A.10 Other Construction Costs Forecasting Methodology

2026-31 Revenue Proposal for the Enabling Central-West Orana Renewable Energy Zone Network Infrastructure Project (non-contestable)

July 2025

Contents

Acknowledgement of Country

In the spirit of reconciliation, the Transgrid Group acknowledges the Traditional Custodians of the lands where we work, the lands we travel through and the places in which we live.

We pay respect to the people and Elders past and present, and celebrate the diversity of Aboriginal and Torres Strait Islander peoples and their ongoing connections to the lands and waters of NSW and the ACT.

Pokolbin, NSW
Artwork: Yura. Gili. Nanga. the indigenous interpretation of Power. People. Possibilities

1. Purpose, structure and scope of this document

1.1. Context

Transgrid has been engaged by EnergyCo to deliver the Enabling Central-West Orana (CWO) Renewable Energy Zone (REZ) Network Infrastructure Project (referred to herein as the 'Enabling CWO RNIP' or the 'Project'). The Project involves augmenting the existing transmission network to enable the connection of the Main CWO REZ Network Infrastructure Project ('Main CWO RNIP'), which will be delivered by ACEREZ as the Network Operator.

Under EII Chapter 6A, Transgrid's annual revenue requirement is to be determined using a building blocks approach. Under clause 6A.5.4 of EII Chapter 6A, Transgrid's revenue can include compensation for risks that the AER considers are necessary to compensate a Network Operator for risks that are not otherwise compensated for in the return on capital. While the Project is being delivered under the EII framework, we note that the AER's application of EII Chapter 6A is intended to be consistent with the NER, except where there are compelling reasons to deviate from that approach. For this reason, we have considered the AER's guidance note on the regulation of actionable ISP projects and in particular, its guidance on the AER's expectations on the treatment of risks. The AER can accept the inclusion of a risk allowance in the capex forecast for a project where:

- residual risks have been identified, and
- the associated cost estimates of the residual risk are efficient i.e. the consequential cost is adjusted to reflect the likelihood of occurrence.

To inform its assessment, the AER requires a comprehensive and transparent explanation of how the risks have been identified and costed, including:

- risk identification – clearly identifying the risk events, and
- risk cost assessment – estimating the potential cost impacts, the likelihood of occurrence, the consequential costs and any mitigation/management strategies.

In the recent HumeLink determination, the AER also indicated that it considers a P50 confidence level is most appropriate when forecasting a risk allowance, as it is the point at which risks are shared equally between Transgrid and consumers.

1.2. Purpose and structure

We have comprehensively and transparently identified and assessed the key risks for the Project, including our ability to efficiently manage, prevent or mitigate these risks (including through insurance) and the magnitude and likelihood of the risk. We consider that there are a range of risks that are best managed by Transgrid as part of our usual risk practices / controls when delivering a transmission project of this size and scope.

Additionally, we consider that some of these risks are related to unpredictable events that are outside of Transgrid's control and cannot be reasonably mitigated or prevented. For these risks, it is not appropriate to include an allowance in our proposed base expenditure due to the difficulties in accurately quantifying these costs. For these specific risks, we have proposed adjustment mechanisms (as outlined in Chapter 9 of our Revenue Proposal) in accordance with clause 51 of the EII Regulation and clause 6A.6.9 of EII Chapter 6A.

There are a number of residual risks that will affect the cost of the project and cannot be efficiently transferred, avoided or mitigated (or included as adjustment mechanisms). For these risks, we consider it is most appropriate to include an allowance in our base expenditure to adequately address these risks. We have referred to this risk allowance as 'other construction costs'.

This document explains and justifies the other construction costs that we have identified and forecast for the Project. These costs are reflected in our forecast capex for the Project and are:

- required to deliver the Project, and
- reflect the probability-weighted calculation of 'expected costs'.

Accordingly, this document:

- describes the nature and scope of the risks that will remain with Transgrid in the delivery phase of the Project. These risks are referred to as 'owners' risk' throughout this document, noting that it is either not possible or efficient for Transgrid to transfer these costs to the Design and Construct (D&C) contractor;
- explains the overall process that we undertook to identify and determine the prudent and efficient cost for these risks;
- details the methodology that we have used to quantify the cost for each of these owners' risks including the inputs and assumptions that we have relied on, why the risk cannot be efficiently mitigated, transferred, or avoided, the proposed mitigants informing the residual risk cost and why these are reasonable; and
- explains how we validated and verified the other construction costs.

This report is supported by the Project QRA Risk Register provided as an attachment to the Revenue Proposal. There are several other attachments and models that support, and form part of, our Revenue Proposal. This Other Construction Costs Forecasting Methodology document references these attachments, models and other supporting documents and should be read in conjunction with them.

The remainder of the document is structured as follows:

- Chapter 2 overviews the other construction costs that we will reasonably incur to deliver the Project
- Chapter 3 set out the process that we have undertaken to identify and cost these risks
- Chapter 4 describes the top six Project risks and how we have quantified these risks
- Chapter 5 describes the remaining risks and how we have quantified these risks
- Section 6 explains how we have verified and validated the other construction costs
- Appendix A details our comprehensive Quantitative Cost and Schedule Risk Analysis (QCSRA) output
- Appendix B details our risk assessment matrix
- Appendix C details the prolongation costs for the project used in the QCSRA.

2. Summary of other construction costs

Our forecast capex for other construction costs for the 2026-31 regulatory period is $11.7 million. This section provides an overview of the top six other construction costs that may arise during the delivery phase of the Project, as well as other minor risks. The top 6 risks comprise [redacted] million or [redacted] per cent of the total other construction costs.

Table 2-1 details the key risks addressed via the inclusion of this allowance and their associated forecast capex.

Table 2-1 Other construction costs for Project ($M, Real 2025-26)

#	Risk name	Description	Risk category	Other construction cost
1.	Planning and environmental process approval uncertainty	Intensity of planning and environmental approvals processes may increase as a result of additional submissions requiring additional resourcing to respond in order to meet delivery timelines.	Environmental Approvals	3.7
2.	Supplier delays	Delays to supply of Transgrid supplied equipment and secondary systems due to unanticipated global supply chain delays affecting overseas manufacturing and shipping timeframes.	Procurement	3.1
3.	Extended inclement weather	Project delays caused by inclement weather such as heavy rainfall or heat (over and above contracted allowance) which prevents the safe and effective completion of works.	Construction	1.9
4.	Property valuation uncertainty	Uncertainty in property valuation processes may require additional resourcing, increased legal costs for negotiations or result in variances to final compensation amounts.	Property	[redacted]
5.	Third party interface risk	Large number of third party interfaces for the project, including interfaces with other projects requires additional stakeholder management or changes to construction methodology.	Construction	0.8
6.	Equipment failures	Failures of existing Transgrid equipment or equipment supplied to the D&C contractor results in delays to the Project	Procurement	0.3
7.	Other minor risks	Other minor risks	Construction	[redacted]
Total				**11.7**

3. Approach to forecasting other construction costs

3.1. Overview

The Enabling CWO RNIP is the first non-contestable REZ network infrastructure project to be delivered under the NSW EII framework. It presents a unique set of delivery challenges largely driven by the delivery program required under the contractual arrangements with EnergyCo and the novel interfaces and complexities associated with ensuring the successful integration of the Main CWO RNIP into the NSW transmission network.

