



Attachment 1

Update to Revised Revenue Proposal
Stage 1 - Part B (Construction)

16 October 2025

Update to MLPL's revised Revenue Proposal

This update to MLPL's revised Revenue Proposal accounts for the following new information:

- A Development Phase Offer (**DPO**) from the preferred Balance of Works service provider, TasVic Greenlink, which was received on 3 October 2025 with a further update provided on 14 October.
- A review by E3 Advisory of MLPL's support activities and risk allowance expenditure, taking account of the latest information, including the DPO. The report is provided as Appendix 1 to this update.
- An update to forecast insurance costs and hedging costs, to reflect the latest available information from Lockton and Chatham Financial.

E3 Advisory's report explains these changes and the review it has undertaken to ensure that the updated forecast complies with the Rules requirements. The updated forecasts are set out below.

Table 1: Updated construction expenditure (\$m real 2023)¹

Category	Pre-period ²	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Converter Station Design and Equipment Supply	120.7	84.9	339.0	95.6	80.1	56.5	776.7
HVDC Cable System – Submarine and Land Cables	24.9	121.0	114.6	135.4	364.8	147.8	908.6
Balance of Works	-	107.3	340.5	357.9	71.2	32.2	909.1
Support activities	-	150.9	114.3	107.6	84.9	81.6	539.3
Risk Allowance	-	47.0	119.0	106.1	60.8	28.6	361.5
Total expenditure	145.6	511.1	1,027.4	802.7	661.9	346.7	3,495.3

E3 Advisory's report explains that there have not been any material changes in the construction contracts or project requirements since the revised Revenue Proposal was submitted in July 2025. As a consequence, other than the insurance, hedging and the unsuccessful bidder bid contribution costs, there are no further

¹ The expenditure forecasts exclude final milestone payments and commissioning costs, which will occur during the financial year commencing 1 July 2030. The milestone payments and commissioning costs are estimated to be \$120 million.

² These costs include pre-construction expenditure incurred prior to 1 July 2025, which was explicitly excluded from 'early works' in MLPL's Revenue Proposal Stage 1 – Part A (Early works).

material changes required to MLPL's forecast expenditure for MLPL's support activities. Furthermore, in relation to MLPL's support activities, E3 Advisory concludes that the forecasts are prudent and efficient as MLPL has:

- considered the most effective balance between in-house delivery resources and engaging external specialists to ensure optimal resourcing;
- maintained a flexible approach to resourcing tasks;
- ensured that people, processes and systems are right-sized to address the construction phase of the project and to equip MLPL to undertake the role as a Transmission Network Service Provider;
- carefully considered the roles and salaries required during the regulatory period;
- engaged Aurecon to conduct an in-depth independent review of the forecast capital expenditure; and
- coordinated an extensive review of the resourcing and cost basis individually and collectively by our executives, including the interim CEO and newly appointed CEO.

E3 Advisory has also conducted a detailed review of the risk allowance that MLPL submitted in its revised Revenue Proposal in July 2025. As a result of that review, a reduction of \$1.5 million in the risk allowance has been identified and included in the updated forecasts. A number of other minor changes have been included in the updated capital expenditure forecasts, including scope variations and updated foreign exchange and commodity prices that impact the costs of the competitively procured cables and converter station equipment contracts.

In relation to Aurecon's earlier review of our forecast capital expenditure in our revised Revenue Proposal in July 2025, we have taken this opportunity to ask Aurecon to provide further advice on the methodology it adopted in conducting that review. We consider that this further advice should provide confidence to the AER and stakeholders that a comprehensive top-down and bottom-up assessment of MLPL's forecast expenditure was undertaken by Aurecon. A copy of Aurecon's further advice is provided in Appendix 2, in which Aurecon concludes:

"Our overall assessment is that MLPL has undertaken a comprehensive assessment of the expenditure requirements to deliver Stage 1 of Marinus Link, considering good business practices per the rules, and noting the significant risks of cost overruns for major transmission projects. In this context, Aurecon Advisory's view is that prudence and efficiency considerations indicate the need for a well-resourced internal team to manage project delivery, particularly given the interface risks arising from the contracting arrangements and the specific technical challenges associated with Australia's first subsea HVDC interconnector in more than 20 years."

MLPL considers that the reports from E3 Advisory and Aureon, which are provided as appendices to this update, together with the information submitted in our revised Revenue Proposal in July 2025, demonstrate that MLPL's forecast expenditure for the 2025-2030 period is prudent and efficient.

