MARINUS LINK

Explanation of Capital Expenditure Requirements

Attachment 4: Support activities

Revised Revenue Proposal

July 2025

Responsibilities

This document is the responsibility of the Marinus Link Team, Marinus Link Pty Ltd, ABN 47 630 194 562 (hereafter referred to as MLPL).

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Executive summary

Purpose

Marinus Link Pty Ltd (**MLPL**) has prepared this document as part of its revised Revenue Proposal – Part B (Construction costs). The purpose of this document is to explain the scope and costs of MLPL's 'support activities', which are required to ensure that the project can be delivered on time and budget. This includes stakeholder engagement and maintaining social license for the project, in addition to activities that more directly support project delivery.

Attachments 1-3 provide explanatory information for the three major works packages that comprise the construction phase of the project, being for converter station equipment; cables system (submarine and land); and Balance of Works. Each of these three works packages has been the subject of competitive tender processes with contracts executed for converter station equipment and cables system; and the Balance of Works has progressed through the competitive tender process and detailed price estimates have now been provided by the two shortlisted respondents, and verified by an Independent Estimator

In completing the tender process and negotiations, MLPL has been consistently focused on achieving the optimal outcome for electricity customers having regard to the likely costs, service performance and residual risks.

In its Revenue Proposal, MLPL indicated that it intended to engage a partner to assist in managing the efficient delivery of these three works packages, including the interface risks. At that stage, however, MLPL had not reached a final conclusion on its preferred delivery model or the selection of a service provider.

Since that submission in November 2024, MLPL has engaged E3 Advisory to facilitate the process of identifying and selecting the preferred model that would result in a prudent and efficient outcome in the interest of consumers. The Integrated Delivery Team (IDT) model was selected as the most cost efficient, having regard to the delivery capability and the effective management of residual risks. MLPL's Board reviewed E3 Advisory's report and concluded that it should proceed to select a preferred Integrated Delivery Partner (IDP) to secure the required resources at the lowest cost. This process concluded on 14 May 2025 with the appointment of Jacobs as MLPL's IDP.

In this document, we explain the IDP costs alongside the other support activities that are required to deliver Marinus Link prudently and efficiently. We also explain the decision to select the IDT model and the preferred IDP. The support activities are presented under the following headings:

- Landholder and community engagement programs, including Traditional Owners, and stakeholder relations (Landholder and community engagement);

- Land and easement acquisition and management;
- Environmental impact assessment and management;
- Technical designs and specifications;
- Procurement strategy and execution;
- Program and project management, which includes the costs of the Integrated Delivery Partner;
- Corporate costs and support; and
- Insurance.

MLPL also described 'support activities' in its early works Revenue Proposal. For early works, these activities were focused on the planning approvals, design and tendering processes so that MLPL could establish a more robust estimate of the total project costs. During the construction phase of the project, MLPL's support activities will change as the focus shifts from planning to delivery.

Notwithstanding this change in scope, we have retained the naming conventions for the support activities adopted during the early works phase. This approach will enable the AER and other stakeholders to understand how the activities and resourcing requirements will change as we move through to the construction phase of the project. 'Integrated Delivery Partner' and 'insurance' have also been included as additional cost categories. 'Biodiversity costs', which were previously included as a support activity, have been included in the Balance of Works expenditure category in this revised Revenue Proposal.

Forecast expenditure

MLPL has undertaken a further extensive review of its forecast expenditure for its support activities since the submission of our Revenue Proposal. This review reflects MLPL's increased confidence in its resource requirements now that the Balance of Works has progressed through the Development Phase with two shortlisted bidders and further work has been undertaken in relation to the effective management of the risks arising from the three works packages, including the role of the Integrated Delivery Partner.

In this document, for each support activity we have described the objectives and scope of work to provide a high level explanation as to why the proposed work is important to the successful delivery of the project. As already noted, the construction works will be undertaken by third party contractors appointed through competitive tender, and not by MLPL. Therefore, the support activities described in this attachment are those tasks that are best retained by MLPL to ensure that our principal contractors deliver their contractual commitments in a timely and efficient manner.

For each support activity, we have also considered the most effective balance between in-house delivery resources and engaging external specialists, to ensure optimal resourcing. In addition to ensuring that we

maintain a flexible approach to resourcing particular tasks, we have also had regard to MLPL's longer term role as a Transmission Network Service Provider (TNSP). In particular, it is important to ensure that our people, processes and systems are right-sized to address the construction phase of the project and to equip MLPL to undertake the role of transmission asset owner and operator once the project is commissioned. For in-house resources, we have carefully considered the roles that are required during the regulatory period and the appropriate salaries for each role.

In preparing our expenditure forecasts, we have paid particular attention to the prudency and efficiency of our forecast expenditure in accordance with the Rules requirements; the AER's Better Resets Handbook[1]; and the AER's expenditure forecast assessment guidelines for electricity transmission.[2] As noted in our Revenue Proposal, the Consumer Advisory Panel (CAP) has consistently emphasised the importance of ensuring that MLPL has regard to affordability, especially in the current economic environment. To assist us in that regard, we have engaged independent experts, Aurecon, to review our updated expenditure forecasts. Aurecon had previously reviewed our forecasts in our Revenue Proposal and, therefore, are ideally placed to review the updated forecasts in its revised Revenue Proposal. A copy of Aurecon's report is provided as Attachment 9 to this revised Revenue Proposal.

In addition to engaging Aurecon to conduct an in-depth review, MLPL's executives undertook an extensive review of management's forecasts both individually and collectively, including through the engagement of external advisors, to ensure that the bottom-up forecasting approach adopted by management has been combined with a 'top down' discipline to produce forecasts that are prudent and efficient. The executive team review was followed by a subsequent review by Dr Collette Burke and Stephanie McGregor, the interim CEO and newly appointed CEO of MLPL, which led to further reductions in the forecast expenditure. MLPL considers that the governance role undertaken by the management team, including its reliance on independent expert advice, provides a further layer of credibility to MLPL's forecasts.

Table 1 shows the forecast expenditure for MLPL's support activities for the construction phase of the project. These support activities are assumed to commence on 1 July 2025, i.e., shortly after MLPL's Final Investment Decision (**FID**) to proceed with the project.

Table 1: Forecast expenditure for support activities ($m real 2023)

	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Landholder and community engagement	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Land and easement acquisition and management*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

1 AER, Better Resets Handbook Towards Consumer Centric Network Proposals, July 2024.

2 AER, Expenditure Forecast Assessment Guideline for Electricity Transmission, October 2024.

	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Environmental impact assessments and management	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Technical designs and specifications	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Procurement strategy and execution	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Program and project management	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate costs and support	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Insurance*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total expenditure*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* This cost information is commercially sensitive and has been redacted for the purposes of this revised Revenue Proposal.

The forecast expenditure for MLPL's support activities may be updated in MLPL's response to the AER's supplementary Draft Decision if scope changes following the conclusion of the Balance of Works contract negotiations. Any consequential changes to MLPL's forecast expenditure will be fully explained and justified in our response to the supplementary Draft Decision and will avoid any reworking by the AER to the greatest extent possible.

Contents

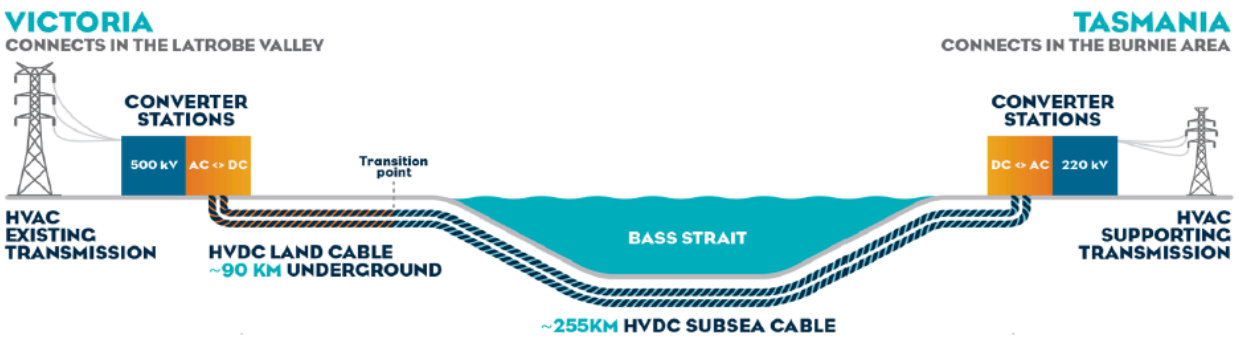
1 Introduction and overview

1.1 Purpose

Marinus Link is an infrastructure project of national significance which is expected to deliver substantial benefits to electricity consumers by reducing wholesale electricity costs. It involves the construction of approximately 255 kilometres of submarine High Voltage Direct Current (**HVDC**) cable and approximately 90 kilometres of underground HVDC cable in Victoria. It also includes converter stations in Tasmania and Victoria.

The total interconnection capacity will be 1500 MW, provided through two 750 MW cables which will be delivered in two stages. Figure 1 provides a schematic overview of Marinus Link.

Figure 1: Overview of Marinus Link



Marinus Link is part of a larger project, which is referred to as Project Marinus, which will be developed and owned by different entities. Marinus Link will be owned and operated by MLPL, while TasNetworks will progress the supporting transmission assets in Tasmania called North West Transmission Developments.

MLPL has commenced its revenue determination process, which is being undertaken by the AER in accordance with Part D, clause 6A.9 of the National Electricity Rules (**Rules**). In accordance with those provisions, the AER published its updated Commencement and Process Paper, which sets out the AER's timetable and process for setting MLPL's regulated revenues. The first part of that process was completed in December 2023 with the publication of the AER's determination on MLPL's Revenue Proposal – Part A (Early works).[3]

This supporting document forms part of MLPL's revised Revenue Proposal – Part B (Construction costs). It is one of eight attachments that collectively provide a detailed explanation of our forecast capital expenditure for

[3] AER Determination, Marinus Link Stage 1, Part A (Early works), December 2023, page iv.

completing the construction of Marinus Link to 30 June 2030[4]. For further information on the other attachments, please refer to section 1.7 of our main Revenue Proposal.

1.2 Scope

Our Revenue Proposal - Part A (Early works) set out a range of activities that were required to improve our estimate of the construction costs and facilitate the timely delivery of the project by undertaking the necessary preparatory work (including pre-construction activities and land purchases). For revenue setting purposes, MLPL proposes that the early works phase of the project ceases on 30 June 2025, i.e., shortly after the FID to proceed with the construction phase of the project.

While the early works activities cease on 30 June 2025, a number of the support activities will continue into the construction phase of the project. For example:

- Landholder and community engagement programs will continue beyond 30 June 2025, although the objective and scope of our engagement will change as the project transitions from early works to the construction phase.
- Procurement strategy and execution will be substantially reduced during the construction phase of the project, as the tender process for the three works packages will be completed prior to the construction phase commencing.
- Environmental approvals will continue beyond 30 June 2025, reflecting ongoing approval process and compliance requirements.

For the purposes of this attachment, rather than renaming the 'early works' categories to better reflect the scope of the support activities during the construction phase, we have retained the same naming conventions (with minor changes) while adding 'insurance' as a new cost category. This approach allows the AER and stakeholders to understand how the resourcing and expenditure requirements in each category are changing from the early works to the construction phase, including changes in the level of internal staff and external service providers.[5] The full list of support activities for the construction phase of the project is presented in section 1.3 below.

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[4] Final construction payments are forecast to occur in 2030-31, primarily due to final milestone payments and commissioning costs.

[5] For further detailed information on our 'early works' support activities, please refer to MLPL's Revenue Proposal – Part A (Early works). Revenue Proposal - Part A (Early Works)

1.3 Structure of this document

The remainder of this document is structured as follows:

- Chapter 2 presents the expenditure forecasts for support activities.
- Chapter 3 explains our forecasting methodology.
- Chapters 4 to 11 explain our forecast expenditure in relation to each support activity, being:
  - Landholder and community engagement programs, including Traditional Owners, and stakeholder relations (Landholder and community engagement);
  - Land and easement acquisition and management;
  - Environmental impact assessment and management;
  - Technical designs and specifications;
  - Procurement strategy and execution;
  - Program and project management, including the Integrated Delivery Partner;
  - Corporate costs and support; and
  - Insurance.
- Chapter 12 provides a summary explanation as to why our support activities expenditure during the construction phase is prudent and efficient in accordance with the Rules requirements. In presenting this information, we have had regard to the Rules requirements, including the capital expenditure objectives.
- The Appendix provides further details on the Integrated Delivery Partner, including the decision to adopt that delivery model and select Jacobs as the service provider.

Unless otherwise stated, the financial data presented in this document is expressed in $real 2023 terms. Numbers in tables may not sum exactly due to rounding.

2 Forecast expenditure

2.1 Summary of forecast expenditure

Table 2 shows the forecast information for MLPL's support activities for the construction phase of the project, excluding project commissioning, which is expected to occur during 2030-31, i.e., during the second regulatory period. The support activities for our construction activities are assumed to commence on 1 July 2025, i.e., shortly after MLPL makes its FID regarding project construction.

Table 2: Forecast expenditure for support activities ($m real 2023)

	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Landholder and community engagement	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Land and easement acquisition and management*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Environmental impact assessments and management	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Technical designs and specifications	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Procurement strategy and execution	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Program and project management	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Corporate costs and support	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Insurance*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total expenditure*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* This cost information is commercially sensitive and has been redacted for the purposes of this Revenue Proposal.

The forecast expenditure for MLPL's support activities may be updated in MLPL's response to the AER's supplementary Draft Decision if the scope changes following the completion of the Balance of Works negotiation process. Any changes will be fully explained and justified in MLPL's response to the Supplementary Draft Decision, which is expected to be submitted in November 2025.

3 Forecasting methodology

3.1 Standardised approach and presentation

Our support activities cover a diverse scope of work, ranging from landholder and community engagement programs through to insurance and program and project management. While these activities differ markedly in relation to scope, where possible, we have adopted a standardised approach to presenting and explaining our expenditure for each activity, which is described below.

- **Objectives and scope of work**

The starting point for each support activity is to establish the objectives, noting that these objectives must reflect the overarching goal of enabling the project to be delivered prudently and efficiently, in accordance with the project schedule. We also provide a high level description of the scope of work that is required to achieve these objectives.

