



Insurance Program and Premium Analysis Report

TRANSGRID – CENTRAL-WEST ORANA
RENEWABLE ENERGY ZONE

5TH MAY 2025

Introduction

Lockton Companies Australia Pty Limited ("**Lockton**", "**We**" or "**Advisor**") has been engaged by Transgrid ("**Transgrid**" or "**You**"), to produce an insurability and insurance premium estimate report ("**Report**") for the Central-West Orana Renewable Energy Zone ("**CWOREZ**" or "**Project**").

SCOPE OF SERVICES

Our scope of work for this Report was to conduct a review of the information provided to ensure the proposed project insurance strategy is fit-for-purpose and provide premium estimations for both construction and operational insurances.

Full details of the scope of engagement are as below:

- A statement to the affect, the Adviser has reviewed the proposed project insurance strategy.
- A statement to the affect, the insurance strategy and proposed insurance program is prudent and efficient, given the nature of works and activities to be undertaken.
- Provision of premium estimates for Principal Arranged insurance ("PAI") policies.
- Provision of premium estimates for operational phases of the prescribed assets over the regulatory control period 2025-26 to 2029-30.

DISCLOSURE AND CONFIDENTIALITY

Lockton confirms that it has not encountered any conflict of interest in the completion of this review.

Transgrid must keep the contents of this report confidential. You may not disclose the contents of this report to any third person, other than those having a direct interest in the Report unless authorised by Lockton.

CURRENCY

All monetary values stated in this Report are Australian Dollars (AUD), unless stated otherwise. All values stated as at the Reference Date of this report,

Executive Summary

The CWOREZ Project is a proposed new 330kv and 500kv transmission lines, substation(s) and related infrastructure, required to support the delivery of the Central-West Orana REZ.

This project is needed to unlock at least 3,000 megawatts of new electricity capacity and billions of dollars in private sector investment into the Central-West Orana region. It will support the delivery of affordable and reliable energy to help replace the State's power stations as they retire over the next coming years.

CONSTRUCTION INSURANCES

A Principal Controlled Insurance Program (PCIP) is the procurement process proposed by CWOREZ with respect to insurances.

This structure is headlined by the Principal controlling the procurement of the key project insurances pertaining to the project under a centralised and streamlined program. The Principal would then look to include all of the project's stakeholders within this insurance program.

This structure is deemed typical practice for a project of this nature and satisfies the contractual agreements (refer 2.4 Key Project Agreements below) and is consistent with industry practice.

CONSTRUCTION INSURANCES PREMIUM ESTIMATES

The typical insurance package for a project of this nature, which is also the minimum requirements under the TNA Project Deed and D&C Contracts, would be:

1. Contract Works Material Damage –
2. [REDACTED]

3. Combined General Liability
4. Motor Vehicle Liability
5. Workers Compensation – statutory requirement not considered

We have been advised by Transgrid that the motor liability and workers compensation will be covered by the Transgrid group insurance program. [REDACTED]

Detailed in Section 11 of this report, the estimated premium is based on information provided to date and insurance market assumptions for the purpose of this exercise.

The premium range indications are as below. In line with Transgrid's instructions we have utilised the midpoint of the high and low premium ranges:

Construction Phase

	CWOREZ Base
Total incl charges and GST	[REDACTED]
Total excl GST	[REDACTED]

OPERATIONAL INSURANCE CONSIDERATIONS

The typical insurance package for a project of this nature, which is also the minimum requirement under the draft Network Lease Agreement, would be:

1. Property Damage
2. Business Interruption

- 3. Combined General Liability
- 4. Motor Vehicle Liability
- 5. Workers Compensation – statutory requirement not considered

When the project becomes operational, we have been instructed that the project will be incorporated into the current Transgrid group insurance program. This is typical practice and most efficient from an insurance costs perspective.

Operational Phase

	CWOREZ Base
Total incl charges and GST	\$333,614
Total excl GST	\$305,790

KEY PROJECTS AGREEMENT

We have reviewed the following:

CONTRACT/DOCUMENT NAME

Capex Summary Spreadsheet

In addition, we have engaged in additional email correspondence with Transgrid in respect to CAPEX estimates.

CONCLUSION

The proposed construction and operational insurance structures are consistent with standard industry practice.