The table below presents our updated forecast opening and closing regulatory asset base (**RAB**) for each year of the regulatory period on a non-concessional basis. As explained in our revised Revenue Proposal, the return on capital amount, shown as the notional maximum allowed revenue (**MAR**) in the table below, is capitalised as the MAR is not recovered from consumers during this regulatory period. This approach is consistent with the AER's determination for Stage 1 – Part A (Early works) and the AER's Initial Draft Decision for Stage 1 – Part B (Construction costs). It ensures that MLPL's providers of finance obtain a reasonable rate of return in accordance with the National Electricity Rules.

Table 2: MLPL's RAB from 1 July 2025 to 30 June 2030 – non-concessional basis (\$ nominal)

	2025-26	2026-27	2027-28	2028-29	2029-30
Opening RAB \$m	412.1	985.4	2,213.3	3,280.5	4,275.1
Expenditure (Construction costs) \$m	536.9 ³	1,140.8	911.0	771.3	413.0
Allowed rate of return %	5.36%	5.59%	5.82%	6.05%	6.28%
Allowed return on Opening RAB \$m ⁴	22.1	55.1	128.7	198.4	268.4
Allowed return on annual expenditure \$m ⁵	14.2	31.4	26.1	23.0	12.8
Debt raising costs \$m ⁶	0.2	0.6	1.3	1.9	2.5
Notional maximum allowed revenue \$m ⁷	36.5	87.1	156.2	223.3	283.6
Closing RAB \$m⁸	985.4	2,213.3	3,280.5	4,275.1	4,971.7

The RAB roll forward calculation will be updated with actual expenditure, inflation and the allowed rates of return during the first regulatory period to establish the actual closing RAB as at 30 June 2030.

Table 3 below shows a modest overall reduction in our notional maximum allowed revenue in this update compared to the revised Revenue Proposal submitted in July 2025.

Table 3: Notional maximum allowed revenue 1 July 2025 to 30 June 2030 (\$m nominal)

	2025-26	2026-27	2027-28	2028-29	2029-30
Revised Revenue Proposal – July 2025	36.1	85.6	156.2	225.7	287.0
Revised Revenue Proposal - Updated	36.5	87.1	156.2	223.3	283.6
Difference	0.4	1.5	0.0	-2.4	-3.4

³ Expenditure is net of deferred early works grant funding of \$11.7 million forecast to be received in 2025-26.

⁴ Calculated as Allowed rate of return x Opening RAB.

⁵ Calculated as Allowed rate of return^{0.5} x Annual expenditure.

⁶ Debt raising costs of 0.097% per annum have been adopted consistent with the AER's Initial Draft Decision for Stage 1 – Part B (Construction costs).

⁷ Calculated as Allowed return on Opening RAB + Allowed return on annual expenditure + Debt raising costs.

⁸ Calculated as Opening RAB + Expenditure (Construction costs) + Maximum allowed revenue.

As explained in the revised Revenue Proposal, we expect to obtain concessional finance which will reduce the revenue that will be recovered from customers. The table below confirms that the benefit of concessional finance is expected to average approximately \$177 million per annum (\$nominal) during the 2030-2035 regulatory period, when services and revenue recovery commence.

Table 4 Indicative benefits from concessional finance 1 July 2030 to 30 June 2035 (\$m nominal)

	2030-31	2031-32	2032-33	2033-34	2034-35
Updated non-concessional maximum allowed revenue - smoothed	365.2	379.7	394.9	410.6	427.0
Updated concessional maximum allowed revenue - smoothed	211.4	204.8	211.2	226.1	240.2
Estimated benefits of concessional finance	153.8	174.9	183.7	184.5	186.8

The revised Revenue Proposal also provided indicative network pricing impact information for consumers in Victoria and Tasmania, noting that these increases will be more than offset by savings in wholesale prices with Project Marinus proceeding. The modest revision to MLPL's forecast total capital expenditure presented in this update will not have a material impact on this earlier price impact assessment.

MLPL notes that the updated forecast capital expenditure does not affect any other aspects of MLPL's revised Revenue Proposal including, for example:

- Proposed inclusion of enabling works for Stage 2 in the construction costs for Stage 1;
- Our proposal in relation to cost pass through provisions; or
- Our proposal in relation to the Capital Expenditure Sharing Scheme.