- **Description of activities and resource requirements**

For each category, we describe the key activities and resources that are required in order to achieve the stated objectives. In providing this information, our focus is on establishing the prudency and efficiency of our forecast expenditure. In broad terms, we explain why the activities are appropriately scoped; the balance between internal and external resources; and any key milestones having regard to the outcomes that must be achieved.

- **Expenditure requirements**

For each support activity, MLPL has developed a resourcing plan which details the labour requirements for each year of the regulatory period and the appropriate salaries for the in-house labour component. In this attachment, we present the following information that provides a breakdown of the expenditure requirements:

  – Labour costs for internal staff reflect the required allocation of full time equivalents (**FTEs**) based on the relevant scope for that support activity, as explained in section 3.2 below.

  – Where available, the costs of outsourced services reflect quotations from specialist service providers based on agreed scopes of work. Where this information is not available, estimates are based on historical actuals, estimates from MLPL's subject matter experts and/or indicative quotations from service providers.

- Materials costs and other payments are based on quotations or estimates from specialist service providers or MLPL's subject matter experts.

- **Benchmarking and external verification**

Where available, cost estimates for each expenditure category will be informed by benchmarking with other projects, including information from other TNSPs, or other external verification. As a general observation, MLPL notes that the bespoke nature of Marinus Link – including MLPL's structure as a single project organisation - makes it challenging to establish comparable benchmarks to establish the efficient costs to deliver the project. At a high level, MLPL notes that its support activities compare favourably with [redacted], which makes such comparisons of questionable value.

Given the limitations of benchmarking, MLPL has relied on independent expert reviews, and a top-down review of management's bottom-up forecasting approach, to ensure that the forecasts are prudent and efficient. Our forecasts have also been subject to an independent review by Aurecon, who have had access to additional background material and MLPL's subject matter experts, in addition to applying their own expertise and benchmarks, where appropriate, to assess the prudency and efficiency of our proposed expenditure.

Aurecon's overall conclusions on the reasonableness of our forecast expenditure for support activities is reproduced below:[8]

- In Aurecon's view, MLPL's proposed expenditure and scope for support activities (excluding sustainability initiatives, insurance and hedging which were not assessed) is likely to be reasonable.
- Aurecon is satisfied that the scope of the activities reviewed, which includes land and easement acquisition, landowner and stakeholder engagement, environmental impact assessments, procurement, program management, technical studies, and broader corporate costs are well defined and necessary.
- The costs associated with these supporting works are based on varying approaches, including bottom-up labour estimates, judgements from MLPL's experience, input from external advisors, historical costs and quotes from the market.

[redacted]

[redacted]

[8] Aurecon, Marinus Link Stage 1B Revenue Proposal, Independent Review of Marinus Link Stage 2 Expenditure July 2025 to June 2030, July 2025, Executive summary, page 11.

- MLPL has a higher FTE headcount compared to peer projects such as HumeLink, but this is likely a function of several corporate/administrative staff at peers being spread across multiple projects (lower FTE allocation or being treated as indirect costs), or due to differences in delivery structure. This point is quite important, as it makes benchmarking support activities of MLPL relative to peer projects or TNSPs challenging on a like for like basis. This is somewhat expected for a single project TNSP.
- Aurecon is satisfied that the use of a delivery partner is likely to be beneficial to MLPL as Jacobs is providing specialised expertise that may not be readily available, there is a degree of risk transfer from MLPL, a delivery partner provides flexibility in mobilisation and demobilization, and recruitment risk is reduced.
- In some areas, Aurecon was not able to fully assess the reasonableness of costs (e.g external legal support), or did not review their basis in detail due to limited materiality.

For each support activity, we refer to Aurecon's findings and their full report is provided as Attachment 9.

3.2 Internal labour costs

Our forecast expenditure for internal labour costs is based on a bottom-up build using:

- the required internal FTEs for each role type to meet the project schedule;
- the appropriate labour rates for each role, plus superannuation and oncosts (payroll tax, workers compensation insurance and leave); and
- applying the labour escalation rates forecast by Oxford Economics, as explained in Attachment 8.

This methodology is consistent with our approach in our Revenue Proposal – Part A (Early works), which was approved by the AER without amendment. The details of our labour requirements for each support activity is explained in sections 4 to 11.

The IDP supplements internal labour costs bringing capability and experience to the project team that would be difficult to resource on a permanent basis. The IDT model was selected to provide a more efficient ramp-up in construction, ability for MLPL to leverage collective industry experience and specialised skills, to capitalise on existing project knowledge and established working relationships, enable sufficient level of knowledge transfer to operations, flexibility to adjust resources and overall lowest total project cost.

As shown in the appendix, the selected IDP demonstrates market level capability, capacity and commercial certainty, whilst demonstrating an above-market level of partnership commitment and below-market pricing to provide value for money for MLPL.

Aurecon's review of our expenditure forecasts included our labour rates, having regard to:

- PageGroup salary guide 2023 to 2024;
- Hays salary guide 2023 to 2024; and
- Aurecon's benchmarking of salaries based on market research and internal rates.

Aurecon found that MLPL's annual salaries are in line with the market benchmarked rates, noting that about 64% of the sampled roles are either within range, near the average, or between 25th and 75th range of salaries of equivalent positions. [redacted]

Aurecon also explained that MLPL may require more specialised or niche capabilities, which may push the salaries away from the typical market rates. Aurecon noted that the rate card proposed by Jacobs, MLPL's delivery partner, is in line with comparable market rates.

More generally, Aurecon explained that any benchmarking of wages is an indication only as role descriptions can vary across organisations, and at times, Tasmanian rates may be different. Overall, Aurecon supported the labour rates adopted in our forecasts as being prudent and efficient.

3.3 Administrative costs

In our Revenue Proposal – Part A (Early Works), we adopted a standard methodology for determining an administrative cost allowance for each support activity, which was based on an amount per headcount role to cover general expenses, training, travel and memberships and subscriptions. In this revised Revenue Proposal, we have decided to include administrative costs as part of our corporate costs, rather than attribute an amount for each support activity. This approach is unchanged from our Revenue Proposal – Part B (Construction costs).

4 Landholder and community engagement

4.1 Key objectives and scope

Table 3 below summarises the objectives for the landholder and community engagement support activity and describes the scope of work that is required to achieve these objectives.

Table 3: Landholder and community engagement objectives and scope of work

Objectives	Scope of work
• To build and maintain community support for the project. This work is essential to ensure that stakeholders understand the value that Project Marinus will deliver and support its timely delivery. • To ensure that the project meets the needs of consumers and other stakeholders, including through an appropriately designed Community Benefit Sharing Program. • To ensure the project meets the requirements of Governments, regulators and AEMO.	• Continue to engage with affected landholders and community stakeholders, including Traditional Owners, to understand and address their concerns during the project's construction phase. • Develop an appropriately designed Community Benefits Sharing Program to ensure an ongoing and sustainable positive legacy for communities in Victoria and Tasmania. • Work with Governments, regulators and AEMO to ensure that regulatory requirements continue to be understood and addressed.

While our engagement activities are much broader in scope than our engagement with the CAP, this does not diminish the importance of the CAP to the project or the development of this revised Revenue Proposal. For a detailed explanation of our engagement with the CAP, please refer to Chapter 2 of our revised Revenue Proposal.

4.2 Summary of key activities

Our strongly held view is that effective engagement will build social license for the project and facilitate the delivery of the project with the broad support of the community. Given the size and scale of Marinus Link, deep, genuine, accessible and ongoing engagement with the community, Traditional Owners and other stakeholders is critical to ensure that landholders and the community:

- understand the need for and drivers of the project;
- understand the expected benefits of the project; and
- have appropriate channels to provide their feedback and discuss the project and their concerns.

In addition to this effective engagement, MLPL wants to ensure that Marinus Link is delivered in a sustainable manner so that the impact on the environment and communities is minimised to the greatest extent possible. The establishment of a Sustainability Framework therefore provides an important component to our engagement approach as it explains how MLPL intends to address the broader outcomes that are important to our stakeholders and communities.

In the remainder of this section, we discuss the following elements of the landholder and community engagement support activity which are essential to the successful delivery of the project:

- MLPL's engagement groups;
- Sustainability Framework;
- Community Benefit Sharing Program; and
- Infrastructure Sustainability Ratings.

4.2.1 MLPL's engagement groups

As explained in our Revenue Proposal – Part A (Early works), landholder and community engagement is complex, dynamic and fundamental for a project with the scale and potential of Marinus Link. Our approach involves multiple teams each with their own specific objectives, while contributing to the overarching objectives described above.

The table below provides an overview of our engagement groups, the rationale for engaging and the different delivery teams within Marinus Link that are primarily responsible for each engagement activity. These engagement groups were developed during the early works phase of the project and will continue, albeit with different levels of intensity and focus, during the construction phase.

Table 4: Overview of our engagement groups, rationale and delivery teams

Key engagement areas/groups	Rationale for engagement	Delivery team/s
Local stakeholders and community	MLPL engages with local stakeholders and the community to establish relationships, build understanding of and advocacy for the project, and to identify issues and opportunities to promote its successful.	Whole of project
Landholders	MLPL engages with landholders to establish relationships, agree access arrangements, and address issues that may otherwise adversely affect the construction phase of the project.	Corporate Affairs and Project Delivery
Traditional Owners	MLPL engages with Traditional Owners in both Tasmania and Victoria on various aspects of the project, including, but not limited	Corporate Affairs and Project Delivery

Key engagement areas/groups	Rationale for engagement	Delivery team/s
	to its Sustainability Framework, Participation Plan and cultural heritage requirements.	
Gippsland Stakeholder Liaison Group (GSLG)	MLPL engages with the GSLG as a forum for regular face-to-face communication and engagement between MLPL and key local stakeholders in the Gippsland region.	Corporate Affairs
Sustainability Framework and community benefits	MLPL engages with key and local stakeholders around the development of an organisational Sustainability Framework, and Community Benefits Sharing Program.	Corporate Affairs
Environmental and Land Use approvals and compliance	MLPL engages with key Commonwealth, State and Local stakeholders including the community, landholders, traditional owners, key industry bodies, the Technical Reference Group, regulators and other authorities to address any environment and planning approval and compliance issues.	Corporate Affairs and Project Delivery
Government and regulators	MLPL engages with governments and regulators across relevant jurisdictions to discuss regulatory issues, policy settings, and planning and environmental approvals.	Executive, Corporate Affairs, Customer & Revenue, Finance & Commercial, Project Delivery, and Legal and Governance
Governance	MLPL engages with internal and external stakeholders for governance, decision-making and strategic purposes, to ensure the project is delivered in a coordinated and efficient manner.	MLPL Board, TasNetworks, and Hydro Tasmania.
Social Impact Assessment	MLPL engages with stakeholders, communities and groups across the project footprint, to explore stakeholder perceptions regarding the potential issues, concerns, and impacts and identify ways to reduce impacts and enhance the project's social and economic benefits.	Corporate Affairs and Project Delivery
Energy sector	MLPL engages with the energy sector (including market bodies, system planners, industry participants and analysts) around the ISP, market rules, revenue and price setting, policy directions and requirements, trends, and economics and technical aspects of network connection.	Executive, Corporate Affairs, Customer & Revenue, and Project Delivery
Future workforce	MLPL engages with students, education providers, skills providers, industry and employment organisations to generate awareness of the project and connect with interested future workers to upskill prior to delivery, addressing potential skills shortages and meeting Australian Industry Participation requirements.	People Team, Corporate Affairs and Project Delivery
Consumers	MLPL engages with consumers to ensure that their needs are considered in the project and reflected in our Revenue Proposal – Part B (Construction costs).	Customer & Revenue and Corporate Affairs

It is evident from the diverse range of stakeholders that effective engagement is a highly specialised task that requires a mix of highly skilled internal staff members with support from a range of external experts.

The internal MLPL team will oversee the direct engagement with the community, Traditional Owners and other stakeholders which will be undertaken through a variety of different channels including 'hands-on' workshops, online forums, newsletters, open and face-to face meetings, site tours, notices, and working with local schools, TAFE providers and universities (i.e., student discussions, site visits and work experience opportunities). A dedicated website will also be established to provide project information and regular updates. A community exhibition will also be held to demonstrate the 'big' picture project.

External support will be provided where specialist expertise is needed either to engage effectively on specific issues or to facilitate our interactions with stakeholders. During the early works phase, we developed significant experience in combining internal and external resources to ensure that effective engagement is achieved while maintaining a focus on cost efficiency. A similar approach is planned for the construction phase of the project.