To reduce Project uncertainty, we have sought to undertake activities that assist in the identification and understanding of risks faced. This has included reducing Project uncertainty by:

- undertaking early development activities, including undertaking geotechnical investigations and environmental activities (such as spring survey and Environmental Impact Statement (EIS) development), and
- engaging multiple contractors in an ECI phase, to allow them to assess constructability of the designs and resourcing, site access and planning approval requirements.

Following this, we have comprehensively and transparently identified and assessed the key risks for Project, including our ability to efficiently manage, prevent or mitigate these risks (including through insurance) and the magnitude and likelihood of the risk.

As outlined above, we consider that there are a range of risks that are best managed by Transgrid as part of our usual risk practices / controls when delivering a transmission project of this size and scope. Additionally, we consider that some of these risks are related to unpredictable events that are outside of Transgrid's control, cannot be reasonably mitigated or prevented and should be included as adjustment mechanisms.

There are also a number of residual risks that will affect the cost of the project and cannot be efficiently transferred, avoided or mitigated (or included as adjustment mechanisms) and should be included in our base expenditure as other construction costs. This section overviews our approach to identifying residual risks and determining the other construction costs for the Project.

3.2. Approach to identifying other construction costs

Our risk management framework and project risk management procedure are well developed and align with AS ISO 31000:2018 Risk Management Guidelines. The key steps in our risk approach involve:

- understand and establish the context for the potential risk events that could arise
- identify expected risks and establish a risk register
- analyse and evaluate potential risks and identify mitigation and management strategies.

Throughout this process, where Transgrid identifies risks that we are unable to effectively manage, prevent or mitigate (including through insurance or via an adjustment mechanism), we have assessed the likelihood and magnitude of these risks and quantified them for inclusion in our other construction costs allowance.

3.2.1. Context for Project risk

There is an inherent complexity to delivering large infrastructure projects. In addition, the Enabling CWO RNIP features specific complexities and interdependencies that affect the risk profile of the project.

3.2.1.1. Inherent market complexity

Common infrastructure project complexities include adjacent project interfaces, latent conditions, force majeure events (including COVID-19), social licence, environmental risks, cost escalation and contractor delivery. The impact of these challenges is reflected in the performance of several recent major projects in Australia, where substantial claims from D&C contractors have arisen. Examples of recent projects that have faced significant commercial challenges include the M6 Project, Sydney Metro City and South-West, Inland Rail, WestConnex and Sydney Lightrail.

The current infrastructure market is characterised by:

- an unprecedented number of infrastructure projects
- an increasingly tight labour market for construction of electricity transmission projects
- global supply chain security and inflationary pressures on construction costs
- social licence issues are increasingly prevalent for transmission projects with Australia and require active consultation and management, and
- declining contractor appetite to bear risk due to recent difficulties delivering projects (including; Snowy Hydro 2.0, Sydney Lightrail and the M6 Project) and availability of projects.

3.2.1.2. Project-specific complexities

The Enabling CWO REZ RNIP has its unique set of delivery challenges including;

- **Complex and intertwined agreements**: The Project involves complex and intertwined contractual arrangements, including six upstream agreements between Transgrid, EnergyCo, and ACEREZ, one downstream contract with the D&C contractor and various other contracts with equipment suppliers. These agreements are highly interdependent, meaning any misalignment in scope, schedule, or technical requirements poses significant delivery and compliance risks. This complexity demands precise coordination across all parties, particularly during design, construction, and commissioning.
- **Brownfield vs greenfield challenges:** Transgrid will first deliver the brownfield augmentation works before connecting Barigan Creek Switching Station (BCSS), a greenfield asset. Each phase presents distinct delivery challenges, e.g. potential differences in resource and capability requirements and delays. Balancing resources, managing different risk profiles, and ensuring efficient coordination between both phases is critical to project success.
- **Intricate technical and commercial interfaces**: The project involves two distinct delivery streams — Transgrid and ACEREZ — requiring alignment across technical design, commercial obligations, and delivery schedules. During construction, multiple parties operate under defined access, environmental approvals, and pre-commissioning activities. Effective coordination is required to manage overlapping scopes and avoid delays.
- **Network integration challenges**: As the NSW Transmission Network Service Provider, Transgrid must ensure the safe, reliable, and secure operation of the backbone transmission network. Successfully integrating the CWO REZ RNIP into the broader network requires proactive planning, advanced system studies, and coordinated execution across technical and operational teams. The integration of the CWO REZ RNIP introduces:

- **asset management risks**: incorporating new and modified assets into Transgrid's systems makes it increasingly complex to meet compliance and operational standards.
- **network planning complexity**: Continuous planning is required to mitigate the REZ's impact on existing transmission infrastructure.
- **network operational challenges**: increased variability in renewable generation requires adjustments to system operations, protection schemes, and real-time management.

- **Delivery under a novel regulatory framework**: The Project is the first non-contestable RNIP to be delivered under the EII Act. The nature of the non-contestable works, and the oversight and involvement of EnergyCo in the process, means that Transgrid has limited flexibility in the scope and timing of the Project and is unable to utilise approaches for reducing Project risk (such as multiple contingent project applications). While Transgrid has sought to mitigate risk to the extent possible, residual risk remains.

Each of these factors contribute to the overall risk profile of the Project, and Transgrid's ability to efficiently manage, mitigate or prevent these risks from occurring.

3.2.1.3. Impact of D&C contract model

Transgrid has selected a D&C lump sum fixed price contracting model (with a limited number of adjustment items). The scope of work is divided into seven separable portions. The breakdown of separable portions was developed as part of the Early Contractor Involvement (ECI) process and was aimed at minimising risks to both parties. The separable portions (SPs) are outlined below:

- **SP1** – Detailed design, long lead equipment (LLE) procurement and management plans i.e. all works required to be 'construction ready'
- **SP2** – 500kV Wollar South Switching Station cut-in works (including works at Wollar Substation, Bayswater Substation and Mt Piper Substation).
- **SP3** – 330kV Transmission line between Bayswater and Liddell
- **SP4** – Substation works at Bayswater and Liddell
- **SP5** – 330kV Transmission line between Mt Piper and Wallerawang
- **SP6** – Substation works at Mt Piper and Wallerawang
- **SP7** – Transposition Works

As the scope of work is well defined, and the costs of the materials and labour can be estimated with reasonable certainty, the D&C lump sum fixed price model is deemed to be prudent, reasonable, efficient and in consumers' interests. This type of contract achieves cost certainty upfront and reduces the risk of cost escalation, which would be inherent in a cost plus, construct only, or incentivised target cost model. Transgrid used competitive pressure throughout the tendering approach to ensure that contract pricing was efficient. Further detail is provided in section 5 of the Direct Capex Forecasting Methodology and RfT Evaluation Plan provided as attachments to this Proposal.

The D&C fixed price model also enables the risk to be allocated to the party best able to manage and control it which in the case of the Project is often the D&C contractor. For example, the D&C contractor bears the risk associated with:

- the design being fit for purpose and to standard;
- completing the works to the required quality standard;
- the works being completed within the required time constraints,

- changes in material and labour pricing beyond the nominated items above and the proposed adjustment events

As a result, Transgrid's risk profile is reduced for the downstream scope of works.