We welcome the opportunity to discuss any of these issues or the updates to our forecast capital expenditure with stakeholders. Enquiries regarding this document or a request for a briefing on the updated expenditure forecasts should be addressed to:

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In addition to the information provided in this update, stakeholders should also review the following accompanying information on the AER's website which has been provided by MLPL:

- Revised Revenue Proposal Regulatory Financials – October 2025

Appendices:

Appendix 1 – Assessment of Revised Construction Expenditure – E3 Advisory

Appendix 2 – Further Advice on MLPL Capital Expenditure Requirements - Aurecon



Appendix 1

Assessment of Revised Construction Expenditure

E3 Advisory

16 October 2025

Assessment of Revised Construction Expenditure

Updated Balance of Works, Insurance
and Hedging pricing

Client: Marinus Link Pty Ltd

Date: 17 October 2025



E3 Advisory

MARINUS
LINK



Version Control

Revision	Date	Author	Reviewed By	Comments
1.0	17/10/2025	Charley Walsh	Conrad Fonseca	Final

Disclaimer

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In preparing this report, E3 Advisory has relied upon material and information provided to it by MLPL and the instruction of MLPL and the assistance of its personnel. The material and information provided has been relied upon as being complete, true and correct at the time the review was carried out, without further investigation or inquiry being undertaken by E3 Advisory.



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Executive Summary

In July 2025, Marinius Link Pty Ltd (MLPL) submitted its revised Revenue Proposal Stage 1 – Part B (Construction costs) to the Australian Energy Regulator (AER). Since the submission updated cost estimates have been received for hedging cost, insurance cost and the Balance of Works tender (based on the final delivery phase offer (DPO) from the preferred bidder).

E3 Advisory Pty Ltd (E3 Advisory) has undertaken an assessment of the impact on the construction expenditure for the support activities and risk allowance resulting from the changes in scope and pricing in the DPO for the Balance of Works, the revised pricing for insurances and hedging, and other minor updates since the submission of the revised Revenue Proposal.

Based on this assessment, the updated construction expenditure is set-out in Table†1.

Table†1: Construction Expenditure to FY2030 (\$m real 2023) ¹

Cost Category	Jul 2025	Oct 2025	Variance
Converter Station Design and Equipment Supply	773.2	776.7	3.6
HVDC Cable System – Submarine and Land Cables	918.9	908.6	-10.3
Balance of Works	945.8	909.1	-36.7
Support Activities	524.0	539.3	15.3
Risk Allowance	363.0	361.5	-1.5
Total expenditure	3,524.9	3,495.3	-29.6

The net decrease of \$29.6m (\$real 2023) in the construction expenditure is due to:

Converter Station Design and Equipment Supply (increase \$3.6m)

- \$2.6m increase from the inclusion of the actual hedged foreign exchange rates
- \$1.3m increase for labour adjustment for Sweden-based workforce;
- \$1.2m decrease from variation in the cable size; and
- \$0.8m increase for inclusion of actual costs to date and labour adjustment pricing (per contract requirements).

HVDC Cable System – Submarine and Land Cables (decrease \$10.3m)

- \$6.3m decrease from the inclusion of the actual hedged foreign exchange rates;
- \$0.2m decrease from a change in the cable size;
- \$3.5m decrease for the allowed metals adjustment under the contract; and
- \$0.3m decrease due to a shift in other adjustments.

¹ Values have been rounded to one decimal place

**Balance of Works** (decrease \$36.7m)

- \$[REDACTED] decrease from the removal of conformance and risk adjustments as all contract departures were closed-out;
- \$[REDACTED] increase for the final payment of bid costs to the successful bidder. This was not included in the revised Revenue Proposal as the tender outcome was not known in July 2025;
- \$[REDACTED] increase in direct and indirect costs due to attributed to bulk earthworks, DC hall and site costs (staff, services and establishment); and
- \$[REDACTED] decrease from other minor changes in firming up costs in the process of re-allocation between provisional sum to risk and contingency and pre-agreed variations.

Support Activities (increase \$15.3m)

- \$11.1m increase in insurance costs, from inclusion of statutory charges as MLPL were unable to obtain a statutory exemption and increased insurance premiums overall;
- \$[REDACTED] increase from inclusion of final bid cost contribution for the unsuccessful bidder for the Balance of Works following completion of the procurement process. This was not included in the revised Revenue Proposal as the tender outcome was not known in July 2025;
- \$0.9m increase due to the novation of the foreign exchange (FOREX) hedging to another bank to obtain the net FOREX hedging benefit; and
- \$2.5m increase from the close-out costs for the placed commodity hedging.

Risk Allowance (decrease \$1.5m)

- \$1.5m decrease in the residual risk allowance, calculated from a full update to the Monte Carlo risk model used to determine the risk allowance. The changes to the risk model included the close-out of 1 risk, update of probability and consequence of 3 risks, and reassessment of 27 risks to include the updated Balance of Works contract pricing (including changed delay rates).