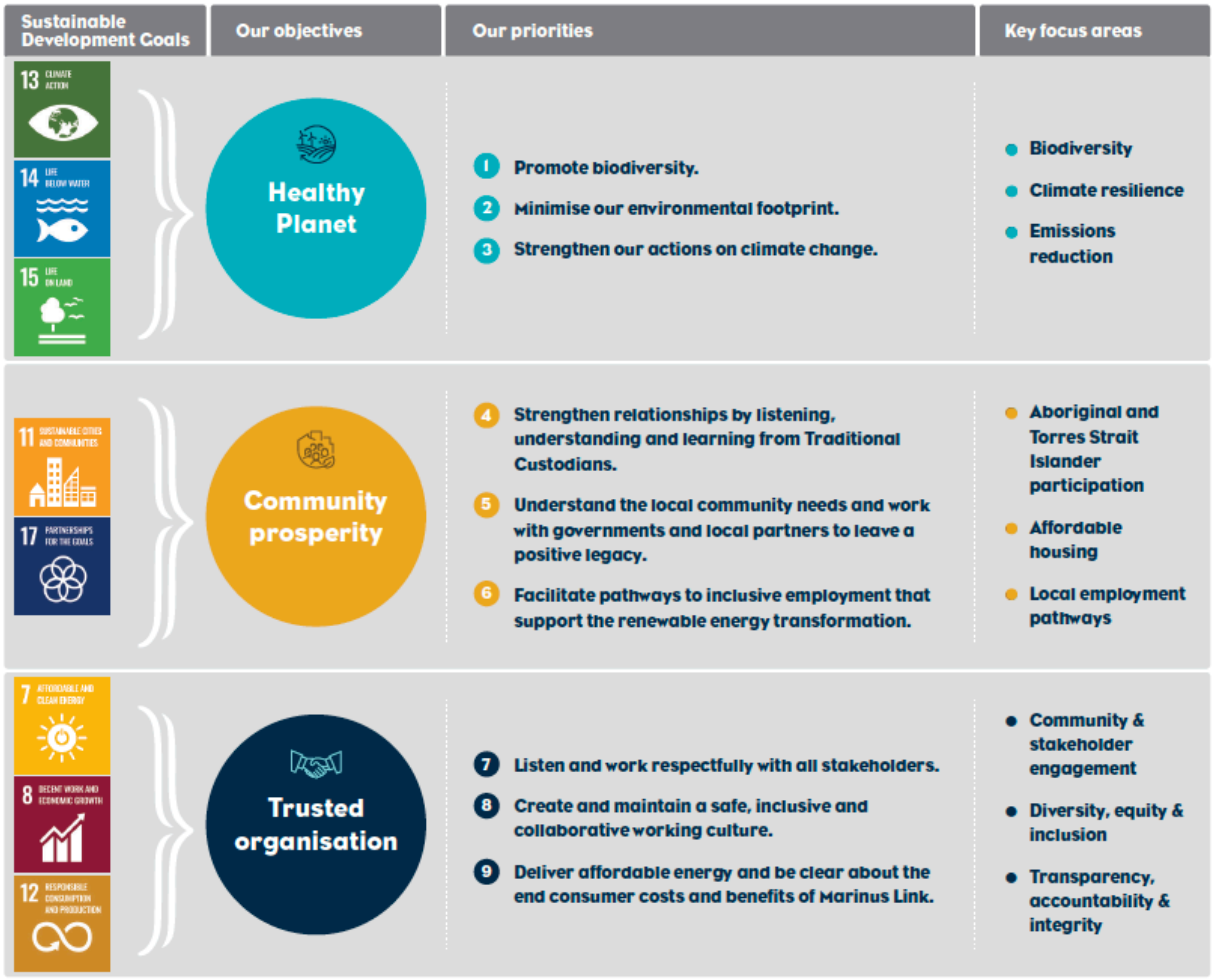
4.2.2 Sustainability Framework

Our Sustainability Framework is an important element in our landholder and community engagement work because it guides us on how we plan and build the project to make sure that we leave a positive legacy. Through the Sustainability Framework, our objectives are:

- Keeping our planet healthy;
- Contributing to prosperous communities; and
- Being a trusted organisation.

MLPL's Sustainability Framework is presented in the figure below.

Figure 2: Marinus Link's Sustainability Framework



The role of our construction contractors provides a practical example of how MLPL's Sustainability Framework will promote improved project outcomes.

The activities to be carried out by the construction contractors are expected to affect various communities and landholders along the line of route through noise and vibration, dust, mud as well as local road and access congestion. It is therefore important for the construction contractors to operate in accordance with MLPL's Sustainability Framework. This means, for example, promoting local employment and affordable housing, and driving better outcomes through reporting requirements that enhance transparency, accountability and integrity.

The Sustainability Framework will therefore play an important role in the landholder and community engagement during the construction phase of the project, in addition to enhancing the project outcomes in terms of sustainability. The direct costs of developing the framework have been met during the early works phase of the project. However, an internal resource is required during the construction phase to ensure that the sustainability framework is actioned across the project for the benefit of our customers, stakeholders and communities.

4.2.3 Community Benefits Sharing Program

A further important initiative to create long-term legacy through the project is the establishment of a Community Benefits Sharing Program. The purpose of the scheme is to ensure that communities that are directly affected by the construction of the project share in the benefits that it provides. MLPL has commenced working with stakeholders in Tasmania and Victoria to co-design a Community Benefits Sharing Framework.

In terms of the successful delivery of the project, an appropriately resourced and executed Community Benefits Sharing Program is expected to provide the following benefits:

- Building trust and ambassadorship;
- Creating a sense of pride and ownership;
- Tailoring to local circumstances, culture and needs, helping address inequality;
- Recognising the impacts of the transition to renewable energy;
- Ability to 'open conversations' with new stakeholders and communities within the project area;
- Enable MLPL to effectively partner with the community to address matters that improve local outcomes; and
- Assist MLPL to connect with the community to manage potential risks as a result of the project, including workforce accommodation and environmental impacts.

In developing MLPL's approach to the Community Benefits Sharing Program, we engaged with the following stakeholders and local community groups, including:

- North West Transmission Developments Stakeholder Liaison Group, community representatives Burnie City Council and Cradle Coast Authority;
- Gippsland stakeholders, including the Gippsland Stakeholder Liaison Group, directly impacted landholder representatives, the Latrobe City Council and South Gippsland Shire Council;
- ReCFIT in Tasmania and VicGrid in Victoria;
- AER, including reference to the Directions Paper 'Social licence for electricity transmission projects';
- Traditional Owner groups; and
- MLPL Consumer Advisory Panel.

In this revised Revenue Proposal, we are proposing total expenditure of $[redacted] for Marinus Link's Community Benefits Sharing Program. The total expenditure equates to less than [redacted]% of the estimated project costs, which we consider to be a reasonable level of expenditure to support local communities.

The program will be implemented during the construction phase over a five-year period, which is broadly aligned with the first regulatory period. The estimated cost of the scheme is included in the landholder and community support activity.

4.2.4 Infrastructure Sustainability Council Rating

The Infrastructure Sustainability Council (**ISC**) is a member-based, not-for-profit peak body operating in Australia and New Zealand with the purpose of enabling sustainability outcomes in infrastructure. The ISC has developed a rating scheme to evaluate economic, social and environmental performance of infrastructure. It is a voluntary scheme for the energy sector, although it is mandated in most states for Transport infrastructure projects, depending on capital value.

A cost benefit assessment has indicated that the adoption of an ISC rating is expected to produce a benefit which is conservatively expected to be between $1.60 and $2.40 for every dollar spend. The source of benefits are expected to include:

- Protection of natural environment values including air quality, water quality and biodiversity;
- More accessible and safe spaces for community – improved amenity;
- Respect for rights and cultural needs of indigenous and ethnically diverse community members;
- Equitable access to essential services and social infrastructure; and
- Development of human and social capital to support long-term economic growth and productivity.

MLPL discussed the ISC rating with the CAP to determine whether MLPL should adopt a target rating for Marinus Link. In discussions with the CAP, MLPL proposed that it would:

- Adopt a 'program' rating, with overall registration held by MLPL. Under this approach, each contractor will be required to undertake a separate rating for their work package(s), which will contribute to MLPL's overall program rating score; and
- Target a Silver rating for 'design' and 'as built' components of the project.

In response to information presented, the CAP recommended that MLPL adopts the Silver rating with the option to upgrade to Gold rating if achievable. In light of this feedback, MLPL intends to target a Silver rating

for design and construction, in accordance with the Infrastructure Sustainability Rating Scheme. The costs of administering the rating scheme is included in the landholder and community support activities.

4.3 Resource requirements

The table below shows our proposed forecast expenditure for the landholder and community engagement support activities. The 'materials and other payments' category is the largest component, noting that it includes the costs of the Community Benefit Sharing Program and the IRC rating fees.

Table 5: Landholder and community engagement expenditure ($m real 2023)

	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Internal labour costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Service provider costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
IDP costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Materials costs and other payments	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total expenditure	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

The following table provides further information on the composition of internal labour resources for the landholder and community engagement support activity. As already noted, the scope of these activities includes a diverse range of engagement groups, in addition to implementation of schemes and frameworks that are central to the successful delivery of the project for the benefit of our consumers, stakeholders and communities. The internal labour forecasts reflect these resourcing needs during the construction phase of the project.

Table 6: Landholder and community engagement labour requirements (FTEs)

	2025-26	2026-27	2027-28	2028-29	2029-30
Head of Community & Social Impact	1.0	1.0	1.0	0.5	-
Community Engagement Lead (TAS)	1.0	1.0	1.0	0.5	-
Community Engagement Lead (VIC)	0.8	1.0	1.0	0.5	-
Social Impact Lead	1.0	1.0	1.0	0.5	-
First Peoples Engagement Advisor	0.5	-	-	-	-
Cultural Heritage Specialist - IDP	1.0	1.0	1.0	0.5	-
Total FTEs	**5.3**	**5.0**	**5.0**	**2.5**	**-**

Our view is that our proposed expenditure for landholder and community engagement support activities is prudent and efficient because:

- We will continue to engage with our key stakeholder groups during the construction phase of the project to build and maintain social license for the project and resolve issues as they arise. However, our proposed level of internal resources is very substantially reduced (by approximately two-thirds) from the level incurred during the early works phase.
- The principal component of the proposed expenditure relates to the Community Benefit Sharing Program and the IRC rating. Both of these elements are supported by the CAP and other stakeholders, and MLPL considers that the proposed expenditure appropriately balances the costs and benefits.
- We plan to engage experts to ensure that our engagement is effective in understanding and actioning particular stakeholder concerns, recognising the complexities that arise from Marinus Link, which are significant from a Commonwealth and State perspective. Our targeted engagement of external experts on an 'as needs' basis will ensure that consumers benefit from cost-effective engagement.

In addition to the above observations, we note that the following points made by Aurecon that support the prudency and efficiency of our proposed expenditure for the landholder and community engagement activities:[9]

- Landowner and Community engagement is a core part of MLPL's delivery strategy to ensure that the project is capable of meeting the needs of the NEM whilst balancing community interests wherever possible.
- It is important to note that the breadth of MLPL's community engagement spans: Local stakeholders, Landholders, Traditional Owners, Gippsland Stakeholder Liaison Group, Key Commonwealth, State and local councils with respect to land use and environmental approvals/compliance, energy market participants, education and service providers, consumers, and other project impacted parties.
- The proposed FTE positions are aligned with other major transmission infrastructure projects, and major infrastructure projects more generally. Aurecon also noted that the roles specified are consistent with the engagement needs (noting there may be some changes as the project progresses).

[9] Aurecon, Marinus Link Stage 1B Revenue Proposal, Independent Review of Marinus Link Stage 2 Expenditure July 2025 to June 2030, July 2025, Section 6.2.1, Table 6-3.

5 Land and easement acquisition and management

5.1 Key objectives and scope

The table below summarises the objectives for the land and easement acquisition and management support activity and describes the scope of work that is required to achieve these objectives.

Table 7: Land and easement acquisition and management objectives and scope of work

Objectives	Scope of work
• To ensure that land access is obtained in accordance with the easement agreements. • To resolve access issues to avoid delays to the project schedule and the associated cost impacts.	• Manage the land access agreements, including payments to landholders. • Liaise with landholders and contractors to ensure access requirements are communicated appropriately. • Take action to resolve potential access disputes and provide updated guidance to contractors.

The land and easement acquisition and management support activities will transition from the establishment of access rights during the early works phase to the execution and management of those agreements during the construction phase. As the nature of this support activity changes, so does its interface with other elements of the project, most notably the landholder and community engagement and environmental impact assessments support activities. Nevertheless, the effective management of land access has a key role to play in the success of the project. These matters are discussed in further detail in the next section.

5.2 Summary of key activities

In our Revenue Proposal – Part A (Early works), we explained that the successful delivery of the project depends on securing access to land, both for planning and construction purposes:

- In relation to planning, land access is necessary to conduct field surveys and investigations, including geotechnical surveys, and ecology, cultural heritage and environmental studies. This work is essential in order to optimise the route design; address the planning approvals requirements; and determine the preferred construction methods.

- For the construction phase, securing Easement Option Agreements reduces the risk of project delay and assists in managing the total costs of land and easement acquisition. Strategic land acquisition of

key project sites also plays an important role in reducing the total project costs and avoiding project delays.

Our approach during the early works phase of the project recognised the need to be flexible in our negotiations with landholders with a view to securing an appropriate number of option agreements having regard to the value they provide in terms of avoiding project delay and improving our understanding of the total project costs. This approach ensures that our expenditure provides value for money from the perspective of electricity consumers. As a consequence, MLPL explained in its Revenue Proposal – Part A (Early works) that it did not intend to obtain 100% of the required land and easement acquisition in its early works phase, with the remaining access to be secured during the construction phase.

MLPL developed a set of principles to guide our negotiations with both private and public landholders for land access and easement rights in relation to approximately 430 properties on corridors identified in Victoria and Tasmania. An execution plan was also developed, which has five stages including the negotiations, calculations, and associated payments:

1. Land access negotiations and payments (for surveys);
2. Easement compensation calculation;
3. Easement right option agreement and option payment;
4. Exercise of easement option; and
5. Asset installation, easement registration and payment of easement compensation.

Our early works activities only addressed stages 1 to 3, with stages 4 and 5 occurring during the construction phase. As noted above, however, a portion of the required land access will be negotiated during the construction phase, rather than early works.

On signing of the easement option agreement an option fee would be payable (stage 3). The option fee is up to [redacted]% of the total easement compensation payable to the landholders. This option fee is not refundable in the event that the option is not exercised but if the option is exercised it would be deducted from the total amount of compensation payable. Following a decision to commence with construction, the easement option would be exercised in accordance with stage 4. At that time, MLPL would pay the balance of the easement compensation to the landholders.

During the early works phase of the project, land and easement acquisition played a central role in building relationships with landholders and securing land access to obtain environmental approvals. The linkages between these support activities will change during the construction phase of the project, although the land and easement acquisition will continue to be an important factor in the successful management of the project. In particular:

- The effective management of the land access agreements and the avoidance of disputes will enable MLPL to maintain social license, which is a key driver of the landholder and community engagement support activity.

- On-going land access will be required to ensure compliance and undertake reporting in accordance with the environmental approvals.

Given the on-going importance of land and easement acquisition and management, it is essential that MLPL has sufficient resources to ensure that this support activity is managed effectively.

5.3 Resource requirements

The table below shows our proposed forecast expenditure for the land and easement acquisition and management support activities. The 'materials costs and other payments' predominantly relate to the land access payments that become payable when the project proceeds to the construction phase. These payments also relate to temporary occupancy and disturbance during project construction, which is approximately [redacted] of the total compensation amount. The compensation payment amounts reflect expert advice received from property valuation experts, Acumentis, having payment made to benchmark land value reductions; the requirements of the Victorian Land Acquisition and Compensation Act 1986; outcomes from legal proceedings and market research.

The majority of the compensation payments commence at the start of the regulatory period when the easement options acquired during the early works phase are exercised. MLPL expects to make further easement compensation payments of approximately [redacted] in 2030-31, i.e., in the next regulatory period. This payment relates to access rights that are expected to be secured, but not exercised, during the regulatory period and temporary occupancy and disturbance compensation. We are maintaining a small internal team of 1 FTE to negotiate the remaining land access requirements and manage issues relating to the compensation payments.