There are also items in the contract that are identified as adjustable to account for the volatile market conditions, and fluctuations and certain site conditions. This alleviates the issue of additional risk costs (i.e. contingencies) embedded in the contract to account for market volatility. The adjustable items include:

- 500kV & 330kV steel towers including tension poles – this allows for changes in the price of the towers i.e. rise and fall provision from the supply chain and changes in tower type
- works associated with the relocation of the dish drain on AGL land at structure 23 – inclusive of approvals, design, and construction

A special condition has been included in the contract to ensure transparent and detailed costs are provided on an open book basis when claims are made for adjustable items during the contract duration.

Under the D&C fixed price model, the contractor is also incentivised to complete the project on time through the potential application of liquidated damages charged at a daily rate for each day of delay caused by the contractor.

3.2.2. Identifying expected Project risks

Once we understood the risk context, we proceeded to identify potential risks that were likely to present themselves within the specific Project context in order to develop the Project risk register.

This process included thoroughly examining both the upstream contract with EnergyCo and the downstream contract with the D&C contractor to identify risks that are expected to impact the Project's delivery cost or schedule. We have also engaged with various contractors as part of our ECI process, the selected D&C contractor as part of contract negotiation and consultation with internal and independent subject matter experts (SMEs) and risk specialists from different disciplines related to the Project including environment, land, stakeholder, commercial, planning and construction, transactions and procurement. Additionally, we have engaged extensively with the Transgrid Advisory Council (TAC) to better understand consumer preferences on risk.

Risks identified fall into one of the following categories:

- inherent uncertainty (i.e. inherent quantity and productivity risks) with time or cost impacts – these risks are associated with the uncertainty of the cost item estimated or the duration of an activity in the schedule, i.e. the risk does not arise due to a specific 'event'.
- inclement weather impacts, including from rain, heat, fire and wind delays – informed by the use of an inclement weather analysis tool.
- contingent risk events (i.e. discrete risks) with time or cost impacts – relating to specific events that may or may not occur.
- prolongation – related to the indirect costs incurred if the project extends beyond the budgeted timeframe.

3.2.3. Analysing and evaluating Project risks

Once we established a comprehensive list of risks, we reviewed and qualified them through a series of risk workshops which were attended by internal and independent subject matter experts (SMEs) and risk specialists from different disciplines related to the Project.

For each risk, we undertook a qualitative assessment to determine the following:

- potential causes
- consequences and scenarios
- mitigation measures and controls,
- treatments, and
- residual risk rating.

We assigned each risk a 'risk owner' who is responsible for developing and maintaining the risk treatment plan for each individual risk.

We have maintained the risk register established through this process in our central database and have regularly updated it as new risks were identified, and existing risks were treated or closed. We also continually monitor and review changes to our risk positions arising from updated information or changes in circumstances and will continue to do so on an ongoing basis until the Project is complete.

3.3. Approach to estimating other construction costs

In alignment with industry standards, and Transgrid's internal processes and procedures, Transgrid has undertaken an integrated probabilistic Quantitative Cost and Schedule Risk Analysis (QCSRA) to estimate both time and cost risk consequences. The specific QCSRA methodology adopted was a hybrid combination of the 'top-down' Risk Factor, coupled with the First Principles Risk Analysis (FPRA) technique[1].

The QCSRA has been undertaken as an iterative process to ensure that all risks and their associated mitigations were kept up to date. Further, frequent review and updates to the risk register has ensured that integrity has been maintained, limiting the chance of:

- overlap or duplication of risk contingency; and
- potential overstatement of cost risk impacts.

As outlined above, a core component of the iterative QCSRA development process was engaging with the Project team and broader Transgrid SMEs to carry out the initial qualitative risk assessments, cost and time impact quantification, risk allocation and validation of results. Quantified risks have been iteratively revisited with SMEs and updated in light of new information and ongoing consultation, including the following:

- Execution of the following contracts and agreements:

[1] Methodology applied based on: Australian Government, Supplementary Guidance Note 3A – Probabilistic contingency estimation, version 2, November 2023 and Risk Engineering Society and Engineers Australia, Contingency Guideline, 2nd edition, February 2019.

- Project Deed between Transgrid and EnergyCo, executed on 31 January 2025
- Interface Deed between Transgrid, ACEREZ and EnergyCo, executed on 31 January 2025
- REZ Network Connection Agreement (RNCA) between Transgrid and ACEREZ, executed on 31 January 2025
- General Conditions of Contract (GCOC) between Transgrid and Zinfra Pty Ltd, executed on 21 March 2025.

- TAC project cost and risk allocation Deep Dives, held on 4 March 2025 and 15 April 2025 respectively.

3.3.1. Overview of QCSRA process

The analysis was undertaken based on the process outlined below:

- **Data collection and verification**, acquiring the latest master schedule and cost estimate after being subjected to health check and rectification process as required
- **Cost and time related risks revision and identification**, identifying risks with a time or cost impact based on the existing risk register
- **Risk analysis workshops**[2], conducting iterative workshops with the respective Project Team leads to establish the following inputs:
- **Inherent uncertainty** in base estimate costs and schedule durations, including uncertainty in time lost as a result of inclement weather within the schedule;
- **Contingent risk events** with cost and time impacts that may or may not happen;
- **Prolongation (delay) costs** incurred if the project extends beyond the budgeted timeframe, based on the Risk Adjusted Schedule results.
- **Schedule Risk Analysis (SRA) modelling**, removing any wet weather and contingency allowances in the schedule and establishing the schedule risk analysis model in the schedule risk analysis software, Acumen Risk
- **Cost Risk Analysis (CRA) modelling**, removing any existing project allowances and contingencies from the cost estimate and establishing the cost risk analysis model in the cost risk modelling software, @Risk[3]
- **Model Integration**, calculating prolongation periods based on the SRA model
- **Allocate Risk Costs**, allocating risk costs based on proposed risk allocations for the Revenue Proposal
- **Draft results**, running the risk model to produce draft risk results
- **Outputs validation and verification**, including producing and issuing the final risk analysis report according to an iterative review process of draft findings with the Project Team, and in light of new information as it arose (e.g. feedback from TAC).

A comprehensive visual summary of the QCSRA methodology can be found in Appendix A.

[2] Methodology applied based on: Australian Government, Supplementary Guidance Note 3A – Probabilistic contingency estimation, version 2, November 2023 and Risk Engineering Society and Engineers Australia, Contingency Guideline, 2nd edition, February 2019.