E3 Advisory considers the changes in cost for the Balance of Works contract, HVDC Cable System – Submarine and Land Cables contract, Converter Station Design and Equipment Supply contract, insurance and hedging costs to be prudent and efficient as these pricing were obtained competitively or required by the mechanisms under the executed contracts.

E3 Advisory has reviewed flow-on impact of these and other project changes on the cost for other support activities and risk allowance cost and assessed that there is \$1.5m decrease to risk allowance and no change in scope or cost for the other support activities. As there is no material change in the key drivers in the Balance of Works (scope and deliverables, interface arrangements, risk allocation, commercial framework, contingency assessment and pricing) and of the project (land and easement acquisition and planning approvals) the level of oversight remains the same for MLPL since the revised Revenue Proposal.

1 Introduction

1.1 Purpose

In July 2025, Marinus Link Pty Ltd (MLPL) submitted its revised Revenue Proposal Stage 1 – Part B (Construction costs) to the Australian Energy Regulator (AER). The submission included cost estimates from the Balance of Works tender, hedging cost estimates and insurance cost estimates.

MLPL has since received:

- the delivery phase offer (DPO) from the preferred bidder for the Balance of Works tender;
- revised pricing for insurances; and
- revised pricing for hedging.

E3 Advisory Pty Ltd (E3 Advisory) has undertaken an assessment of the impact on the construction expenditure for the support activities and risk allowance resulting from the changes in scope and pricing in the DPO for the Balance of Works, changed in contract pricing for the HVDC Cable System – Submarine and Land Cables contract and Converter Station Design and Equipment Supply contract, revised pricing for insurances and hedging, and other minor updates since the submission of the revised Revenue Proposal.

This report has been prepared by E3 Advisory and details:

- 1 the scope of changes in the DPO for the Balance of Works tender, HVDC Cable System – Submarine and Land Cables contract, Converter Station Design and Equipment Supply contract and any other relevant new information, relative to the assumptions adopted in the revised Revenue Proposal in July 2025;
- 2 E3 Advisory's assessment of the updates in the construction expenditure for the support activities and risk allowances as a result of these changes;
- 3 E3 Advisory's assessment on the prudence and efficiency of the inclusion of these updated costs; and
- 4 the updated construction expenditure.

1.2 Method

E3 Advisory assessment of the costs for the support activities and risk allowance applied the following structured approach:

- 1. Identify key drivers of change in Balance of Works and other project changes**
 - Identification of items in the Balance of Works with the potential to impact support activities and risk allowance (key drivers).
 - Key drivers for Balance of Works include:
 - Scope and deliverables
 - Interface arrangements
 - Risk allocation
 - Commercial framework
 - Contingency assessment
 - Contract price
 - Key drivers for other project changes include:
 - Planning approvals
 - Land and easement acquisitions



2. **Review Balance of Works DPO and other key changes in further detail**
 - The DPO was reviewed in detail to identify changes to key drivers compared to assumptions in the revised Revenue Proposal.
 - Updated insurance quote was analysed against previous estimate and the capex model updated.
 - Engaged with key stakeholders to identify and assess any project changes.
3. **Assess the cost impact to support activities and risk allowance**
 - An assessment of the cost impact for each key driver change on the support activities and risk allowance.
 - For the support activities the assessment, E3 Advisory considered:
 - competitive procurement outcomes
 - magnitude of change in scope, deliverables and interface arrangements of the major construction contracts
 - any changes in MLPL resource requirements and deployment to efficiently manage the changes (including risk)
 - For the risk allowance the assessment included:
 - changes in risks were identified (new or closed risks or changes in basis of consequence and likelihood) and reviewed by relevant subject matter experts
 - updates in the quantification of risk, using revised Balance of Works pricing, including update of the monte-carlo risk model to calculate revised P50 risk allowance. The approach applied is consistent with that detailed in the Risk and Contingency Report, which formed part of MLPL's revised Revenue Proposal.
4. **Assess the prudence and efficiency of the resulting cost impact**
 - The variance in cost was assessed to validate the prudence and efficiency of the resulting cost impact, relative to that of the revised Revenue Proposal, including retesting of market benchmarks.

Assumptions and exclusions are outlined in Appendix A.