Project Overview

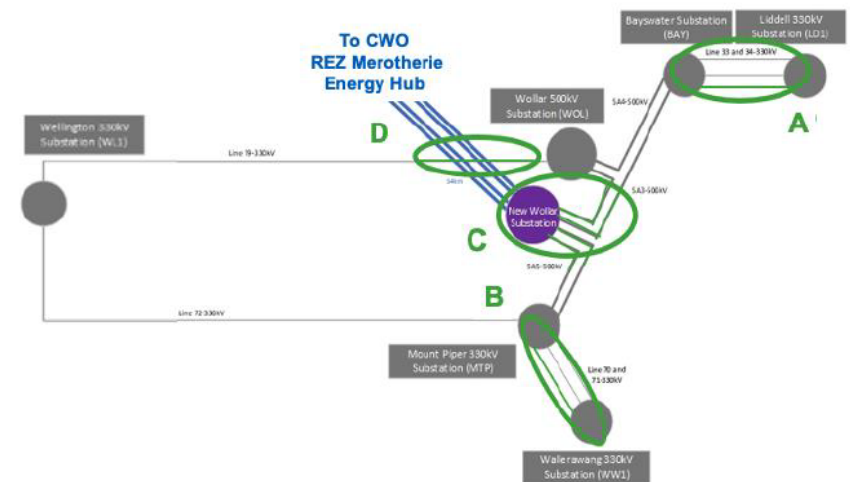
PROJECT BACKGROUND

The Central-West Orana Renewable Energy Zone (REZ) is a transformative project spearheaded by Transgrid in New South Wales, unlocking 3,000 megawatts of new electricity capacity and billions of dollars in private sector investment into the Central-West Orana region. It will support the delivery of affordable and reliable energy to help replace the State's power stations as they retire over the next coming years, as part of NSW's commitment to its clean energy transition.

The project covers a vast area of approximately 20,000 square kms, including towns such as Dubbo, Dunedoo, and Mudgee, on the land of the Wiradjuri, Wailwan and Kamilaroi people and involves constructing of new transmission lines and supporting infrastructure.

Project Scope

- Works consisting of:
 - **Package A:** New 330 kV transmission line between Bayswater and Liddell including asset replacement at these switching stations
 - **Package B:** New 330 kV transmission line between Mount Piper and Wallerawang including augmentations at these switching stations
 - **Package C:** Line Cut-In works into the New Wollar 500kV Switching Station
 - **Package D:** Facilitation of construction outages for overcrossing TL79
- Pre-construction activities (Early Works) estimated to be 12 months from Q2 2025
- Construction estimated to be 24 months from the end of pre-construction phase
- 100% regulated assets (non-contestable works)



Summary of Declared Insurance Values

Construction Phase:

SECTION

Marine Cargo – CWOREZ Base

Contract Works – CWOREZ Base

Schedule of Assets

COMPONENT

Construction costs | D&C Contract - Transmission Line

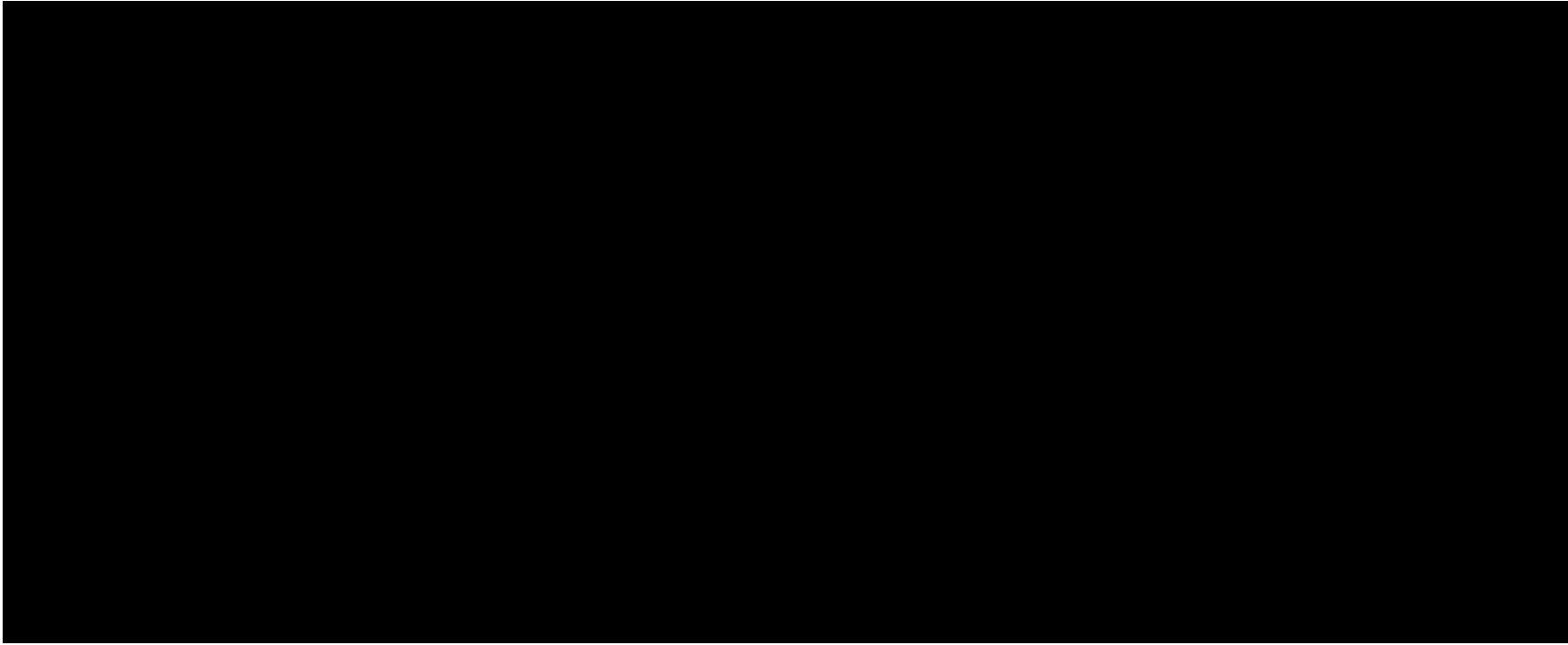
Construction costs | D&C Contract - Substations