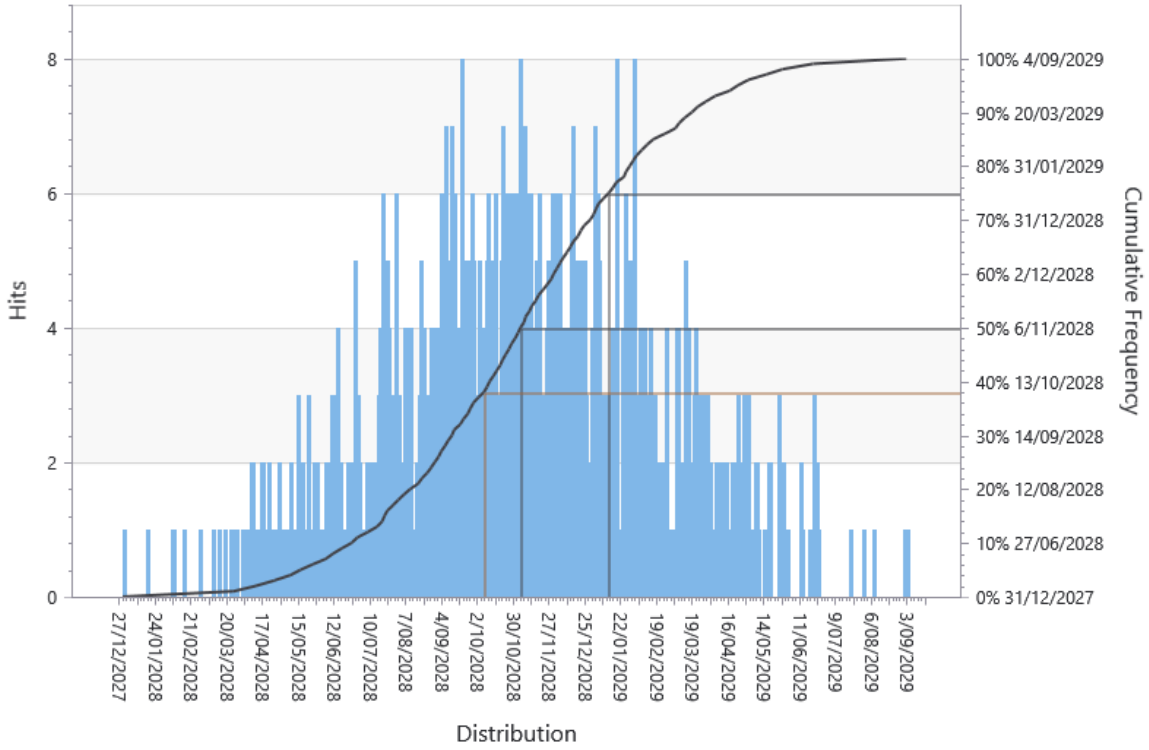
[3] Industry standard software sold by Lumivero.

3.3.2. QCSRA simulations and results

Once all time-based inputs were established and following the risk analysis workshops, the SRA risk model (a Monte-Carlo type model) was run and a probabilistic time-based histogram of completion dates was produced for each Separable Portion. This allows us to best assess the actual outcome of a risk on the specific scope it relates to, given the works are being delivered in parallel (e.g. a delay to SP2 is unlikely to have an impact on SP3).

The histogram reflects the number of 'hits' or simulation iterations that returned a given completion date. The number of hits before a certain date on the histogram is sometimes referred to as a 'confidence interval' which indicates the level of confidence (or P-value) that a completion date can be achieved. For example, 500 hits before date X in a 1000 iteration simulation would indicate a 50 per cent confidence (P50) that date X can be achieved. An example histogram is shown in Figure 3-1 for reference.

Figure 3-1 Example SRA histogram reflecting confidence intervals for a given Separable Portion completion.



Following the SRA simulation, P-value dates from P0 to P100 for all Separable Portion completions were imported to the CRA model to be applied as a probabilistic prolongation period. Once all cost-based risk inputs were established, and SRA prolongation periods imported, the CRA probabilistic model was run and a probabilistic cost-based histogram of risk costs produced for the Project.

While a range of P-values (P0 – P100) are produced as part of the probabilistic analysis, for the purposes of this Report, only P50 cost values have been discussed. We can also determine other values with different confidence intervals. The P-Value chosen is determined by the organisation's risk appetite. We note that in the recent HumeLink determination, the AER also indicated that it considers a P50

confidence level is most appropriate when forecasting a risk allowance, as it is the point at which risks are shared equally between Transgrid and consumers.[4]

For the purposes of summarising QCSRA results in this Report, risk cost values and the approach to how they have been calculated have been expressed based on the following categories:

- **Contingent Cost Risks:** Risk costs established through the process of analysing probability and consequence of cost risk events that may or may not happen;
- **Inherent Cost Uncertainty:** Risk costs established through the process of analysing cost uncertainty (i.e. variability in estimated quantities and rates).
- **Prolongation:** Risk costs established through the process of analysing potential additional costs if the Project is extended beyond the contractual dates for completion.

[4] AER, AER Determination Transgrid's HumeLink Stage 2 Delivery Contingent Project Application, 2 August 2024, p. 38.

4. Quantification of top 6 other construction costs

This section explains how we have quantified the cost risk of the top 6 other construction costs, including the inputs and assumptions, proposed mitigants and why it is appropriate to include the residual risk cost as an allowance in the base expenditure for the Project.

4.1. Planning and environmental approval process uncertainty

Description of the risk

This risk relates to two specific risk events related to the planning and environmental approval processes:

- increase in efforts to deliver the EIS and manage the approvals process, and
- additional complexity in the environmental approvals process for transposition works, where Transgrid is required to proceed under the more comprehensive EIS process rather than a Review of Environmental Factors (REF), as currently assumed.

Based on Transgrid's recent experience with EIS preparation and SME advice, a number of risks have been identified that could require additional resourcing to obtain approvals in order to meet delivery timelines. These events include:

- a higher-than-expected number of public or agency submissions in part due to the political nature of the project
- changes to the proposed design or construction methodology, particularly around access track locations
- changes to Landscape Character and Visual Impact Assessment (LCVIA) requirements by the Department of Climate Change, Energy, the Environment and Water (DCCEEW)

The Project's base expenditure includes costs for developing and managing the EIS process, including responding to a reasonable level of submissions. This estimate is determined with reference to Transgrid's recent experience with the number of EIS submissions received for projects and includes costs associated with a hybrid team, including Transgrid internal resources and external consultants to ensure Project support is able to be more easily ramped up support during busy periods. The residual risk not captured in the base forecast relates to:

- additional resourcing required, to address a higher-than-expected number of responses following EIS exhibition (particularly due to the political nature of the Project)
- additional internal staff or consultants to address changes in the proposed design or construction methodology and recent changes in LCVIA requirements
- extension of existing engagements with external consultants to revise the Cultural Values Assessment (CVA) in the event this is required, following the receipt of Heritage NSW feedback.

This risk does not capture any costs associated with delays to approvals by authorities.

Approach to calculating the expected risk costs

The forecast capex contingency allowance associated with this risk is $3.7 million, determined based on the QCSRA inputs detailed in Table 4-1.

Table 4-1 Planning and Environmental Risk QCSRA Summary

Input	Detail
Contingent Cost Risk [redacted]	• Increased costs associated with requirements to produce additional out-of-scope EIS reports and carry out additional field work. Risk estimated at 60% probability of occurrence, ranging from four to eight additional deliverables if realised. Incurred costs for each deliverable range from [redacted] based on historical consultant and fieldwork costs incurred to date for the Project (resulting in P50 contribution of [redacted] million). • Transposition scope requirement to undertake an EIS as opposed to current REF estimated based on benchmarked costs from current EIS (resulting in a P50 contribution of [redacted] million).
Inherent Cost Uncertainty [redacted]	• Variability in the estimated consultant hours and associated fees required in the existing scope of the base estimate to manage the planning and environmental approval process (resulting in a P50 contribution of [redacted] million).
Prolongation [redacted]	• Variability in the estimated time to complete the EIS process (excluding delays by authorities) may result in consequential critical path delivery delays at Wallerawang and Mt Piper. Prolongation risk costs have been calculated based on the prolongation rates for SP5, SP6 and overall Project Team costs have been identified in Appendix C – Prolongation Costs. As this risk is on the Project's critical path (with the exclusion of the transposition scope of works), the consequential prolongation costs carry a sizeable impact (resulting in a P50 contribution of [redacted] million).