Table 8: Land and easement acquisition and management expenditure ($m real 2023)

	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Internal labour costs*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Service provider costs*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Materials costs and other payments*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total expenditure*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* This cost information is commercially sensitive and has been redacted for the purposes of this revised Revenue Proposal.

The following table sets out our internal labour resources for the land and easement acquisition and management activity, which is expected to be constant during the construction period.

Table 9: Land and easement acquisition and management internal labour requirements (FTEs)

	2025-26	2026-27	2027-28	2028-29	2029-30
Land Access Manager	1.0	1.0	1.0	1.0	1.0
Land Agent - VIC 1	1.0	1.0	1.0	1.0	1.0
Land Agent - VIC 2	1.0	1.0	0.5	-	-
Land Agent - VIC 3	1.0	0.5	-	-	-
Land Access Paralegal	1.0	1.0	1.0	0.5	-
Land Access Specialist	0.3	1.0	1.0	0.5	-
Total FTEs	**5.3**	**5.5**	**4.5**	**3.0**	**2.0**

Our view is that our proposed expenditure for land and easement acquisition and management support activities is prudent and efficient because:

- It reflects a reasonable forecast of the land easement compensation payments, informed by expert advice provided by Acumentis; and
- MLPL is seeking to maintain 2 FTEs for the length of the regulatory period, with additional support ramping up and down as required, which is an appropriate level of internal resources given the number and complexity of landowner access agreements to be managed and the remaining agreements to be negotiated.

In addition to the above observations, we note that the following points made by Aurecon that support the prudency and efficiency of our proposed expenditure for the land and easement acquisition and management activities:[10]

- The landowner relations officers are necessary for MLPL to ensure adequate engagement with landowners where easements are required.
- The compensation calculations account for State land valuation and acquisition policies, the market value of land, economic losses, and include allowances for professional expenses.

[10] Aurecon, Marinus Link Stage 1B Revenue Proposal, Independent Review of Marinus Link Stage 2 Expenditure July 2025 to June 2030, July 2025, Section 6.2.2, Table 6-4.

- Stage 4 of the land and easement activities secures the legal rights to use (or access) the required land, allowing the project to transition smoothly from planning to execution.
- Stage 5 is essential for the physical installation of transmission infrastructure, formalizing the easement through registration, and ensuring fair compensation to landowners. Together, these stages provide the legal, operational, and financial foundation necessary for the project's completion and long-term viability.
- In Aurecon’s view, the activities involved in Stages 4 & 5 are prudent and necessary for the timely development of the project.

6 Environmental Impact Assessment and management

6.1 Key objectives and scope

As explained in section 1.2, rather than renaming the 'early works' categories to better reflect the scope of the support activities during the construction phase, we have retained the naming conventions (with minor adjustments). We have adopted this approach so that stakeholders better understand the changes from the early works to the construction phase of the project.

For environmental impact assessment and management, the early works phase was focused on conducting field surveys, technical reports and impact assessment documentation to obtain planning and environmental approvals. For the construction phase, the focus turns to ensuring that we achieve compliance with these obligations. In this regard, the scope of the 'environmental impact assessment' support activities will change markedly in the construction phase of the project, as the emphasis will change to managing compliance with our obligations. The table below summarises the objectives of the environmental impact assessment and management support activities and describes the activities that are required to achieve these objectives.

Table 10: Environmental impact assessment and management objectives and activities

Objectives	Activities
• Ensure that MLPL and its contractors comply with the planning and environmental approvals. • Ensure that MLPL complies with the reporting requirements for each of the relevant planning authorities. • Avoid any project delays that could result from planning and environmental issues relating to the project.	• Provide guidance to our contractors regarding MLPL's planning and environmental obligations in accordance with the relevant Commonwealth and State regulations. • Engage with contractors to ensure that reporting requirements are understood and actioned in accordance with MLPL's obligations. • Implement processes and procedures to identify and resolve non-compliance issues as soon as practicable. • Liaise with Commonwealth and State planning and environmental authorities as required to clarify obligations and compliance issues.

6.2 Summary of key activities

Marinus Link spans Commonwealth (Bass Strait), Victorian and Tasmanian jurisdictions and, therefore, is subject to planning and environmental assessments in accordance with the following Commonwealth, State and Local environment and planning legislation:

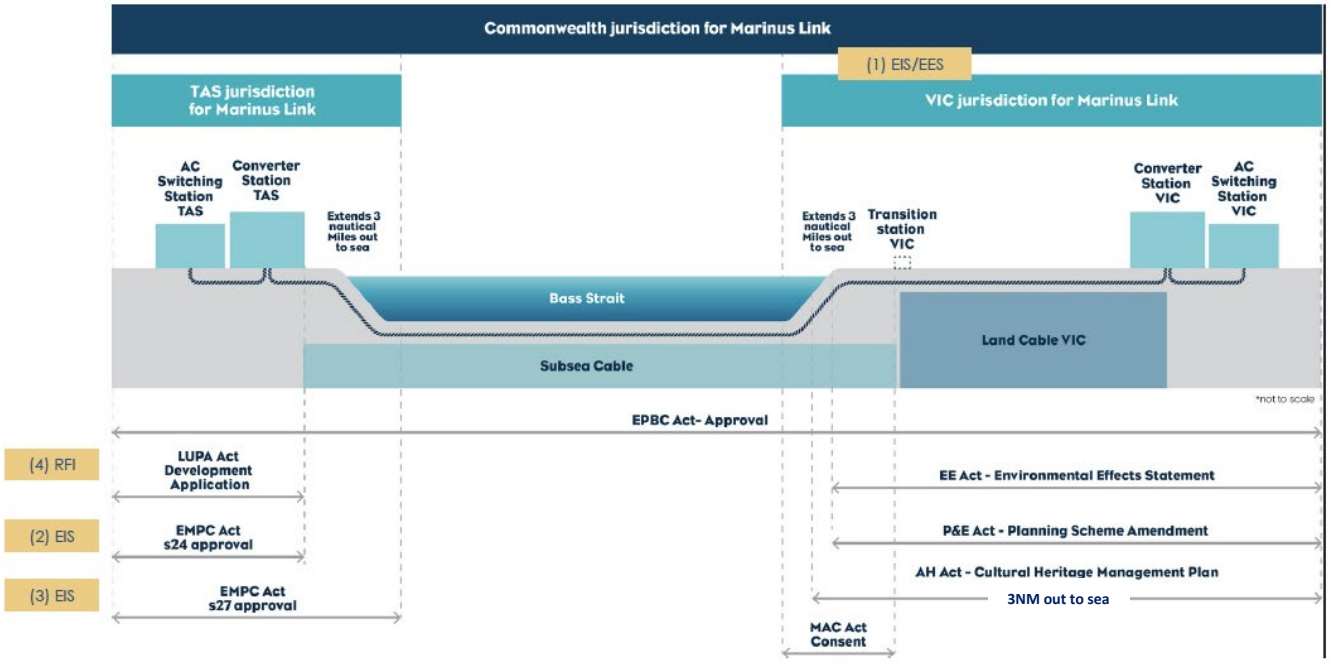
- Commonwealth Environment Protection and Biodiversity Conservation Act 1999 (**EPBC Act**);

- Tasmanian Environmental Management and Pollution Control Act 1994 (**EMPC Act**) and Land Use Planning and Approvals Act 1993 (**LUPA Act**); and

- Victorian Environment Effects Act 1978 (**EE Act**), Planning and Environment Act 1987 (**P&E Act**) and Aboriginal Heritage Act 2006 (**AH Act**)

The figure below shows how the key Commonwealth, Tasmanian and Victorian environment and planning approval requirements apply to Marinus Link.

Figure 3: Key environment and planning requirements applied to Marinus Link.



To address these requirements, MLPL has been working with environmental and planning experts to prepare:

- One Environmental Impact Statement (**EIS**) / Environmental Effects Statement (**EES**) to address Commonwealth and Victorian matters;

- One EIS, one Development Application (**DA**), and one Request for Information (**RFI**) for the Converter station in Tasmania;

- One EIS for the Shore crossing and cables in Tasmania;

- One Planning Scheme Amendment (**PSA**) in Victoria; and

- Two Cultural Heritage Management Plans (**CHMPs**) in Victoria.

To provide an indication of the extent of the work required to achieve environmental and planning approval for Marinus Link, stage 3 of the EIS process requires the completion of 23 technical reports to identify the potential

environmental impact of the project and proposed mitigation measures. The technical reports require a mix of desktop studies and field surveys conducted by specialists in each field.

During the construction phase of the project, our focus will change from obtaining planning and environmental approvals to ensuring that we meet our obligations. This means working with our contractors to ensure that those obligations are fully understood and reflected in their plans and work practices. Similar to the approval phase, the compliance landscape is complex because environmental responsibilities and obligations apply at the Commonwealth, State and local government levels through the following agencies:

- **Commonwealth** - The National Environment Protection Council (**NEPC**) is responsible for delivering on Australia's obligations under international environmental protection agreements. It achieves this through National Environment Protection Measures (**NEPMs**). NEPMs have been developed to protect and manage elements of the environment, like air and water quality, noise standards, hazardous waste, materials re-use and recycling, and site contamination.

- **Victoria and Tasmania** - Victoria and Tasmania each have an independent Environmental Protection Agency (**EPA**) which serves a jurisdictional role in implementing the NEPMs. Each EPA also has legislative powers to minimise the risk of pollution and waste by investigating possible breaches, and preparing guidelines to help businesses manage their environmental impact. Other regulations, including planning, waste management and water management, often include other regulatory authorities which may include local water authorities or designated planning authorities.

- **Local government** - Decision-making powers are often delegated to local government in areas like planning, water management, vegetation and weed control, waste management, plus air and noise quality.

As part of the compliance process, MLPL must undertake compliance reporting in accordance with our obligations. It is essential, therefore, to ensure that MLPL works closely with our contractors to ensure that these reporting obligations are understood and factored into their work practices.

While MLPL will be making every effort to ensure that we meet our compliance obligations, it is important that we are responsive in cases where there is a breach. MLPL will therefore establish processes with our contractors to ensure that breaches are identified and rectified as quickly as possible.

6.3 Resource requirements

The table below shows our proposed forecast expenditure for the environmental impact assessment and management support activities. MLPL notes that expert advice would be required in the event of a non-compliance issue that requires rectification and/or an independent report to one or more environmental agencies. Furthermore, our forecasts assume that the process and procedures for engaging with our contractors and the environmental agencies can be developed with minimal external support.

Table 11: Environmental impact assessment and management expenditure ($m real 2023)

	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Internal labour costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Service provider costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
IDP costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Materials costs and other payments	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total expenditure	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

The following table provides further information on the composition of internal labour resources for the environmental impact assessment and management support activity. The internal labour forecasts reflect these resourcing needs during the construction phase of the project.

Table 12: Environmental impact assessment and management labour requirements (FTEs)

	2025-26	2026-27	2027-28	2028-29	2029-30
Environment Officer	0.3	1.0	1.0	0.5	-
Sustainability Coordinator	1.0	1.0	1.0	1.0	1.0
Head of Environmental	0.6	-	-	-	-
Project Manager Environmental	0.6	-	-	-	-
Site HSE Inspector - VIC 1 - IDP	-	1.0	1.0	1.0	1.0
Site HSE Inspector - VIC 2 - IDP	0.5	1.0	1.0	1.0	0.4
Environment & Sustainability Manager - IDP	1.0	1.0	1.0	1.0	1.0
Environment Officer - IDP	1.0	1.0	1.0	1.0	1.0
Sustainability Officer 1 - IDP	0.5	1.0	1.0	0.6	-
Sustainability Officer 2 - IDP	-	0.5	1.0	0.5	-
Total FTEs	**5.5**	**7.5**	**8.0**	**6.6**	**4.4**

Our view is that our proposed expenditure for environmental impact assessment and management support activities is prudent and efficient because:

- It is essential that MLPL complies with its environmental obligations and works with its contractors to ensure that practices and procedures are in place to achieve compliance; undertake the required reporting; and identify and resolve any compliance breaches.

- Our forecast expenditure provides for a modest internal team, with efficient use of external support ramping up and down, as required.

In addition to the above observations, we note that the following points made by Aurecon that support the prudency and efficiency of our proposed expenditure for the environmental impact assessment and management activities:[11]

- The FTE positions proposed by MLPL are likely to be consistent with those we have observed at peer TNSPs and required for major infrastructure projects.

- In the Project's construction phase, the scope of EIA supporting activities is to ensure MLPL can achieve compliance with relevant obligations. MLPL is working with its environmental advisors (such as Tetra Tech Coffey) to ensure that those obligations are fully understood and reflected in their plans and work practices.

- Given the complex compliance landscape, where environmental responsibilities and obligations apply at the Commonwealth, State and local government levels, we consider the scope of these supporting activities is necessary.

- MLPL's Explanatory Notes have articulated how it is required to prepare various Environmental Impact Assessments, Environmental Effects Statements, Development Applications, Planning Scheme Amendments, and Cultural Heritage Management Plans to meet its environmental compliance obligations.

- MLPL must ensure that its contractors are compliant with these plans across the construction period to ensure it is meeting its commitments at the Commonwealth, State and local government level.

[11] Aurecon, Marinus Link Stage 1B Revenue Proposal, Independent Review of Marinus Link Stage 2 Expenditure July 2025 to June 2030, July 2025, Section 6.2.3, Table 6-5.

7 Technical designs and specifications

7.1 Key objectives and scope

The table below summarises the objectives of the technical designs and specifications support activities category and describes the activities that are required to achieve these objectives.

Table 13: Technical designs and specifications objectives and scope

Objectives	Scope
• To ensure that the project is commissioned on time in accordance with the agreed design specifications and achieves the planned transfer capability between Victoria and Tasmania. • To identify and resolve any technical and design issues at the earliest opportunity to minimise the risk of delay and the cost impact on consumers. • To ensure that MLPL achieves operational readiness by the planned commissioning date, so that the Marinus Link is operational at the earliest opportunity.	• To work with our contractors to ensure that acceptance testing is conducted in accordance with best practice, having regard to the specific challenges arising in relation to Marinus Link. • To conduct extensive system studies and liaise with AEMO to ensure that network performance and stability issues are identified and resolved at the earliest opportunity. • To work with our contractors to ensure that MLPL is ready to operate and maintain the facility through effective training and preparation of asset management plans.

