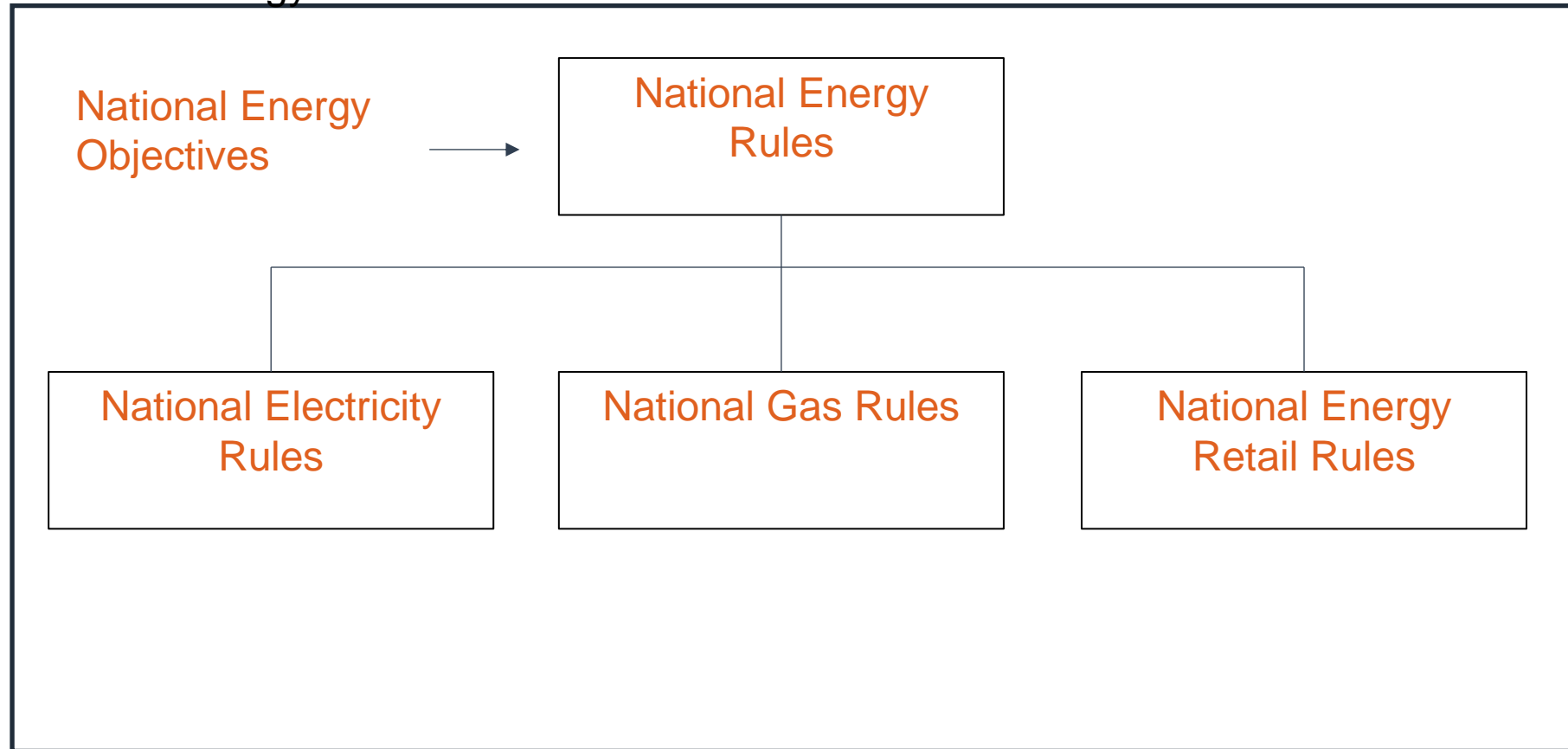
Milestone	Date
Marinus Link Pty Ltd submitted the Stage 1, Part B (Construction costs) proposal to the AER	28 November 2024
AER published an issues paper	21 March 2025
AER holds a public forum	3 April 2025
Submissions on regulatory proposals close	18 April 2025
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Overview of Issues Paper

Kris Funston
Executive General Manager
Network Regulation

Legal Framework

National Energy Laws



Better Resets Handbook

Sets out the **AER's expectations** for **consumer engagement** by the network in formulating a regulatory proposal



Where a proposal **meets expectations** the AER can undertake a **targeted review**

Marinus Link proposed capital expenditure (\$m real 2023)

Category	Pre-period	2025–26	2026–27	2027–28	2028–29	2029–30	Total
Converter station design and equipment supply	143.1	98.0	372.8	10.1	57.0	56.2	737.2
HVDC Cable System – Submarine and Land Cables	52.4	99.8	106.4	132.7	365.6	138.1	895.0
Balance of Works	To be provided and assessed at the supplementary draft decision stage.						
Support activities							
Risk allowance							
Total expenditure	204.8	444.1	1069.7	870.7	657.7	287.2	3,534.3

Pre-period expenditure are costs incurred prior to 1 July 2025, which was excluded from early works in the Stage 1, Part A (Early works) proposal

We would like stakeholder views on:

Marinus Link process

- MLPL's proposed revisit of the RIT-T assessment
- The inclusion of Cable 2 as a contingent project to the Stage 1, Part B determination

Consumer Engagement

- Your involvement in shaping the proposal to date and any key themes you would like to see MLPL engage on

Capital expenditure

- The prudence and efficiency of the proposed installation of conduits for Cable 2

Capital expenditure sharing scheme (CESS)

- MLPL's proposed 5/95 sharing ratio for the CESS

Pass through events

- MLPL's nominated pass through events and their potential impacts
 - Unavoidable contract variations event
 - Contractor force majeure event
 - Contractor insolvency event
 - Biodiversity event

Issues Paper

Marinus Link - Stage 1, Part B (Construction costs)
Electricity transmission determination 2025–30

March 2025



We would like stakeholder views

- The scope of our targeted review
- The balance between investment and affordability

Key areas of focus

The reapplication of the RIT-T

Consumer engagement

Capital expenditure

Contingent project pathway for the second Marinus Link cable

Capital expenditure sharing scheme (CESS)

Nominated pass through events

Facilitated Discussion

Kris Funston
Executive General Manager
Network Regulation

Next Steps

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Submission details

- We invite interested parties to make submissions on the Issues Paper by **5pm AEDT, 18 April 2025**.
- Submissions should be emailed to resetcoord@aer.gov.au