The risk of planning and environmental approval process uncertainty cannot be efficiently mitigated, transferred or avoided

Planning and environmental approval process uncertainty is a risk that is not able to be transferred to our D&C contractor and relates to events arising from actions of a third party, such as community members and stakeholder groups. Consistent with the AER's guidance, inclusion of a risk allowance for risks of this nature is generally reasonable.[5]

Although this risk cannot be efficiently mitigated, transferred, or avoided, Transgrid has several strategies to mitigate risk around uncertainty in the planning and environmental approval process. These strategies, which have informed our estimate of the risk cost set out above, include:

- our resourcing strategy is based upon Transgrid's recent experience with the process, including the volume of responses / submissions received
- SMEs are engaged early to ensure quality of EIS documentation, minimising likelihood of responses
- longstanding and ongoing community and stakeholder engagement campaign, providing people with the opportunity to address concerns prior to the EIS
- ability to temporarily assign resources within Transgrid to prevent delays
- panel arrangements in place, to bring on external consultant support quickly to prevent delays.

[5] AER, *Regulation of actionable ISP projects,* Guidance note, March 2021, p 17.

The risk from planning and environmental approval process uncertainty is not covered by a cost pass through event

Consistent with the AER's expectations regarding the outcomes of a risk assessment, Transgrid confirms that the risk of additional support being required by Transgrid for planning and environmental approval processes is not covered by a cost pass through event in our current Revenue Proposal.

In our Revenue Proposal, we have proposed an adjustment mechanism to address any planning approval delays. This adjustment event relates only to delays in receiving an assessment from relevant authority, which is entirely outside of Transgrid's control.

The other construction cost allowance identified here relates to issues other than planning approval delays. While a planning approval delay is entirely outside of Transgrid's control (and therefore needs to be addressed as an adjustment mechanism), Transgrid acknowledges that we have an ability to partially mitigate some of the risk associated with process uncertainty via its resourcing strategy, consultant support arrangements and community engagement strategy. For this reason, we consider it most appropriate for an allowance to be included in our other construction costs, representing the residual risk unable to be mitigated.

4.2. Supplier delays

Description of the risk

The risk relates to the delay of Transgrid's supplied high voltage (HV) and secondary system (SS) equipment, due to overseas manufacturing and shipping timeframes. There is a possibility of a delay in the delivery of Transgrid supplied equipment. These delays are potentially caused by the design for BCSS (done by ACE) not being finalised, resulting in delays in ordering the equipment. Delays may also be more prevalent due to the higher demand for equipment amongst all electrical infrastructure projects (including for the Main CWO RNIP).

Transgrid has allowed for ordering and shipping times in the Project schedule, in accordance with standard durations based upon information provided by our Procurement team. There is however a residual risk that deliveries could be delayed which could have an impact on the D&C contractor's critical path.

Additionally, there is the risk of damage to the equipment during transit which may not be covered by insurances in place.

Approach to calculating the expected risk costs

The forecast capex contingency allowance associated with this risk is $3.1 million, determined based on the QCSRA inputs detailed in Table 4-2.

Table 4-2 Supplier Delays QCSRA Summary

Input	Detail
Contingent Cost Risk [redacted]	• Additional direct costs incurred as a result of mitigation efforts to accelerate design works, or in the unlikely event that repairs to equipment damaged during transit are required[redacted]
Prolongation [redacted]	• Variability in the estimated manufacturing and delivery timeframes of Transgrid supplied equipment was assessed on a case-by-case basis, where uncertainty ranges were assessed to be anywhere between[redacted]

Input	Detail
	[redacted]elative to the deterministic schedule duration as a best case, and up to [redacted] as a worst case. • Supplier delays could potentially impact Separable Portions 3, 4 and 6. As a result, prolongation risk costs have been calculated based on the prolongation rates identified in Appendix C for SP3, SP4, SP6 and overall Project Team costs. As this risk could affect multiple Separable Portions, including those on the critical path (with the exclusion of the transposition scope of works), the consequential prolongation costs carry a sizeable impact [redacted]

The risk of supplier delays cannot be fully mitigated, transferred or avoided

Supplier delays is a risk that is associated with the actions or requirements of a third party. While contractual arrangements will be in place with suppliers, there is no ability to lock in delivery dates or obtain liquidated damages from the supplier large enough to cover the cost impact of delay to the project, without significant increases in the cost of the contract over and above what would be deemed prudent, reasonable and efficient. Consistent with the AER's guidance, inclusion of a risk allowance for risks of this nature is generally reasonable.[6]

Although this risk cannot be fully mitigated, transferred, or avoided, Transgrid has several strategies to mitigate risk of supplier delays. These strategies, which have informed our estimate of the cost allowance set out above, include:

- locking in manufacturing and shipping slots as early as possible, aligning with the Project timeframe
- early procurement ahead of critical path and providing storage locally
- sourcing strategy that places risk on D&C contractor for majority of equipment
- procuring directly from suppliers with a program-wide order to improve priority with the supplier.

The risk of supplier delays is not covered by a cost pass through event

Consistent with the AER's expectations regarding the outcomes of a risk assessment, Transgrid confirms that the risk of supplier delays is not covered by a cost pass through event in our Revenue Proposal.

4.3. Extended inclement weather

Description of the risk

This risk relates to Project delays due to the D&C contractor exceeding the inclement weather allowance under the contract. Inclement weather events are defined under the contract and include any weather event not amounting to a flood or a cyclone which, as a result of which, it is not safe to proceed with the Project works.

The D&C contractor's allowance for inclement weather is outlined in Table 4-3 below, by Separable Portion. Where this allowance is exceeded, the contractor is entitled to an extension of time (EOT) for a critical path delay only. Although the contractor is not entitled to claim additional costs from exceeding the

[6] AER, *Regulation of actionable ISP projects,* Guidance note, March 2021, p 17.

inclement weather allowance, any time delays to complete the Project will result in Transgrid incurring additional costs, as the Project Management Team will need to be deployed for a greater period of time.

The D&C contractor's inclement weather allowance is calculated with reference to the average inclement weather days, as reported by the Bureau of Meteorology, for the relevant locations at which the Separable Portions will be constructed.

Table 4-3 D&C contractor allowance for inclement weather

[redacted]	

This is considered a prudent and efficient approach to managing the effects of inclement weather for a construction project. The contractor bears risk in respect of its inclement weather allowance, based on what is expected in a typical year. The other construction cost allowance is to manage the potential risk of a non-typical year (such as a La Nina or El Nino weather event) that is borne by Transgrid.

It is more efficient for Transgrid to bear this residual risk, rather than the contractor. This ensures that the cost included in our Revenue Proposal better reflects likely costs of such events, rather than the contractor including an overly conservative cost allowance within their lump sum cost to cover all possible weather outcomes they may be exposed to during construction.