During the early works phase, technical designs and specifications are essential in relation to the procurement strategy and execution. Specifically, technical designs and specifications must be detailed for work packages to facilitate:

- Tender specifications, preparation, support and evaluation; and
- Negotiation of contracts for the work packages.

The scope of the technical designs and specifications support activities changes materially during the construction phase of the project, and includes system modelling and acceptance testing to ensure that all equipment and software will operate as intended. While our contractors will have principal responsibility for the successful construction and commissioning of the project, MLPL will need to ensure that it has sufficient internal resources to assess and resolve technical issues as they arise. System studies will be required to conduct an extensive analysis of the integration impact to ensure that system stability is maintained after connection.

7.2 Summary of key activities

During the construction phase of the project, the majority of MLPL's focus will be working with our contractors to ensure the successful construction and commissioning of the project. The nature of the project is such that extensive work is required to ensure that the project will operate as intended and achieve the transfer capability between the Victorian and Tasmanian regions.

It is not expected that project commissioning will be completed until late 2030, i.e., during the second regulatory period. For a project as complex as Marinus Link, however, the commissioning process will commence during the 2025-30 regulatory period. In particular, factory acceptance testing is an important step in the commissioning process as it ensures that all equipment is designed in accordance with the agreed specification before leaving the factory. All control and protection software will also be subject to factory testing. Factory acceptance testing recognises that it is easier and cheaper to resolve issues at this stage, rather than identifying these issues during on-site testing.

To ensure the successful and timely completion of on-site commissioning, extensive planning is required to manage the sequencing of testing and handover of equipment. As noted earlier, the responsibility for planning and sequencing on-site testing will fall principally to MLPL's contractors. Nevertheless, it is essential that MLPL has sufficient internal expertise to review the testing and commissioning plans, identify and resolve issues and confirm site acceptance.

In addition to engaging with our contractors, MLPL will also need to liaise with AEMO to ensure that any system performance and stability issues are identified and resolved at an early stage. MLPL will also need to prepare for operational readiness, which requires a detailed understanding of the new systems and the development of asset management plans for the new facility.

7.3 Resource requirements

The table below shows our proposed forecast expenditure for the technical designs and specifications support activities. In scoping the work, MLPL is conscious of the need to balance in-house and external resources, so that MLPL has sufficient internal capability to provide advice on the appropriate course of action in response to issues arising from planning studies, compliance audits and acceptance testing. In addition to making the appropriate decision on behalf of electricity customers, this internal capability will enable MLPL to take action to manage emerging risks to the project schedule.

In addition to ensuring that MLPL has appropriate internal expertise to address emerging technical issues, it is also important to recognise the specialist nature of some tasks that are more appropriately undertaken by external service providers. For example, power system studies and acceptance testing are best conducted with support from external service providers given the highly specialist nature of those tasks. MLPL also notes that engaging third parties to conduct this analysis provides a degree of independence and assurance that

cannot be achieved by internal staff alone. MLPL's forecast allowances for these external services have been scoped by MLPL's subject matter experts have regard to hourly rates for the required engineering consultants and the estimates number of hours for each study type.

MLPL's forecast expenditure for the technical designs and specifications support activities are set out in the table below.

Table 14: Technical designs and specifications expenditure ($m real 2023)

	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Internal labour costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Service provider costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
IDP costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Materials costs and other payments	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total expenditure	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Service provider costs mainly consist of:

- Special Protection Scheme negotiation;
- System Studies costs;
- Operations and Maintenance set-up costs; and
- Specialist engineering consultants.

Materials costs and other payments include:

- Transmission system testing and related costs

The following table provides further information on the composition of labour resources for the technical designs and specifications support activities. The labour forecasts reflect varying resourcing needs align to the project schedule.

Table 15: Technical designs and specifications labour requirements (FTEs)

	2025-26	2026-27	2027-28	2028-29	2029-30
Power System Integration Manager	1.0	1.0	1.0	1.0	1.0
Principal Power System Engineer	1.0	1.0	1.0	1.0	1.0

	2025-26	2026-27	2027-28	2028-29	2029-30
Senior Power System Engineer	1.0	1.0	1.0	1.0	1.0
Power Systems Engineer	1.0	1.0	1.0	1.0	1.0
Power Systems Engineer	0.2	0.2	0.2	0.2	0.2
Asset & BIM Coordinator	0.5	1.0	1.0	1.0	1.0
Technical Assurance Engineer	0.8	1.0	1.0	1.0	1.0
Head of Engineering - IDP	1.0	1.0	1.0	1.0	1.0
Power Systems Engineer - IDP	1.0	1.0	1.0	1.0	1.0
Technical Interface Manager - IDP	1.0	1.0	1.0	0.8	-
BIM Specialist - IDP	0.8	1.0	1.0	1.0	1.0
Engineering Services Lead - IDP	0.5	0.5	0.5	0.4	-
Total FTEs	**9.7**	**10.7**	**10.7**	**10.3**	**9.2**

We consider that our proposed expenditure for technical designs and specifications support activities is prudent and efficient because:

- It is prudent for MLPL to retain internal resources that have the knowledge and expertise to respond to technical challenges as they emerge during the construction phase of the project.
- The proposed internal resources have been structured to align with MLPL's needs over the project timeframe, ensuring costs are minimised through targeted and timely resourcing.
- Some resources will undertake roles that contribute across both the program and project management, as well as technical design and specification activities, reflecting a focus on efficiency and effective utilisation of internal capability across key workstreams.
- Roles to be performed by the IDP have been selected to best leverage their capability and experience, supplementing the MLPL team where efficient.

In addition to the above observations, we note that the following points made by Aurecon that support the prudency and efficiency of our proposed expenditure for the technical designs and specifications support activities:[12]

[12] Aurecon, Marinus Link Stage 1B Revenue Proposal, Independent Review of Marinus Link Stage 2 Expenditure July 2025 to June 2030, July 2025, Section 6.2.4, Table 6-6.

- The FTE positions proposed by MLPL are likely to be consistent with those we have observed at peer TNSPs and required for major infrastructure projects.

- MLPL will need its own technical staff who are capable of assessing and analysing the technical specifications for cables, converters, and civil works. Expertise will also be required on how to interface these major infrastructure components.

- Operationally, MLPL will need expertise on how it will operate as part of the NEM and with various parties such as AusNet and TasNetworks. Asset Management, Commissioning, and Information systems are also all prudent and necessary functions.

- An MLPL engineer is crucial for a large power transmission project, offering technical expertise, overseeing execution, managing risks, ensuring quality, ensuring regulatory compliance, and coordinating communication among stakeholders. This role helps provide input to MLPL on the delivery of works of their principal contractors (e.g. Hitachi, Prysmian), can provide advice on keeping the project on schedule, and ensuring its successful and compliant completion.

- Marinus Link has engaged with contractors and external advisors to ensure it receives support, and completes technical studies and verification. Aurecon considers these activities to be necessary and key for Marinus Link's efficient operation in the NEM. Other activities relate to witnessing of contracts and milestones which are also required. In reaching this conclusion, Aurecon noted that system studies and potentially joint planning activities are required to conduct a deep and robust analysis of the integration impact into the network to ensure that system stability is maintained after connection, which is far beyond the traditional scope of GPS studies and network impact studies. MLPL will cover at a minimum, frequency control, fault ride-through, transient stability, voltage stability, TOV, and other studies.

- MLPL has included allowances for Factory System Tests (FST) and Factory Acceptance Testing (FAT) travelling costs and labour costs. These costs are likely necessary for MLPL to appoint external consultants to witness factory system tests and confirm equipment has been manufactured to specification

8 Procurement strategy and execution

8.1 Key objectives and scope

The procurement strategy and execution has been a key focus for MLPL during the early works phase of the project. Our Revenue Proposal – Part A (Early works) explained that we have relied on expert advice, supported market testing and engagement with potential suppliers, to develop and execute our strategy. The principal advisors engaged to formulate the procurement strategy are:

- Herbert Smith Freehills (Legal and Procurement advice);
- Jacobs (Australia) Pty Ltd, including its key subcontractor Elia Grid International (Engineering and specialist HVDC procurement advice) and previously Mott Macdonald;
- Coffey Services Australia (Environmental advice);
- Lockton Australia (Insurance advice);
- E3 Advisory (IDP Procurement);
- MBB Group (BoW Procurement); and
- Chatham Financial (hedging advice).

The overarching purpose of the procurement strategy is to achieve the best outcome for consumers by creating competitive tension in the tender processes to the greatest extent possible. For the construction phase of the project, the objectives and scope of this support activity will change from the 'early works' phase, which was focused on executing the contracts for the three works packages. Procurement during the construction phase will include administering procurement activities in accordance with the executed major contracts, as well as procuring additional services and external service providers needed to support project delivery.

Table 16: Procurement strategy and execution objectives and scope

Objectives	Scope
• To address MLPL's procurement needs, including those arising from the principal contractors. • To ensure that MLPL's procurement approach is consistent with industry best practice to provide confidence that MLPL's costs are prudent and efficient. • To conduct procurement in accordance with MLPL's procurement policy.	• To undertake procurement in accordance with the major contracts, in addition to procuring services from external service providers to support the construction phase of the project. • To maintain a best practice procurement policy. • Implement systems and processes to give effect to MLPL's procurement policy.

8.2 Resource requirements

The table below shows the build-up of our proposed forecast expenditure for the procurement strategy and execution support activities. This function is primarily expected to be delivered by in-house resources, with the expected capability and experience to manage the required procurement activities. This will be supplemented by specialist commercial and procurement advisory services where required.

Table 17: Procurement strategy and execution expenditure ($m real 2023)

	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Internal labour costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Service provider costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total expenditure	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

The following table provides further information on the composition of internal labour resources for the procurement strategy and execution support activities. The internal labour forecasts reflect these resourcing needs during the construction phase of the project and reflect the changing focus to managing the executed contract as opposed to project execution during the early works phase of the project.

Table 18: Procurement strategy and execution labour requirements (FTEs)

	2025-26	2026-27	2027-28	2028-29	2029-30
Senior Procurement & Contracts Manager	0.8	1.0	1.0	1.0	1.0
Procurement Manager	1.0	1.0	1.0	0.5	-
Procurement & Contracts Coordinator	0.6	0.6	0.6	0.6	0.3
IDP Contract Manager	0.8	1.0	1.0	1.0	1.0

	2025-26	2026-27	2027-28	2028-29	2029-30
Contract Assurance Advisor	0.8	1.0	1.0	1.0	1.0
Procurement Specialist	0.6	0.6	0.6	0.6	0.6
Total FTEs	**4.7**	**5.2**	**5.2**	**4.7**	**3.9**

We consider that our proposed expenditure for procurement and execution support activities is prudent and efficient because:

- Our internal resources have been scoped to reflect the contracting structure and the on-going procurement activities during the construction phase of the project, to retain knowledge across the project lifecycle.
- An allowance for procurement support and commercial advisory services has been included to support the internal team.

In addition to the above observations, we note that the following points made by Aurecon that support the prudency and efficiency of our proposed expenditure for the procurement and execution activities:[13]

- Aurecon has reviewed the positions specified for Procurement Strategy and Execution against those we would expect for a peer TNSP, or for a greenfield major infrastructure project. Overall, we note that the positions specified by MLPL appear reasonable, and relate to prudent functions required for MLPL as a new TNSP.
- Marinus Link has received commercial advisory services from several of its advisors on the structuring of its cables, converters, and balance of works procurement and contract negotiation processes. Aurecon believes these activities to be prudent to ensure that MLPL undertakes these activities with its commercial interests in mind and to best negotiate with market participants in tender responses, manage variations and disputes, and address other performance related issues.

[13] Aurecon, Marinus Link Stage 1B Revenue Proposal, Independent Review of Marinus Link Stage 2 Expenditure July 2025 to June 2030, July 2025, Section 6.2.5, Table 6-7.

9 Program and project management

9.1 Key objectives and scope

Effective program and project management is essential for a major infrastructure project, such as Marinus Link to meet its objectives in a prudent and efficient manner. The table below describes the objectives and scope of our program and project management support activities for the construction phase.

Table 19: Program and project management objectives and scope

Objectives	Scope
• To ensure the project is delivered on time and to budget in accordance with the project plans for the benefit of electricity consumers. • To ensure that the contractors understand and meet their contractual commitments prudently and efficiently. • To ensure that the project achieves best practice outcomes in health, safety and environment.	• The program and project management role recognises that significant effort will be required to actively manage efficient and timely project delivery, including the resolution of issues that may impact the project schedule and costs. • The overall project management is the responsibility of the Project Director, supported by direct reports who will manage the following issues: engineering design, risk management, project controls/scheduling, cost estimating, interface management, quality control, document control and administration support. • Liaise with contractors to ensure that their systems and processes meet health, safety and environment best practice.

9.2 Summary of key activities

We explained in our Revenue Proposal - Part A (Early works) that the program and project management activities were principally concerned with establishing the project governance and management arrangements, in addition to contributing to the development of the procurement strategy.

During the construction phase, the focus of our program and project management activities changes to the successful delivery of the project through effective engagement with and management of our major contractors. The key activities during this phase of the project are:

- Managing and or oversight of our major contractors and other service providers to ensure that their contractual obligations are delivered on time and budget;
- Implementing the core project controls and commercial processes and systems to inform timely, accurate project information and efficient decision-making;

- Managing the project schedule to inform overall progress and performance to identify issues and provide assurance that key risks are being proactively managed;
- Engaging with our major contractors to address interface and contract management issues as they arise to minimise the risk and cost consequences of delays; and
- Applying the HSE management systems to ensure that occupational health, employee safety, and environmental best practice is implemented throughout the project to prevent or mitigate accidents, incidents and meet MLPL's legal obligations.

As already explained, MLPL's program and project management will be supported by Jacobs, as MLPL's IDP.

9.3 Resource requirements

The table below shows the build-up of our proposed expenditure for the program and project management support activities, which shows the cost of the IDP as a separate line item. Further details on these costs is provided as an appendix.

