

Marinus Link 2025–30 initial Draft Decision Predetermination conference

27 May 2025

Acknowledgement of Country

Kate Symons
AER Board Member

AER welcome and introductions

Kate Symons
AER Board Member

Agenda

Topic	Speaker	Duration
Welcome and Acknowledgment of country	Kate Symons AER Board member	5 min
Our initial draft decision	Dr Kris Funston Executive General Manager	20 min
Marinus Link – next steps and reflections	Dr Collette Burke Chief Executive Officer Prajit Parameswar Chief Commercial Officer	10 min
Facilitated Discussion	Dr Kris Funston Executive General Manager	30 min
Closing remarks and next steps	Kate Symons AER Board member	5 min

Initial draft decision

Kris Funston

Executive General Manager – Network Regulation

Initial draft decision - summary

Category	Key elements
Capital expenditure* (\$2023)	\$1,632.2 million
Regulatory Asset Base* (RAB) (\$nominal)	Opening (July 2025): \$453.8 million Closing (June 2030): \$5,070.7 million
Capital expenditure sharing scheme	To not accept the proposed 5:95 sharing ratio
Cost pass through	<p>To accept:</p> <ul style="list-style-type: none"> - Insurance coverage event, terrorism event, natural disaster event, insurer credit risk event <p>To not accept</p> <ul style="list-style-type: none"> - Contractor force majeure event, biodiversity event, unavoidable contract variations event, contractor insolvency event
Contingent project	To not accept Cable 2 as a contingent project as part of the determination

*Total market tested capital expenditure at the time of the initial draft decision makes up 46% of the total forecasted capital expenditure for Marinus Link. The RAB value will change based on the remaining capital expenditure that will be assessed in our supplementary draft decision.

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	3534.3

We accepted the proposed capital expenditure for the work packages for the:

- Converter station design and equipment supply
- HVDC cable system – submarine and land cables

Marinus Link proposed capital expenditure

- We are satisfied that the forecast capital expenditure is prudent and efficient based on our observation of MLPL's tendering process for the converter stations and cables.
- We consider the programs have been procured at an efficient cost and meet the technical specifications identified in Project Marinus' RIT-T process as an actionable Integrated System Plan (ISP) project.
- Marinus Link has contracted the following parties for the two work programs;
 - Hitachi Energy for the converter station design and equipment supply
 - Prysmian Powerlink for the HVDC cable system
- We will consider MLPL's full capex forecast in our supplementary draft decision when it provides its revised proposal in July 2025

Capital expenditure sharing scheme

- We do not accept MLPL's proposed 5:95 sharing ratio
- Our initial draft decision is to apply a modified CESS where;
 - A 30:70 sharing ratio will apply for the initial 10% overspend or underspend
 - Any over or underspend exceeding the first 10% will apply a sharing ratio that is equivalent to the financing benefit
- The financing benefit exact value will not be known until the next regulatory decision in MLPL's Stage 2 proposal
- Stakeholder submissions highlighted the importance of balancing risk between consumers and MLPL when considering the application of the CESS

Cost pass through

- Our initial draft decision is to accept the following standard cost pass through events:
 - Insurance coverage event, terrorism event, natural disaster event, insurer credit risk event
- We will not accept the four new nominated pass through events:
 - Contractor force majeure event, biodiversity event, unavoidable contract variations event, contractor insolvency event
- We consider these events are either likely to be covered by another existing category of pass through event or the risks associated with these events should be able to be substantially mitigated or managed by MLPL, and therefore should not be passed through to consumers
- Stakeholder submissions highlighted the importance of balancing risk between consumers and MLPL when considering the application cost pass throughs

Contingent project

- Our initial draft decision is to reject MLPL's proposal to include Cable 2 as a contingent project in our revenue determination under clause 6A.8.1(b) of the National Electricity Rules (NER)
- We are not satisfied that MLPL's proposed contingent project trigger events are appropriate. We do not consider it appropriate to include in our revenue determination trigger events for an actionable ISP project that are different from the trigger events set out in clause 5.16A.5 of the NER
- Cable 2 will remain as a possible contingent project via the actionable Integrated System Plan project pathway under clause 5.16A.5

Presentation to AER pre-determination conference

Marinus Link Pty Ltd

27 May 2025



Acknowledgement of Traditional Owners

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

Agenda



1. Marinus Link welcomes the AER's Initial Draft Decision
2. Revised Revenue Proposal considerations
3. Next steps

Questions welcome!

Observations on the Initial Draft Decision



- Marinus Link welcomes the AER's Initial Draft Decision
- Marinus Link is an important project for customers and the NEM. Our focus is on delivering it at the lowest cost possible to customers.
- We are grateful for the AER's careful consideration of our Revenue Proposal

Capital expenditure

Accepts MLPL's capex forecast for cable and converter work packages

Procurement process

AER and CAP observers noted the process was conducted to a high standard

Capital Expenditure Sharing Scheme

Recognises Marinus Link is a single asset business, but does not accept 5:95 sharing ratio

Pass through events

Accepts four of Marinus Link's eight nominated pass through events

Revised Revenue Proposal Considerations



Updated cost forecast

- Revised Revenue Proposal: updated costs for Balance of Works, risk, and support activities
- BoW procurement is well progressed
- BoW procurement has been conducted to the same high standard as the earlier tenders

Stage 2 enabling works

- Not considered in the Initial Draft Decision
- Significant disruption to landholders and significant safety risk if not done in Stage 1
- Modelling shows it is prudent and efficient to include Stage 2 enabling works in Stage 1

Capital Expenditure Sharing Scheme

- We recognise consumers want Marinus Link to manage its costs, and that incentives matter
- Actual cost variance will be affected by factors beyond MLPL control (windfall losses / gains)
- We are exploring options that both protect consumers and recognise unique circumstances

Pass through events

- As per CESS, we recognise consumers want us to manage costs, and that incentives matter
- Cost pass-throughs are preferable to a higher risk allowance, which is ultimately reflected in network prices
- MLPL will address the AER's feedback, provide further context and update the earlier drafting

Next Steps



- Continuing stakeholder engagement - we welcome your feedback. Contact us at team@marinuslink.com.au
- Procurement of the Balance of Works Package is well progressed
- RIT-T update and feedback loop process
- Revised Revenue Proposal submitted on 15 July
- MLPL thanks the AER for its constructive process and engagement, and looks forward to continuing to work with the AER.



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reliable & clean energy**

Find out more:

marinuslink.com.au

Email the team:

team@marinuslink.com.au

LinkedIn:

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Facilitated Discussion

Kris Funston

Executive General Manager – Network Regulation

Next Steps

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
AER publishes initial draft decision	16 May 2025
AER holds a pre-determination conference	27 May 2025
Marinus Link Pty Ltd submits revised regulatory proposal to AER	15 July 2025
Submissions on revised regulatory proposal and draft decision close	15 August 2025
AER publishes supplementary draft decision	10 October 2025
AER holds a pre-determination conference	Late-October 2025
Submissions on supplementary draft decision close	November 2025
AER publishes final decision on Stage 1, Part B (Construction costs) proposal	19 December 2025 or 6 February 2026*

Submission details

- We invite interested parties to make submissions on the initial draft decision by **5pm AEST, 15 August 2025**.
- **We encourage early submissions, where possible, to inform the next phase of consultation.**
- Submissions should be emailed to marinuslink2025@aer.gov.au