Approach to calculating the expected risk costs

The forecast allowance associated with this risk is $1.9 million, determined based on the QCSRA inputs detailed in Table 4-4.

Table 4-4 Extended Inclement Weather QCSRA Summary

Input	Detail
Contingent Cost Risk [redacted]	• Allowance made for minor disbursements for remediation and repair works (below insurance thresholds). [redacted]
Prolongation [redacted]	• Inclement weather time lost uncertainty has been applied to SRA activities in the relevant regions based on the geographical location of the works being undertaken. The resultant impact has potential prolongation effects across all Separable Portions, however the most affected sites are the longest construction paths through Separable Portions 5 and 6. • When calculating prolongation costs, consideration has been given to the D&C contractual arrangements whereby the D&C contractor is not entitled to additional cost for wet or inclement weather in excess of the contractor's allocation for such conditions in the construction program. Accordingly, the prolongation costs calculated for inclement weather are solely based on the costs to extend the Transgrid Project Team and

Input	Detail
	associated Separable Portion-specific Transgrid Delivery Teams [redacted]

The risk of extended inclement weather cannot be fully mitigated, transferred or avoided

The impact of inclement weather on construction activities is treated as a shared risk under the D&C contract i.e. the risk is not fully transferred to the D&C contractor. This reflects that it is appropriate for the D&C contractor to bear a reasonable level of risk with respect to inclement weather. However, if Transgrid were to seek to allocate all inclement weather events to the contractor, this would result in a significant increase in contract costs.

It is instead more efficient for Transgrid to accept the residual risk of inclement weather above the D&C contractor's allowance. Consistent with the AER's guidance, inclusion of a risk allowance for risks of this nature is generally reasonable.[7]

Although this risk cannot be fully efficiently mitigated, transferred, or avoided, Transgrid has several strategies to mitigate the risk of extended inclement weather. These strategies, which have informed our estimate of the allowance set out above, include:

- D&C contractor to have wet weather management plans and contingency work fronts in place to minimise impacts where possible
- contract structure only allows contractor to claim additional time for extended wet weather, not cost.
- D&C contractor is required to mitigate and re-sequence the works where possible and safe to do so
- Transgrid will seek to mobilise staff to other projects in the event of extended delays due to inclement weather to ensure resources are appropriately utilised, and
- Transgrid to ensure D&C contractor meets its obligation to mitigate delays through strict site supervision and planning.

The risk of extended inclement weather is not covered by a cost pass through event

Consistent with the AER's expectations regarding the outcomes of a risk assessment, Transgrid confirms that the risk of extended inclement weather is not covered by a cost pass through event in our current Revenue Proposal.

As part of our Revenue Proposal, we have proposed an adjustment event around contractor force majeure events, which include extreme weather events. We have also proposed an adjustment mechanism for natural disaster events (including but not limited to cyclone, fire, flood or earthquake).

These events are entirely outside of Transgrid's control and are unable to be mitigated, transferred or avoided. As such, they are best treated as adjustment mechanisms. In contrast, we acknowledge that in the case of extended inclement weather, there are ways in which Transgrid can mitigate the residual costs resulting from any extended inclement weather (including through appropriate site supervision and management and resourcing reallocation). We therefore consider it is more appropriate for this risk to be addressed via an allowance in the base expenditure. This approach ensures that we are appropriately

[7] AER, *Regulation of actionable ISP projects,* Guidance note, March 2021, p 17.

incentivised to mitigate any potential delays, where possible, to ensure it remains within its budgeted allowance.

We note that we received feedback from a TAC member[8] that it may be more appropriate to treat extended inclement weather as an adjustment mechanism as this relates to events outside of Transgrid's control, namely weather. However, noting that the residual costs relate to the costs borne by Transgrid in managing any delays caused by extended inclement weather, for the reasons outlined above, we consider it more appropriate for this to be treated as an other construction cost.

We note that this extended inclement weather risk does not overlap with the contractor force majeure adjustment mechanism proposed, as extended inclement weather does not meet the criteria for a force majeure under the D&C contract.

Similarly, the natural disaster adjustment mechanism does not overlap as extended inclement weather is defined under the contract to specifically exclude flooding and cyclones.

4.4. Property valuation uncertainty

Description of the risk

[redacted]

[8] TAC meeting, 15 April 2025.

Approach to calculating the expected risk costs

The forecast allowance associated with this risk is [redacted] illion, determined based on the QCSRA inputs detailed in Table 4-5.

Table 4-5 Property Valuation Uncertainty QCSRA Summary

Input	Detail
Contingent Cost Risk [redacted]	• [redacted]
Inherent Cost Uncertainty [redacted]	• [redacted]
Prolongation [redacted]	• [redacted]

The risk of property valuation uncertainty cannot be fully mitigated, transferred or avoided

The risk of property valuation uncertainty is a risk borne by Transgrid which cannot be fully mitigated, transferred or avoided. Transgrid is also bound by the *Land Acquisition (Just Terms Compensation) Act 1991* (NSW) which sets out the process that Transgrid must undertake. For some stakeholders, acquisition is made more complicated due to legal limitations on the ability to compulsory acquire.

Although this risk cannot be fully efficiently mitigated, transferred, or avoided, Transgrid has several strategies to mitigate any increases in property valuation costs. These strategies, which have informed the estimate of the allowance set out above, include:

[redacted]

The risk of property valuation uncertainty is not covered by a cost pass through event

Consistent with the AER's expectations regarding the outcomes of a risk assessment, Transgrid confirms that the risk of property value uncertainty is not covered by a cost pass through event in its current revenue determination. Transgrid has proposed two adjustment mechanisms related to property acquisition, namely adjustments for:

- compulsory acquisition easement costs
- legal proceedings

Although these adjustments relate to property acquisition, they have clear triggers events which sit outside of what is included in this nominated risk. This risk only covers costs involved in the negotiated valuation process. The adjustment events are only triggered where compulsory acquisition is required, and further if a landholder lodges an objection to the compensation determination with the Land and Environment Court. These are distinct and separate processes and as such, there is no overlap.

Transgrid considers it is appropriate to treat easement costs and legal proceedings associated with compulsory acquisition as adjustment mechanisms as once the process moves to compulsory acquisition, the valuation sits solely with the Valuer General and in the case where an objection is lodged following the Valuer-General's determination, with the NSW Land and Environment Court. As such, these events and their associated costs are entirely outside of Transgrid control. Conversely, Transgrid is heavily involved in the negotiation process and can mitigate costs to some extent through its engagement strategies and negotiation approach with landholders. As such, it is appropriate for the residual risk associated with this negotiation process to be treated as a risk allowance. This ensures that we are appropriately compensated for the risk we bear and that we are also incentivised to minimise the risk, where possible.

4.5. Third party interface risk

Description of the risk

This risk relates to the risks associated with third-party interfaces, including:

- Third party project interfaces and disruption (i.e. impacts from other projects being developed in the area) are realised during project delivery, impacting critical path works,
- Delays to BCSS construction by ACEREZ results in delays to completion of Separable Portion 2 (BCSS cut-in works), leading to additional costs from the D&C contractor for additional mobilisation/demobilisation to complete the 5A3 and 5A5 bypass on towers W3, W4 and W5.