Table 20: Program and project management expenditure ($m real 2023)

	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Internal labour costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Service provider costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
IDP costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Materials costs and other payments	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total expenditure	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

The service provider costs principally relate to:

- Legal costs that are specific to project delivery, including the costs of a dispute avoidance Board, commercial advisory services and allowances for defending contractor claims and proceedings; and
- Specialist project and engineering managers provided as consulting services under the IDP, rather than fixed positions in the organisation, allowing for more flexible ramp up and down of resources.

The materials cost and other payments include:

- Vehicle fleet;
- Equipment for the MLPL repair vessel;

- Permanent auxilliary supply for Heybridge and Hazelwood; and
- IDP expenses and disbursements associated with the services.

MLPL's internal labour forecasts reflect the resourcing needs to undertake program and project management during the construction phase of the project. While the construction of the assets has been outsourced to external service providers, MLPL has an important role in managing project delivery including the interface between the contractors. The principal internal labour roles that are required are summarised below:

- **Project Director** – the Project Director provides a single point of responsibility for the overall successful execution and delivery of the project.
- **Package and project managers** – the package managers will ensure compliance and delivery of the scope of works as agreed in the commercial terms of all main contracts.
- **Project Controls** – responsible for cost and schedule tracking. This role will be supported by functional roles including cost, scheduling, change control and document management.
- **Project engineers** – responsible for ensuring the engineering designs and other documents are compliant, issued on time and reflect the correct specifications. This role is critical for successful integration across all packages and will be supported by two senior engineering roles relating to cables and converters.
- **Site managers** – responsible for managing site related issues, including safety, compliance, scheduling and conflict resolution through active engagement with contractors, sub-contractors and suppliers.
- **Contract administrators** – responsible for the administration of the contracts, ensuring that the project is managed in accordance with the contracts, including payment milestones, payment adjustment mechanisms, variations and provide advice on contractual issues.
- **Health Safety, Environment** and Quality– responsible for ensuring that MLPL meets its health, safety and environmental obligations. They also support in managing the specifications, performance and outputs for each of the cables and converters contracts.

The following table provides further detailed breakdown of the labour resources that are required for the program and project management support activities. Of the cost categories, program and project management is one of those most supported by the IDP.

Table 21: Program and project management labour requirements (FTEs)

	2025-26	2026-27	2027-28	2028-29	2029-30
Project Director	1.0	1.0	1.0	1.0	1.0
Executive Assistant	1.0	1.0	1.0	1.0	1.0
Project Manager - Heybridge (Conv.)	1.0	1.0	1.0	1.0	1.0
HVDC Lead Engineer (Conv.)	1.0	1.0	1.0	1.0	1.0
Civil Engineer (Conv.)	1.0	1.0	1.0	0.8	-
Contract Manager (Conv.)	1.0	1.0	1.0	1.0	1.0
Contract Administrator (Conv.)	1.0	1.0	1.0	1.0	0.4
Project Coordinator (Conv.)	1.0	1.0	1.0	1.0	0.4
Cables Director (Cables)	1.0	1.0	1.0	1.0	1.0
Senior Project Manager (Cables)	1.0	1.0	1.0	1.0	1.0
Project Manager - Cables onshore (Cables)	1.0	1.0	1.0	1.0	1.0
Owners Representative - Offshore 1 (Cables)	-	-	-	-	1.0
Owners Representative - Offshore 2 (Cables)	-	-	-	-	1.0
Owners Representative - Offshore 3 (Cables)	-	-	-	-	1.0
Owners Representative - Offshore 4 (Cables)	-	-	-	-	1.0
Senior Cables Engineer (Cables)	1.0	1.0	1.0	1.0	1.0
Contract Manager (Cables)	1.0	1.0	1.0	1.0	1.0
Project Coordinator (Cables)	1.0	1.0	1.0	1.0	1.0
Construction Director	0.8	1.0	1.0	1.0	1.0
Site Interface Manager	0.3	1.0	1.0	1.0	1.0
Project Engineer	0.6	1.0	1.0	1.0	1.0
Site HSE Inspector - VIC	-	1.0	1.0	1.0	0.4
Site HSE Inspector - TAS	-	1.0	1.0	1.0	0.7
Site Team Leader – Heybridge	0.3	1.0	1.0	1.0	1.0
Project Coordinator 1	-	1.0	1.0	1.0	1.0

	2025-26	2026-27	2027-28	2028-29	2029-30
Site Representatives - Land Cable	-	1.0	1.0	1.0	1.0
Project Coordinator 2	0.5	1.0	1.0	1.0	1.0
Senior Cost Controller	1.0	1.0	1.0	1.0	1.0
Cost Controller - Packages	0.8	1.0	1.0	1.0	1.0
Contract Interface Specialist	0.8	1.0	1.0	1.0	1.0
Scheduling, Planning & Reporting Manager	1.0	1.0	1.0	1.0	1.0
Scheduler - BoW (Contractor)	0.8	1.0	1.0	1.0	1.0
Reporting Specialist (PowerBI)	1.0	1.0	1.0	1.0	1.0
Senior Document Controller	1.0	1.0	1.0	1.0	1.0
Document Controller - BoW	0.5	1.0	1.0	1.0	1.0
Change Controller - Packages (Contractor)	0.5	1.0	1.0	1.0	1.0
Quality and Assurance Coordinator	0.8	1.0	1.0	1.0	1.0
Operational Readiness Manager	0.5	1.0	1.0	1.0	1.0
Implementation Manager	0.6	-	-	-	-
Head of Connections	0.6	-	-	-	-
Head of Legal – Project Delivery	1.0	1.0	1.0	1.0	-
Governance Specialist 1	0.8	1.0	1.0	0.1	-
Converters Director - IDP	1.0	1.0	1.0	1.0	1.0
Senior Project Manager - IDP	1.0	1.0	1.0	1.0	0.4
Project Manager - Hazelwood - IDP	0.5	1.0	1.0	1.0	1.0
Converter Engineer - Primary - IDP	1.0	1.0	1.0	1.0	1.0
Control & Protection Engineer - IDP	1.0	1.0	1.0	1.0	1.0
Project Manager - Cables offshore - IDP	0.5	1.0	1.0	1.0	1.0
GIS Specialist - IDP	1.0	1.0	1.0	1.0	1.0
Contract Administrator - IDP	1.0	1.0	1.0	1.0	0.4
Construction Health & Safety Manager - IDP	0.8	1.0	1.0	1.0	1.0
Site Team Leader - Hazelwood - IDP	0.3	1.0	1.0	1.0	1.0

	2025-26	2026-27	2027-28	2028-29	2029-30
Site Engineer 1 - IDP	-	1.0	1.0	0.6	-
Project Coordinator - IDP	-	1.0	1.0	1.0	1.0
Site Engineer - Converter and Landfall - IDP	-	1.0	1.0	0.8	-
Site Team Leader - Land Cable - IDP	0.3	1.0	1.0	1.0	1.0
Site Representatives - Landfall VIC - IDP	0.5	0.9	-	-	-
Site Project Engineer - IDP	-	1.0	1.0	1.0	1.0
Site Engineer 2 - IDP	-	1.0	1.0	1.0	1.0
Head of Project Controls - IDP	1.0	1.0	1.0	1.0	1.0
Project Finance and Commercial Manager - IDP	1.0	1.0	1.0	1.0	1.0
Cost Controller - BoW - IDP	0.8	1.0	1.0	0.5	-
Senior Scheduler - IDP	0.8	1.0	1.0	0.8	-
Scheduler - Packages (Contractor) - IDP	0.8	1.0	1.0	1.0	1.0
Reporting Officer - IDP	1.0	1.0	1.0	1.0	1.0
Information and Change Manager - IDP	1.0	1.0	1.0	1.0	1.0
Document Controller - Packages - IDP	1.0	1.0	1.0	1.0	1.0
Change Controller - BoW - IDP	0.5	1.0	1.0	1.0	1.0
Project Risk and Assurance Manager - IDP	1.0	1.0	1.0	1.0	1.0
Quality Systems Specialist - IDP	1.0	1.0	1.0	1.0	1.0
Project Risk Coordinator - IDP	1.0	1.0	1.0	0.8	-
IDP Project Director	0.4	0.4	0.4	0.4	0.4
IDP Project Lawyer	0.1	0.1	0.1	0.1	0.1
IDP Project Manager	1.0	1.0	1.0	1.0	1.0
IDP Project Administrator	1.0	1.0	1.0	1.0	1.0
IDP Project Controller	0.7	0.7	0.7	0.7	0.7
Total FTEs	**50.9**	**68.1**	**67.2**	**64.4**	**60.0**

We consider that our proposed program and project management costs are prudent and efficient for the following reasons:

- We have sized our internal labour to provide effective oversight of the project to ensure that the project is delivered prudently and efficiently. This has included a detailed examination of MLPL's responsibilities across the project, and the need to manage safety, performance and delivery risks;
- MLPL has worked with its internal subject matter experts and its external advisors to determine the resourcing requirements for a project of this magnitude, having regard to industry best practice and MLPL's risk register and mitigation strategies;
- The selection of the IDP has ensured that resources are highly capable and experienced, and the support provided by this external expertise will provide the most cost effective means of delivering the project and managing the residual risks;
- A cost-effective fleet strategy has been adopted using a hybrid model of renting, leasing and using pooled vehicles, to minimise travel costs while meeting the project needs;
- We have taken a risk-based approach to project delivery legal costs, including the costs recommended by our legal advisor be split between the program and project management costs and the risk allowance; and
- Where possible, we have sought to optimise the level of service provider support to provide flexibility in workloads, rather than recruit additional FTEs.

In addition to undertaking extensive work to determine the resource requirements, we engaged Aurecon to conduct its own independent assessment of the program and project management resource requirements. In addition to providing access to our subject matter experts to address any specific questions arising from our plans, Aurecon were able to draw on industry benchmarking and their own experience to assess the prudency and efficiency of our proposed plans. Aurecon's report highlighted the following points that support the prudency and efficiency of our proposed expenditure for the program and project management activities:[14]

- Overall, we note that the positions specified by MLPL appear reasonable, and relate to prudent functions required for major HVDC infrastructure:
  - Managing and delivering major infrastructure, including its civil works, cables, and converters.
  - Ensuring construction activities are conducted safely and in accordance with the appropriate management systems.

[14] Aurecon, Marinus Link Stage 1B Revenue Proposal, Independent Review of Marinus Link Stage 2 Expenditure July 2025 to June 2030, July 2025, Section 6.2.6, Table 6-8.

  - Ensuring project sites are supervised.
  - Documenting construction work progress and flagging risk across various delivery packages.
  - Ensuring costs are appropriately estimated.
  - Ensuring that activities are undertaken to the required standard for various milestones.

- Aurecon considers that establishing a Dispute Avoidance Board enables early resolution of potential conflicts, minimising costly delays and litigation. It promotes open communication, provides expert guidance, and preserves positive relationships between parties. This proactive approach ensures smoother project delivery, safeguarding timelines, quality, and reducing overall risks.
- Independent estimation advice and quantitative risk advice will be necessary for MLPL in determining an appropriate risk allowance for the project and developing target costs for the future Balance of Works package, in addition to checking costs of any deviations put forward by delivery partners or in contractual disputes.
- In relation to the materials costs and other payments, Aurecon considers these costs are necessary to address and manage the issues arising from project interface, project control and contract management, and minimise the risk and cost consequences of delays.

10 Corporate costs and support

10.1 Key objectives and scope

During the early works phase, we explained that MLPL needed to invest in people, processes, and systems to ensure that it has the capability in place to deliver Marinus Link in accordance with the timeframes envisaged by the 2024 ISP. In this regard, we also noted that MLPL's circumstances differed significantly from other TNSPs that already have corporate functions in place. As the corporate function has been established during the early works phase, the corporate and support costs are expected to be more closely aligned to a typical TNSP's costs for the construction phase of the project.

The table below describes the objectives and scope for our corporate costs and support activities for the construction phase of the project.

Table 22: Corporate costs and support objectives and scope

Objectives	Scope
• To ensure that the project is supported by appropriately sized corporate functions, systems and processes to promote the timely and efficient delivery of the project.	• MLPL's corporate activities include governance, business establishment, finance, human resources, legal and regulatory support.

10.2 Summary of key activities

As noted in relation to program and project management, effective corporate support is essential if MLPL is to achieve its project objectives prudently and efficiently. During the early works phase, MLPL has invested significantly in building its corporate function in readiness to deliver and operate Marinus Link.. The focus for the construction phase, is to utilise the corporate systems and processes effectively to support the successful delivery of the project and ensure that MLPL is ready to undertake its future role as a TNSP.

MLPL's corporate and support activities for the construction phase of the project are closely aligned with other TNSPs. These functions include finance and business services; human resources; information and technology; governance and legal; corporate communications; and customer and regulation. MLPL's corporate and support activities also include the provision of office space, which comprises offices in Gippsland, Hobart, Melbourne and Burnie. In order to prepare MLPL for its role as a TNSP following project construction, we have also made an allowance for training, culture, leadership and coaching.

10.3 Resource requirements

In assessing the resource requirements for the corporate and support function, we engaged KordaMentha to undertake a high-level design of MLPL's corporate. Corporate functions and composition of staff was reviewed at the executive level to ensure efficiency. Centralised costs including training, travel, software and processes have been estimated based on the corporate labour structure established.

We have identified the number of FTEs required to deliver the construction phase of the project. We have also had regard to MLPL's longer term role as a TNSP, which informs the choice between resourcing through internal FTEs rather than external service providers. In particular, it is important to 'right size' the corporate function to reflect MLPL's longer term role as a TNSP.

The table below shows our proposed expenditure for the corporate and support activities.

Table 23: Corporate costs and support expenditure ($m real 2023)

	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Internal labour costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Service provider costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Materials costs and other payments	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Administrative costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total expenditure	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Service provider costs are principally associated with specialist advisory support including financial modelling and advisory, corporate strategic planning and change management, alongside specialist regulatory support.

The 'materials and other payments' principally includes costs associated with transmission licence fees, IT licences, Software as a Service (SaaS) subscriptions and support agreements alongside office lease and operating costs. The following table provides further information on the composition of internal labour resources for the corporate and support activities.

Administrative costs include domestic interstate travel and local travel to site for all internal MLPL staff and is in accordance with MLPL travel expense policies.