Construction costs | D&C Contract - Secondary Systems

Construction costs | 4 Transposition

Equipment costs

Labour



13. Proposed Operational Insurance

The Project (CWOREZ) is assumed, at this stage, that it will form part of the regulated asset base and is subject to the regulatory revenue model (i.e. capped by economic regulator and recovered through transmission charges). The implications of recent insurance pass through determinations have not been considered as part of this review, however we can confirm the proposed operational insurance structure is **considered typical industry practice**.

KEY CONSIDERATIONS AND/OR ASSUMPTIONS TO THIS SCENARIO

CWOREZ will not maintain any standalone insurance policies whatsoever and will rely completely on the current Transgrid group insurance program.

The minimum contractual insurance requirements stipulated under the TNA & Network Lease are satisfied assuming the group insurances are compliant.

Standard minimum policies of a prudent NSP would include:

1. Industrial Special Risk Policy (ISR) – Network Lease requirement
2. Combined General Liability policy
3. Motor Liability
4. Workers Compensation – not considered in this review.

COMMENTARY & PROS/CONS

NOTABLE PROS:

- The most cost-effective scenario. Leverage, cost and administration efficiencies would be maximized as this Project will be (relatively) easily absorbed by the current group insurance program.
- The costs associated are 100% related and charged to CWOREZ (e.g. ring-fenced insurances charges reduces more problematic cost allocation).

NOTABLE CONS

- CWOREZ will have less flexibility to tailor and align to CWOREZ's specific risk tolerance and risk appetite as the group insurance program has set terms and conditions and is priced accordingly.

BEST PRACTICE / TYPICAL STRUCTURE COMMENTARY

This is considered typical practice for an NSP.

OPERATIONAL INSURANCE PROGRAM ESTIMATE

	CWOREZ Base
Total incl charges and GST	\$333,614
Total excl GST	\$305,790

14. Estimated Operational Insurance Premiums

CWOREZ Base:

Declared Values / Policy Limit	Mid Point Indication								
	Base Premium		Estimated Statutory Charges				Total		
	Rate	Base Premium	Terror	FSL	GST	Stamp Duty			
							Total ex. GST	\$	305,790

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15. Insurance Regulations

COMPULSORY INSURANCES

Australian Legislation requires the following compulsory Insurances that are required to be placed in respect of this Project:

- Workers' Compensation;
- Motor third party liability for death and bodily injury (Compulsory Third Party Insurance);
- Health insurance for holders of subclass 457 visas and their families.

RELEVANT LEGISLATION

The Australian non-life insurance industry is governed by a number of federal government laws and their attendant regulations and amendments, the most relevant of which are as follows:

- Insurance Contracts Act 1984;
- Marine Insurance Act 1909;
- Insurance Act 1973;
- Corporations Act 2001, incorporating the Financial Services Reform Act 2001;
- Terrorism Insurance Act 2003.

Much of the detailed legislation which governs the insurance industry takes the form of prudential standards issued by the Australian Prudential Regulation Authority (APRA).

There is state based legislation pertaining to workers' compensation (WC) and compulsory third party (CTP) insurance.

TERRORISM INSURANCE ACT

The Australian Terrorism Insurance Act 2003 was established to provide insurance coverage for commercial property and infrastructure against losses from terrorist attacks. Following the withdrawal of terrorism insurance by private insurers after the September 11 attacks, the Act created the Australian Reinsurance Pool Corporation (ARPC), a government-backed entity that offers reinsurance to insurers for terrorism-related claims. The scheme ensures that businesses can obtain coverage for terrorism-related damage, with the government providing a financial safety net to maintain stability in the insurance market.

The Terrorism Insurance Act 2003 declares terrorism exclusions in 'eligible contracts' void to the extent that there is a declared terrorism incident. As such, if an incident is gazetted to be a declared terrorism incident, then the exclusion in the insurance policy wording will be void. If an insurer wishes to purchase reinsurance protection, then it can do so via the Australian Reinsurance Pool Corporation ("ARPC").

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Our goal

To be the best place to do business and to work.

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