The following projects have been identified which could particularly impact the Project:

- Hunter Transmission Project (affects BAY TL from mid-2026 onwards)
- Energy Australia BESS (affects MTP Subs from the start of 2027 onwards)
- WW1 BESS Project (affects WW1 Subs from mid-2026 onwards)
- WW1 RP3 Sec Upgrades (affects WW1 Subs secondary panel installation works)

The third-party project interfaces have the potential to impact the project in a number of ways. Firstly, the projects can potentially constrain access to the network, impacting the ability to obtain outages to complete the works. In addition to this, some projects are using the same access roads to move plant and equipment and in some cases, access is set to a cumulative cap (e.g. shared access roads have cumulative cap on truck movements). Coordination of works between projects will be complex, especially as the performance of unrelated contractors on alternate projects is not covered by any contractual relationships.

Separable Portion 2 of the D&C Contract requires the D&C contractor to perform cut-in works at BCSS which will be constructed by ACEREZ (note this relates to the existing scope of the CT Authorisation and is separate to the commissioning activities for BCSS). In the event that ACEREZ is delayed in constructing BCSS, this would result in delays to the D&C contractor completing the cut-in works. Transgrid has contractual relief from EnergyCo in the event of a delay to the construction of BCSS however it is limited in nature to non-compliance or breaches.

Transgrid has allowed for project management and construction management internal labour to actively manage these interfaces and assist in preventing delays. There is however a residual risk of delay due to third party actions or requirements, resulting in delay costs to Transgrid and the D&C contractor alongside potential mobilisation/demobilisation costs.

Approach to calculating the expected risk costs

The forecast allowance associated with this risk is $0.8 million determined based on the QCSRA inputs detailed in Table 4-6.

Table 4-6 Third party interface risk QCSRA Summary

Input	Detail
Contingent Cost Risk [redacted]	• Increased project management effort and associated ongoing costs for mitigative efforts to manage third party interfaces. [redacted]
Prolongation [redacted]	• Potential impacts to the schedule resulting from concurrent projects have been assessed based on a detailed assessment of currently known third party projects scheduled to occur concurrently within the vicinity of Project sites. [redacted] • [redacted] • [redacted]

The third-party interface risk cannot be fully mitigated, transferred or avoided

The third-party interface risk is a Transgrid risk under the contract, i.e. the risk is not able to be transferred to the D&C contractor and relates to events that are outside Transgrid's control due to actions of a third

party such as ACEREZ. Consistent with the AER's guidance, inclusion of a risk allowance for risks of this nature is generally reasonable.[9]

Although this risk cannot be fully efficiently mitigated, transferred, or avoided, Transgrid has several strategies to mitigate risk of interface contractors. These strategies, which have informed the estimate of the allowance set out above, include:

- Transgrid resourcing strategy to ensure effective management of various interfaces across multiple disciplines
- agreements in place where feasible
- Interface Management Plan being developed
- regular engagement with third parties
- interface working groups established within Transgrid to address the large number of projects impacting the network
- milestone dates within Project Deed with EnergyCo set ACEREZ cut-in dates, which offer time relief for Transgrid under some circumstances.

The risk of third-party interfaces is not covered by a cost pass through event

Consistent with the AER's expectations regarding the outcomes of a risk assessment, Transgrid confirms that third party interface risk is not covered by a cost pass through event in the current Revenue Proposal.

4.6. Equipment failures

Description of the risk

As part of the Project, the D&C contractor will be upgrading existing Transgrid assets. This includes the installation of new equipment and the altering of existing equipment. There is the risk that during the testing and commissioning process, either the existing equipment which has been impacted by the Project or the new equipment installed as part of the Project fails.

In the event of a failure this would result in the D&C contractor's testing and commissioning activities being delayed whilst the equipment is either fixed or replaced. Given the age of some of the existing assets, quick rectification or replacement can be difficult.

In its base costs, Transgrid has not allowed for the failure of any existing or new equipment due to the inherent uncertainty. This risk relates to any costs due to failures of the equipment which cannot be recovered through warranty.

Approach to calculating the expected risk costs

The forecast allowance associated with this risk is $0.3 million, determined based on the QCSRA inputs detailed in Table 4-7.

[9] AER, *Regulation of actionable ISP projects,* Guidance note, March 2021, p 17.

Table 4-7 Equipment Failures QCSRA Summary

Input	Detail
Prolongation [redacted]	[redacted]

The risk of equipment failures cannot be fully mitigated, transferred or avoided

The failure of either new or existing Transgrid equipment is a Transgrid risk under the D&C contract. Given the age of the existing assets, it is not cost effective for the risk of failure to be passed to the D&C contractor. Similarly, the D&C contractor is not best placed to own the risk for new equipment given its relative difficulty in obtaining replacement equipment. If the equipment is new, the supplier will repair or replace this under warranty, however, will not pay any delay costs caused by the failure. Consistent with the AER's guidance, inclusion of a risk allowance for risks of this nature is generally reasonable.[10]

Although this risk cannot be fully efficiently mitigated, transferred, or avoided, Transgrid has several strategies to mitigate risk of increase in the D&C contractor costs from delay. These strategies, which have informed the estimate of the allowance set out above, include:

- D&C contractor is required to demonstrate any delay to the failure of the asset is on the critical path of the Separable Portion and is obligated to mitigate the delay where possible
- contractual agreements with the suppliers of new equipment to pass on a portion of the costs for repair or replacement from failure under warranty
- ability to prioritise equipment across the network to be used as spares
- insurance in place if failures occur during the transportation process (where cost effective)
- pre-ordering of network spares to minimise the delays associated with any failures.

The risk of equipment failures is not covered by a cost pass through event

Consistent with the AER's expectations regarding the outcomes of a risk assessment, Transgrid confirms that the risk of equipment failures is not covered by a cost pass through event in the current Revenue Proposal.

[10] AER, *Regulation of actionable ISP projects,* Guidance note, March 2021, p 17.

5. Quantification of remaining other construction costs

Table 5-1 summarises the remaining other construction costs of [redacted] and describes how these allowances have been calculated.

Table 5-1 Quantification of remaining other construction costs $, Real 2025-26)

Risk	Description	Cost basis	Risk category	Expected cost
[redacted]				

Risk	Description	Cost basis	Risk category	Expected cost
[redacted]				

6. Validation and verification of other construction costs

Validation and verification of the other construction costs has been provided through internal and external review and endorsement processes including:

- peer reviews via establishment of a risk review working group
- external risk advisors such as Tracey Brunstrom & Hammond (TBH) being embedded within the team to support risk identification and quantification
- independent advice on specific aspects from North Projects (formerly Fission)
- independent review of proposed other construction costs by GHD
- executive reviews though workshops, including with the TAC, and
- Board review and endorsement.

6.1. External risk advisors

To provide sufficient rigour and support Transgrid's risk management and quantification processes, external risk specialists such as TBH have been engaged in the risk development process. These advisors have been embedded within the teams to ensure industry best practice is applied and adequate checks and balances are implemented across a number of key Project workstreams.

6.2. Independent advice from North Projects

North Projects is an independent cost estimator that Transgrid has engaged. In addition to providing cost scrutiny of D&C contractor pricing schedules, North Projects was engaged to provide top-down benchmarking of various cost categories, including contingencies applied, to provide additional validation of how costs proposed by Transgrid are benchmarked against similar projects in the industry.