Table 24: Corporate costs and support labour requirements (FTEs)

	2025-26	2026-27	2027-28	2028-29	2029-30
People Partner 1	1.0	1.0	1.0	1.0	1.0

	2025-26	2026-27	2027-28	2028-29	2029-30
People Partner 2	0.8	0.8	0.8	0.8	0.8
HR Advisor/ Admin	1.0	1.0	1.0	1.0	1.0
Director, People & Culture	1.0	1.0	1.0	1.0	1.0
Resourcing specialist	1.0	1.0	1.0	1.0	1.0
Director, Business Operations	1.0	1.0	1.0	1.0	1.0
Senior Digital Platforms & Systems Manager	0.8	1.0	1.0	1.0	1.0
Principal Data Architect	1.0	1.0	1.0	1.0	1.0
Business Analyst 1	0.8	1.0	0.5	-	-
Business Analyst 2	0.8	1.0	1.0	1.0	1.0
Digital Platforms Manager	1.0	1.0	0.1	-	-
Information & Data Specialist	1.0	1.0	0.1	-	-
Information Specialist	1.0	1.0	1.0	1.0	0.1
IT Project Manager	1.0	1.0	0.5	-	-
Senior Risk Manager	1.0	1.0	1.0	1.0	1.0
Risk Advisor	1.0	1.0	1.0	1.0	1.0
Senior Safety Manager	1.0	1.0	1.0	1.0	1.0
Senior Sustainability & Environment Manager	1.0	1.0	1.0	1.0	1.0
Director, Corporate Affairs	1.0	1.0	1.0	1.0	1.0
Senior Shareholder & Government Relations Manager	0.8	1.0	1.0	1.0	1.0
Head of Government & Public Affairs	0.8	-	-	-	-
External and Media Communications Manager	1.0	1.0	1.0	0.5	-
Communications Advisor	0.8	1.0	1.0	1.0	1.0
Graphic Design & Multi-Media Specialist	0.8	0.8	0.4	-	-
Employee and Project Communications Manager	1.0	1.0	1.0	1.0	1.0
Chief Financial Officer	1.0	1.0	1.0	1.0	1.0
Head of Finance	1.0	1.0	1.0	1.0	1.0

	2025-26	2026-27	2027-28	2028-29	2029-30
Finance Manager	1.0	1.0	1.0	1.0	0.5
Senior Finance Business Partner	0.8	0.3	-	-	-
Payroll Specialist	1.0	1.0	1.0	1.0	1.0
Senior Business Specialist	1.0	1.0	1.0	0.5	-
Business Partner	1.0	1.0	1.0	0.5	-
Finance Team Coordinator	1.0	1.0	1.0	1.0	1.0
Finance Manager	1.0	1.0	1.0	0.1	-
Financial Accountant	1.0	1.0	1.0	1.0	1.0
Treasury Accountant Analyst	0.8	1.0	1.0	1.0	-
Head of Corporate Finance	1.0	1.0	1.0	1.0	0.5
Corporate Finance Manager	0.8	-	-	-	-
Melbourne Office Operations Coordinator	1.0	1.0	1.0	1.0	1.0
Office Operations Coordinator 1	1.0	1.0	1.0	0.5	-
Executive assistant to CEO	1.0	1.0	1.0	0.5	-
Executive Officer	1.0	1.0	1.0	0.5	-
Executive Team Executive Assistant	1.0	1.0	1.0	1.0	1.0
CEO	1.0	1.0	1.0	1.0	1.0
Administrative Assistant	1.0	1.0	1.0	1.0	1.0
Chief Commercial Officer	1.0	1.0	1.0	1.0	1.0
Head of Customer & Revenue	0.2	-	-	-	-
Project Coordinator – Customer & Revenue	1.0	1.0	1.0	1.0	1.0
Head of Customer Projects	1.0	1.0	1.0	1.0	1.0
Paralegal	1.0	1.0	1.0	1.0	-
General Counsel & Company Secretary	1.0	1.0	1.0	1.0	1.0
Senior Corporate Counsel	1.0	1.0	1.0	1.0	1.0
Corporate Counsel	0.8	1.0	1.0	1.0	-
Head of Legal – Corporate & Stakeholder	1.0	1.0	1.0	1.0	1.0

	2025-26	2026-27	2027-28	2028-29	2029-30
Assistant Company Secretary & Executive Assistant	1.0	1.0	1.0	1.0	1.0
Governance Specialist 2	1.0	1.0	1.0	0.1	-
Chair of the Board	1.0	1.0	1.0	1.0	1.0
Board members	6.0	6.0	6.0	6.0	6.0
Supplementary Executive	1.0	1.0	1.0	0.1	-
Graduate	-	5.0	5.0	5.0	5.0
Total FTEs	**61.0**	**64.9**	**61.4**	**54.1**	**45.9**

We consider that our corporate and support costs are prudent and efficient for the following reasons:

- Our internal labour reflects FTEs required to support the construction of Marinus Link and prepare MLPL for its future role as a TNSP, and enables MLPL to reduce its reliance on external service providers, where it is efficient to do so;
- Resource levels vary over time, with peaks and reductions aligned to project demands;
- Domestic and local travel has been estimated based on proven costs to date, and will be governed by MLPL's travel policies;
- Specialised consultants have been allowed where recruitment in specialised roles is not considered efficient;
- Centralised costs such as travel, people and culture initiatives and learning and development have been ramped up and down in alignment with the resource histogram to reflect demand for services; and
- MLPL's forecasts have been subject to external review, including by MLPL's Board, which applies an effective 'top down' discipline on the forecast expenditure.

As already noted in relation to the other support activities, we engaged Aurecon to review our forecast corporate costs having regard to industry benchmarks and their own experience. Aurecon's report, which is provided as Attachment 9, supports our view that the proposed level of resources is prudent and efficient. In

particular, Aurecon's report highlighted the points that support the prudency and efficiency of our proposed expenditure for the corporate costs and support activities:[15]

- From Aurecon's review, the positions specified by MLPL are typical for a large corporate organisation and appear reasonable.
- Aurecon notes that given that the Marinus Link is a single project, relative to peer TNSPs such as Transgrid who have multiple projects, internal labour costs can only be allocated to the individual MLPL project (whereas Transgrid could allocate similar costs across its existing asset base and greenfield projects). That is, Aurecon would expect the scope of MLPL's activities/costs allocated to this project to be higher than an operating peer TNSP.
- Service provider costs appear reasonable for a corporate business and necessary for day-to-day operations. These functions are all necessary for a corporate entity and regulated NSP. Support will be required for ongoing regulatory submissions. The scope of activities in Aurecon's view would be comparable for a peer TNSP.
- In Aurecon's view, the administrative activities put forward by MLPL appear reasonable and consistent with what a peer TNSP may be expected to undertake.

[15] Aurecon, Marinus Link Stage 1B Revenue Proposal, Independent Review of Marinus Link Stage 2 Expenditure July 2025 to June 2030, July 2025, Section 6.2.6, Table 6-9.

11 Insurance

11.1 Key objectives and scope

Our expenditure forecasts include insurance costs for the construction phase of the project. Insurance for major projects is a very complex process that will have its own timeline and workstream. Given this complexity, MLPL has engaged Lockton Australia to support MLPL in securing a suite of insurances that address the risks associated with Marinus Link and the contractual arrangements with our service providers.

MLPL's contracts with service providers are particularly important because MLPL's insurance coverage must have regard to the risks that are borne by MLPL and those that are borne by our contractors. As the tender process has not yet been completed, the insurance coverage can only be described at a high level at this stage and, consequently, the forecast insurance costs should be regarded as indicative only.

The insurance program is typically a condition-precedent to the financing of the project and the minimum requirements of that insurance program will be set out in finance agreements. Typically, financiers will rely on their appointed insurance advisor to review the final insurance documentation and confirm compliance as a bankable insurance program prior to financial close. The insurance program therefore has an important role from a project finance perspective, in addition to the fundamental task of managing construction risks on behalf of electricity consumers.

The table below provides a high level summary of our objectives and scope of work in relation to MLPL's insurance activities.

Table 25: Insurance objectives and scope

Objectives	Scope
• To determine MLPL's insurance coverage for the construction phase of the project, having regard to MLPL's risks and the requirements of financiers in relation to insurance coverage. • To develop and implement an insurance strategy to secure a prudent level of coverage cost effectively on behalf of electricity consumers.	• Understand the risk allocation between MLPL and its service providers to develop a view on the required level of insurance coverage. • Ensure that MLPL's approach to insurance considers the likely position of insurers in relation to different types of risks. • Engage with expert advisors to navigate the insurance market and provide detailed project information to attract and unlock insurance capacity. • Structure the insurance program to achieve the appropriate level of coverage at the lowest cost to consumers.

11.2 Summary of key activities

The insurance program will need to provide an appropriate level of cover to address the following types of construction risk:

- **Contract works**

  This insurance relates to physical loss or damage to the works, including the cabling, converter stations, civil works, switch yards and all other aspects of Stage 1. The coverage would include all materials and other property comprising the works. The contract works insurance will need to relate to onshore and offshore works.

- **Delay in start up**

  This insurance cover is triggered by damage to the works insured by the contract works insurance, which results in a delay to the scheduled commencement of commercial operations. The policy limit is related to the period required to reinstate the damage (noting lead times of critical equipment) and the financial loss incurred during the delay period.

- **Third party liability**

  This insurance relates to legal liability to third parties in respect of third-party personal injury (including bodily) or property damage.

- **Marine Cargo**

  This policy insures loss or damage to goods, materials and critical plant against physical loss or damage for incorporation in or used in connection with the works whilst in transit to MLPL's site.

- **Corporate insurance**

  In addition to the construction specific insurance described above, MLPL will also need to obtain more general corporate insurance, including:

  – Directors and officers liability insurance;

  – Cyber Insurance;

  – Environmental Impairment Liability (including contractor's pollution);

  – Terrorism Insurance; and

  – Other, such as office, motor and travel insurance.

To achieve MLPL's insurance objectives, as described in this section 12, significant effort will be required from our insurance brokers and management team. At a high level, the activities will include:

- **Needs analysis and information gathering, including:**
  - Review and update MLPL's risk analysis and contracts with service providers;
  - Collation of technical project information;
  - Prepare draft policy wording and insurance plan; and
  - Prepare underwriting submission.
- **Negotiate market terms and finalise placement, including:**
  - Underwriter presentations – Hobart/Melbourne, London/Europe;
  - Insurance broker to present outcomes, terms and conditions, and recommendations;
  - MLPL instructions to select lead terms;
  - MLPL to secure agreement from Board and lenders;
  - MLPL to instruct insurance broker; and
  - Policy documentation finalised and issued.

As part of the process outlined above, it is highly likely that MLPL and the Board will need to make some important decisions regarding the insurance coverage and level of deductibles, so that we obtain the best value for electricity consumers. The details of the choices that will need to be made will be subject to advice from our insurance broker, financiers and shareholders. At this stage, however, it is important to recognise that the task will be complex and resource intensive.

11.3 Resource requirements

The table below sets out our insurance expenditure, which only relates to the premium costs, stamp duty and the expected fee payable to the MLPL's insurance broker. As the insurance has not yet been procured, this information is commercially sensitive and has been redacted. It should be noted that while management effort will be required to obtain the required insurance, MLPL does not propose to employ an insurance expert in-house and, instead, the task of obtaining insurance can be managed within MLPL's proposed corporate structure and resourcing levels.

Table 26: Insurance expenditure ($m real 2023)

	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Materials costs and other payments*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total expenditure*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* This cost information is commercially sensitive and has been redacted for the purposes of this Revenue Proposal.

We consider that our proposed expenditure for insurance is prudent and efficient noting that:

- We have not included any dedicated FTEs for this function;
- The estimate considers the midpoint of the high and low range estimates provided by Lockton;
- The estimate was refined by the project team since the previous submission, resulting in a reduction in the forecast cost;
- Our estimates for insurance premiums, stamp duty and broker fees, are only provisional at this stage; and
- It is prudent for MLPL to rely on expert advice from our insurance broker to navigate the complexities of the insurance markets and enable MLPL to obtain the best outcome on behalf of electricity consumers.

12 Why is our proposed expenditure prudent and efficient?

12.1 Rules requirements

Clause 6A.6.7(c) of the Rules states that the AER must accept the forecast of required capital expenditure of a TNSP that is included in a Revenue Proposal if the AER is satisfied that the total of the forecast capital expenditure for the regulatory control period reasonably reflects each of the following (capital expenditure criteria):

(1) the efficient costs of achieving the capital expenditure objectives;

(2) the costs that a prudent operator would require to achieve the capital expenditure objectives; and

(3) a realistic expectation of the demand forecasts and cost inputs required to achieve the capital expenditure objectives.

To paraphrase, this provision indirectly places an obligation on MLPL, as an Intending TNSP, to demonstrate that its forecast capital expenditure to deliver Marinus Link is prudent and efficient. While this obligation applies to MLPL's total forecast capital expenditure, in practice prudency and efficiency can only be demonstrated by testing whether each category of expenditure is prudent and efficient. Specifically, in relation to our support activities, we consider it appropriate to explain why the AER should be satisfied that the forecast expenditure presented in this attachment is prudent and efficient.

12.2 Supporting evidence

The scope of the support activities presented in this attachment are focused on facilitating the timely and efficient delivery of the project, noting that project construction is being outsourced through competitively tendered contracts. In this context, MLPL's support activities are those tasks that are best retained by MLPL to ensure that our service providers are able to deliver their contractual commitments in accordance with the project timelines and budget. The overall objective is to combine the support activities and the outsourced contracts to achieve the best outcome for electricity consumers.

For each support activity, we have carefully considered the scope of the required activities and the balance between internal and external resourcing. In making these decisions, we have had regard to the following drivers:

- the objective of minimising the total project costs;

- the importance of managing and minimising delivery risk, particularly where resourcing decisions have a direct impact on project outcomes;
- the need to provide flexibility in the resourcing decisions, noting that issues and risks are likely to materialise during the construction phase which may require a change in resourcing levels for some activities; and
- the longer term objective of ensuring that MLPL has the right people, processes and systems in place to transition to the role of transmission asset owner and operator once the project is commissioned.

For each support activity, we have summarised why the scope of the activities and the forecast expenditure should be assessed as prudent and efficient. Where applicable, we have also had regard to benchmarking information noting the limitations of benchmarking for major infrastructure projects that have their own unique challenges and contracting arrangements. As a single project TNSP, for example, MLPL's corporate costs are fully attributable to Marinus Link, whereas other TNSPs will incur modest increases in corporate costs as a result of undertaking a major transmission project.