6.3. Independent review of risk process by GHD

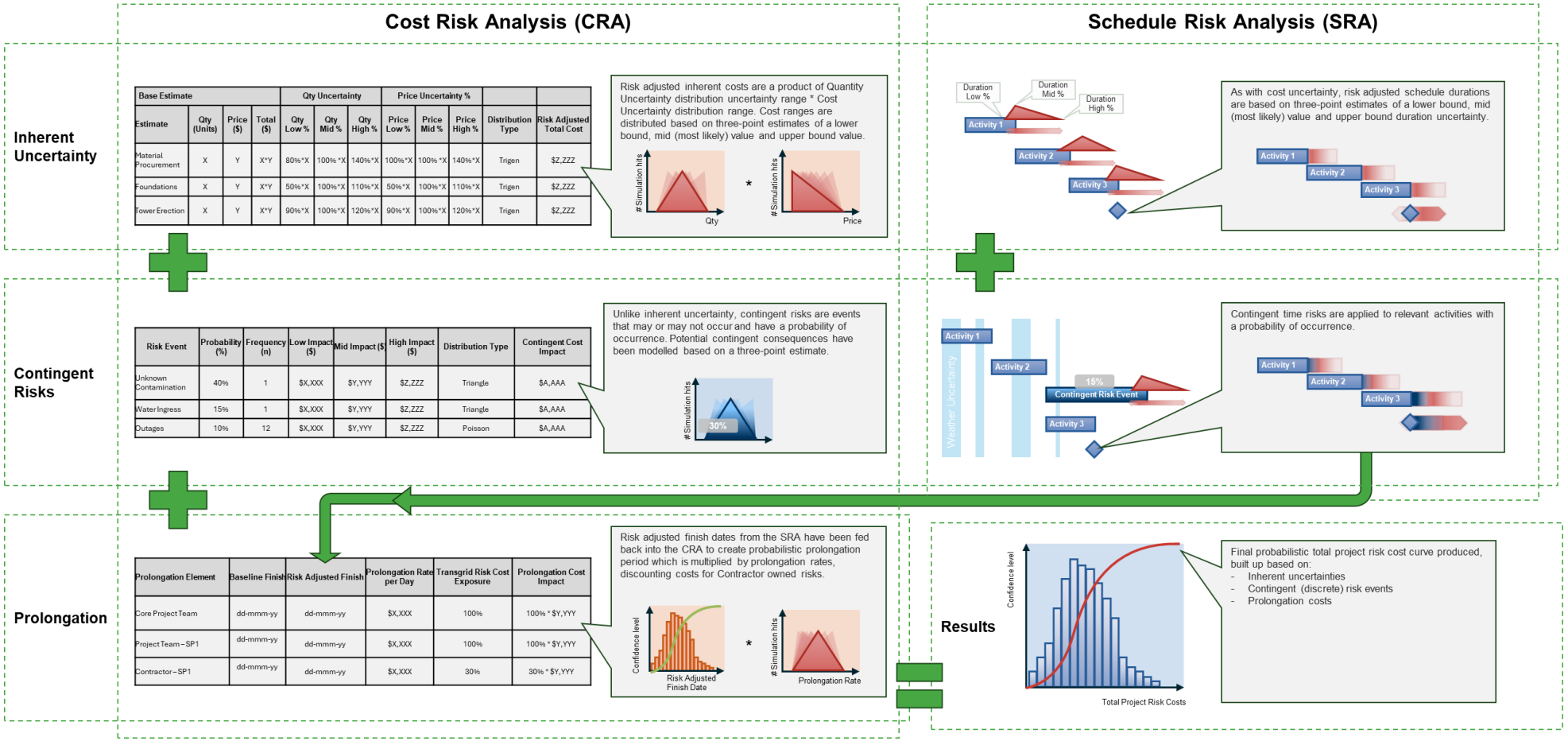
As part of its independent review of the Project's capex forecast, GHD has reviewed the other construction costs proposed by Transgrid. Overall, GHD considers that our other construction costs estimate is prudent, efficient and reasonable. Further GHD considers the methodology applied by Transgrid aligns with the AER's guidance note on the regulation of actionable ISP projects

6.4. Executive review

Several presentations to the Executive have been held to provide executive review and oversight. Furthermore, multiple board and investor workshops have been conducted which have included a review risk process, basis and quantification.

Appendix A – Comprehensive QCSRA Output

Appendix A provides an overview of the QCSRA process, discussed further in section 3.3.1 above.



Appendix B – Risk Matrix

Appendix B provides the detailed risk matrix, used to inform the risk assessment and quantification process for the Project.

Consequence						Likelihood				
	Cost	Time	Reputation, community & media	Work health & safety	Environment	Rare 0%-5%	Unlikely 5%-30%	Possible 30%-50%	Likely 50%-90%	Almost certain >90%
Catastrophic	Capex budget change >$4m	Major project milestone overrun: >2 months	Serious public outcry, heightened government concern or media coverage with extensive national coverage	Single fatality or any type of irreversible disability. Major injury to >10 people, unable to return to work	Permanent irreversible environmental impact or significant damage across multiple sites	Medium 4	High 3	High 2	Extreme 1	Extreme 1
Major	Capex budget change $500k – $4m	Major project milestone overrun: 1 – 2 months	Significant adverse national media reporting and public attention	Major or reversible injury, requires long term ongoing treatment and rehabilitation. Significant safety breach with immediate impact on operations at worksite	Serious, long term, widespread environmental damage	Medium 5	Medium 4	High 3	High 2	Extreme 1
Moderate	Capex budget change $100k – $500k	Major project milestone overrun: 2 weeks – 1 month	Adverse one-off attention from media or heightened concern by a local community and government	Serious injury requiring medical or hospital treatment resulting in need for alternate working or lost time injury	Limited, moderate extent of environmental damage, which can be rectified over the medium-term	Medium 6	Medium 5	Medium 4	High 3	High 2

Consequence						Likelihood				
	Cost	Time	Reputation, community & media	Work health & safety	Environment	Rare 0%-5%	Unlikely 5%-30%	Possible 30%-50%	Likely 50%-90%	Almost certain >90%
Minor	Capex budget change $20k – $100k	Major project milestone overrun: 2 days – 2 weeks	Minor adverse local public, government or media attention and complaints	Minor injury requiring medical treatment or moderate 'safe working' breach likely to impact operational activities	Minor, localised environmental impact, which can be rectified in the short term	Low 8	Low 7	Medium 6	Medium 5	Medium 4
Minimal	Capex budget overrun <$20k	Major project milestone overrun: <2 days	Public concern restricted to local complaints or local media enquiry or minor reports	Minor injury requiring first aid treatment or minor 'safe working' breach unlikely to impact operational activities	Minimal, localised environmental impact, which is able to be immediately rectified	Low 8	Low 8	Low 8	Low 7	Low 7

Appendix C – Prolongation Costs

Appendix C outlines the rates relied upon when calculating prolongation costs. The rates outlined below were multiplied against prolongation periods from the SRA to determine a probabilistic range of costs resulting from prolongation for each Separable Portion.

Relevant Party	Prolongation Element	Average Monthly Prolongation Rate	Min Rate %	Mid Rate %	Max Rate %	Min Rate ($ / month)	Mid Rate ($ / month)	Max Rate ($ / month)
[redacted]								