Our reliance on external service providers means that our role is focused on enabling the successful delivery of the project rather than undertaking construction activities in-house. The complex and challenging nature of the project, however, is reflected in the scope of the support activities. For the reasons presented in this attachment, MLPL considers that it has scoped and costed these support activities in a manner that reflects the best available information and estimates of the resourcing costs. For some support activities, we have highlighted aspects where our forecast expenditure is likely to understate the actual costs. We consider that these examples appropriately impose a cost discipline on us to find efficiency savings during the construction phase so that the actual costs do not exceed the AER's total allowance.

Aurecon's review of our support activities provides further assurance that the forecasts are prudent and efficient. As noted in section 3.1, Aurecon's conclusions include the following comments:[16]

- MLPL's proposed expenditure and scope for support activities (exclude sustainability initiatives, insurance and hedging which were not assessed) is likely to be reasonable.
- Aurecon is satisfied that the scope of the activities reviewed, which includes land and easement acquisition and management, landowner and stakeholder engagement, environmental impact assessments and management, procurement, program management, technical studies, and broader corporate costs are well defined and necessary.

[16] Aurecon, Marinus Link Stage 1B Revenue Proposal, Independent Review of Marinus Link Stage 2 Expenditure July 2025 to June 2030, July 2025, Executive summary, page 11.

- MLPL has a higher FTE headcount compared to peer projects such as HumeLink, but this is likely a function of several corporate/administrative staff at peers being spread across multiple projects (lower FTE allocation or being treated as indirect costs), or due to differences in delivery structure.

Appendix: Integrated Delivery Partner

Purpose

The purpose of this appendix is to provide an overview of the steps that MLPL undertook to determine that:

- the Integrated Delivery Partner Model is the optimal approach for MLPL, given its particular circumstances; and
- the steps that MLPL took to secure an Integrated Delivery Partner at a prudent and efficient cost.

Rationale for an IDP model

MLPL's focus is on adopting a client delivery model that supports its core team in the efficient integration of the three construction packages and provide MLPL with suitable capability and capacity to deliver the lowest project total for consumers. This approach ensures a prudent and efficient approach to project implementation and operational readiness.

Between December 2022 and October 2024, various client delivery models were analysed to select a delivery model that aligns with the project needs. MLPL engaged E3 Advisory to facilitate the process to identify a shortlist of suitable client delivery models and recommend a potential preferred model for MLPL consideration. A working group was formed consisting of key members of the MLPL project team to undertake the assessment process of 6 alternative delivery models, having regard to the following matters:

1. **Project and organisational context**
    - Review of long-term organisational strategy.
    - Establish the future state requirements (including core client, implementation, assurance, operations).
    - Define current state and embedded capability.
2. **Shortlist suitable models**
    - Select suitable models for engaging resources/systems/processes to move from current to future states prudently and efficiently.
    - Identify requirements under shortlisted models to align with delivery contracts and existing capability in the organisation.

- Consider key stakeholder requirements.

3. **Selection of model / approach**

   - Supportive vs directive client model.
   - Appetite for risk and level of transfer.
   - Identification of selection criteria that will achieve a prudent efficient outcome for consumers.
   - Selection of the model.

4. **Establishment of Commercial Framework**

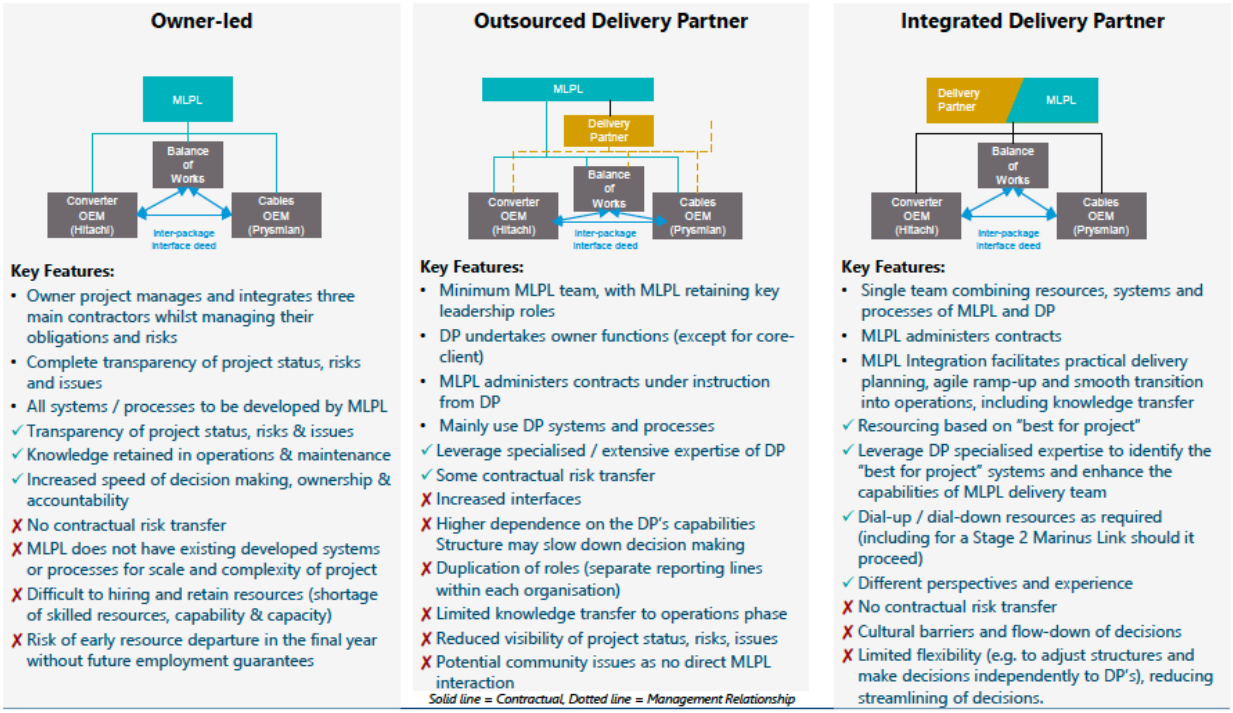
   - Contract model - collaboration and partnership.
   - Driving performance from the model adopted.

5. **Market alignment**

   - Market sounding to engage the market to test interest and obtain feedback on proposed model.
   - Refine and confirm model and procurement process.

An overview of the assessment of the three short-listed delivery models is provided in the figure below.

Figure 4: Short-listed delivery models



The key benefits of the IDP delivery model compared to the other short-listed delivery models include:

- More efficient ramp-up of 'best-in-class' capability and systems / process (leverages existing MLPL core capability);
- Ability to leverage collective expertise (MLPL + DP) and access to specialised skills reflecting a prudent approach to resourcing;
- Maintains knowledge of project history and established working relationships with contractors;
- Sufficient level of knowledge transfer to operations to safeguard operational efficiency;
- Lowest total project cost; and
- Flexibility to adjust resources based on outcome of Marinus Link Stage 2 evaluation outcome.

In recommending the IDP model, E3 Advisory highlighted the following risks and mitigation measures that were should be considered in MLPL's plans.

Table 27: Summary of IDP model risks and mitigation measures

Risk	Mitigation
'One team' culture is not established, with team members reverting to each organisation's culture and positioning	• Strong, experienced MLPL leadership in key positions • Allow sufficient 'ramp up' time to develop the 'one team" culture
Partner resources become 'passive' and rarely drive performance / optimisation / improvement	• Establish clear roles and responsibilities, delegation of authority, performance expectations and rigorous individual performance management framework • Ensure sufficient number of MLPL personnel with strong experience
Duplication of roles due to organisational sub-structures (eg. for reporting or oversight) reduces cost effectiveness	• Establish the organisation structure and approach to reporting/oversight during the selection process • Best for project role selection
Lack of alignment on commercial, behaviours and project outcomes	• Procurement process to establish required alignment and which is reinforced during embedment
Difficulty aligning/learning 'best for project' systems and processes results in sub-optimal deployment or duplication of systems/processes	• Identify and implement 'best fit' systems, leveraging existing systems and processes • Ongoing active management to avoid duplication

MLPL has taken these risks and mitigation measures in finalising its program and project management costs and in its approach to engaging an IDP, which we discuss next.

Selection of an IDP service provider

In December 2024, the Board approved that the scope of services currently being performed by Jacobs should be extended to include the IDP for Stage 1 of the project. A direct negotiation strategy was developed as a framework for undertaking a fair and transparent direct negotiation process to validate competitiveness of Jacobs' pricing and terms, benchmarked against industry standards. The process included two phases:

- **Collaborative Partnership Development Phase** – MLPL and Jacobs sought to align on partnership model, organisational structure, resource plan, systems, behaviours, and commercial model. E3 Advisory conducted an interim Value for Money (VfM) assessment at the end of this phase, confirming the potential for a favourable VfM outcome, subject to closure of residual items during the subsequent phase. It was determined between MLPL and Jacobs that a new IDP Services Agreement was to be established, subject to a further phase.

- **Request for Proposal (RFP) Phase** – Jacobs was requested to submit a proposal, with interactive meetings held for MLPL and Jacobs to align on the IDP Services Agreement. A proposal was received from Jacobs on 9 April 2025, following which the parties negotiated resolutions to the departures sought by Jacobs on the draft IDP Services Agreement.

A final VfM assessment has been undertaken on Jacobs' proposal in accordance with a Value for Money Assessment Plan. The assessment was supported by E3 Advisory and involved MLPL's Project Delivery, Commercial, People and Culture, Business Operations and Finance functions, along with external advisers KordaMentha and, to provide assistance in understanding current market-standard positions, Herbert Smith Freehills.

Table 29 below summarises the assessment, including the assessed benchmarked rating of "better than market", "at market", or "below market" for each of the VfM criteria. Overall, Jacobs' proposal has demonstrated value for money, achieving at market or better than market across all criteria.

Table 29: Summary of Value for Money assessment

#	Criteria (Rating)	Summary of Assessment
1	**Capability and Capacity** At Market	• Jacobs has demonstrated capability and capacity to deliver the services. • Nominated personnel meet required competencies of the roles and those that are currently on the project have a track record of good performance. • Resource levels are within industry benchmarks for projects of similar scale and complexity. • Implementation Services Plan demonstrates a robust approach to project establishment, including the maturing of project systems and processes required for delivery. Nominated personnel for implementation services have requisite expertise in InEight systems and project controls establishment.

#	Criteria (Rating)	Summary of Assessment
2	**Partnership Commitment** Better than market	• Strong alignment achieved on partnership governance and behaviours, with governance frameworks agreed for project leadership team and partnership steering committee. • Initial Partnership Management Plan is aligned with the 'One Marinus Culture Charter' and reflects a collaborative delivery approach. • Positive interaction throughout the direct engagement process, including on selection of personnel and resolution of commercial issues. • Direct access provided to senior executives who have demonstrated corporate commitment. Jacobs' President of Global Operations has been confirmed as escalation point for issues.
3	**Commercial Certainty** At market	• Alignment reached on Services Agreement and Services Brief with no material issues outstanding. • Contract terms are [redacted] • Adequate financial capacity established with the contracting entity (Jacobs Group (Australia), provision of a financial parent company guarantor in Jacobs Group Investment Australia.
4	**Price** Better than market	• Jacobs' pricing, including rate card and volume discounts, is aligned with TEPM [redacted]. • [redacted] • Alignment reached on financial controls and expectations of Reimbursable Expenses, with an agreed Expense Policy.

O'Connor Marsden was appointed as the external probity adviser for the direct engagement process and has provided a letter of probity assurance confirming that it is not aware of any probity matters that would adversely impact on the Board approving Management's recommendation to award the IDP Services Agreement to Jacobs.

The form of the IDP Services Agreement is a professional services contract with the services to be either the provision of roles forming part of an integrated delivery team or specific consulting services that will be agreed via services orders for each specified scope. The payment model is rates based with daily and weekly caps on chargeable hours and a volume discount. Approved expenses are reimbursable at cost.

The IDP Services Agreement will commence on the execution date and run until the expiry of 6 months after the Date of Issuance of Taking Over Certificate (as defined in the CDSE Contract), with options for MLPL to extend the contract term four times, each by 6 months. The services will commence from 1 July 2025. An Implementation Services Plan to ensure organisational readiness is being implemented under the TEPM contract. The IDP Services Agreement has been developed with the advice and support of Herbert Smith Freehills, E3 Advisory and Alchimie.

MLPL considers that the above approach ensures that the selection of the IDP model and the engagement of Jacobs as the service provider will achieve the best outcome for consumers in terms of total costs and effective risk management. The benefits of the IDP approach have been factored into MLPL's support activity costs and the risk allowance, which is the explained in Attachment 5 to this revised Revenue Proposal.

Integrated Delivery Team resourcing

A detailed organisation structure and Resource Model has been developed by MLPL and Jacobs. It lists all roles required in the IDT over the next five years including start and end dates. Roles within the IDT structure have begun to be filled, with resourcing ramping up to about 100 roles by mid to late 2026.

Indicative salary band ranges for roles have been developed based on current market knowledge and have been used for initial costing purposes. To ensure roles remain at market rates the hiring manager will work with MLPL's People and Culture team to finalise a position description prior to a role being filled. The position description will be evaluated by MLPL's People and Culture team using the Mercer framework.

Filling of vacant roles in the IDT

A major benefit of selecting an IDP model is that MLPL can leverage the partners' wide ranging national and global expertise and capability, providing MLPL with the ability to rapidly upscale resources.

The IDP contract specifies that parties will work towards an approximately 50/50 split of roles, with approximately even distribution across leadership roles and teams. Of the approximately 100 roles within the structure, about 40 roles are currently filled by MLPL staff – meaning MLPL will fill about 10 more roles, with the delivery partner filling about 50 roles.

An IDT Resource Selection Group (RSG), comprising of MLPL and Jacobs, will oversee all recruitment of roles into the IDT. The overriding objective of the RSG is to secure personnel on a 'Best for Project' basis whether from within the existing resources of each party, or via alternative recruitment arrangements.

The MLPL People and Culture function has representation on the RSG and its own dedicated recruitment resource. The People and Culture function is accountable for leading the recruitment of specialty or difficult to fill roles, management of external specialist agencies, ensuring selection processes are fair and equitable, hiring managers are appropriately trained to make selection decisions, and all staff (MLPL or Delivery Partner) are effectively onboarded.