1.3 Regulatory Context

Chapter 6A of the National Electricity Rules (NER) sets out the AER's obligations to make determinations for Transmission Network Service Providers (TNSPs) in relation to prescribed transmission services. The AER provides guidance² on its approach to regulatory assessments for actionable Integrated System Plan (ISP) projects within the economic regulatory framework set out in the NER. In particular, the AER's guidance states that:

- **Basis of Cost Estimates** - Cost estimates are to have strong basis and be accompanied by supporting evidence, not overly conservative, trend based and use up-to-date information and or data.
- **Risk Allowance** - The AER may accept a project risk allowance for residual risks identifies by TNSP. The AER expects the TNSP has comprehensively and transparently identified and assessed the residual risks for which it is seeking a cost allowance, including establishing consequence estimates that are prudent and efficient and realistic likelihoods of consequential cost given the level of information and accounting for controls, mitigations and good industry practice.

² AER, Regulation of actionable ISP projects, Guidance note, March 2021



E3 Advisory has applied this guidance in its assessment of changes to the support activities and risk allowance to ensure that proposed revisions to the construction expenditure remain consistent with the regulatory framework.

2 Changes from revised Revenue Proposal

2.1 Balance of Works Tender

2.1.1 Pricing

A summary of the updated cost estimate for the Balance of Works, in comparison to the estimate included in the revised Revenue Proposal is set out in Table†2.

Table†2: Changes in Balance of Works tender estimate (\$m real 2023)

Target Cost	Jul 2025	Oct 2025	Variance
<i>Direct and Indirect Costs</i>	■	■	■
Converter Station Construction Tas Permanent Works	■	■	■
Converter Station Construction Vic Permanent Works	■	■	■
Land Cable Civil Permanent Works	■	■	■
Project Management Services	■	■	■
<i>Other costs</i>			
Provisional Sum	■	■	■
Corporate Overhead and Profit	■	■	■
Risk and Contingency	■	■	■
Submitted Target Cost	■	■	■
Submitted pre-agreed variations	■	■	■
MLPL adjustments for departures	■	■	■
Successful Bidder bid costs	■	■	■
Total	945.7	909.1	-36.7

Whilst there has not been a material change in the submitted Target Cost, there has been a net decrease in costs of the Balance of Works tender estimate, mainly due to:

- \$■ decrease from the removal of conformance and risk adjustments by the Owner's Estimator made to the Week 20 tender pricing for departures from the MLPL requirements. These have been negotiated out with minimal change in price and no change in risk allocation to MLPL;
- \$■ increase due to finalisation of the payment of bid costs to the successful Balance of Works tenderer. Payments to the unsuccessful tenderer are included in the Support Activities costs; and

- \$[REDACTED] increase in the direct and indirect costs (including project management services) attributed to bulk earthworks, DC hall and site costs (staff, services and establishment).

Within the submitted target cost, there has been movement in costs between the cost categories. The provisional sum reduced, as through the contract finalisation process the costs have been largely reclassified as either risk and contingency (\$[REDACTED]) and pre-agreed variations (\$[REDACTED] for gas suppression at the convertor station sites). In addition there was a reduction in the corporate overhead and profit as the same percentage was applied to self-performed as subcontracted works. These changes resulted in a net increase of \$[REDACTED] as part of firming the pricing.

The risk and contingency (R&C) matters value remained unchanged. R&C matters is included for shared risks and the value is deducted from MLPL's updated Monte Carlo risk model that is used to calculate the revised risk allowance to ensure no duplication, as further detailed in section 3.2.20.

2.1.2 Changes in Key Drivers

E3 Advisory reviewed the key drivers of change in the Balance of Works that could impact the MLPL costing of support activities and risk allowance

A summary of the changes identified in the key drivers of the Balance of Works is set-out in Table†3. Details of the changes are included in the register in Appendix B.

Table†3: Impact of Key Drivers of Change in Balance of Works on MLPL costs

Change Category	Change Details	Impact to support activities or MLPL risk
Scope and Deliverables	There has only been minor changes in scope and deliverables (mainly refinement) and design remains frozen as at Week 16 of tender submission. These changes will not change the level of oversight required by MLPL or impact the risk allowance.	Nil impact
Interface Arrangements	The dates for the Contract Interface Milestones were adjusted to align with revised requirements for the Converter Station Design and Equipment Supply contract. The impact of these changes is to reduce the buffer between the contracts (reduced duration between completion of works by the Converter Station Design and Equipment Supply contractor and required date by the Balance of Works contractor) which has increased the risk of delays by the Converter Station Design and Equipment Supply contractor impacting the Balance of Works contractor. There were no other material changes in interface arrangements between the contractors since the revised Revenue Proposal.	Increase in risk allowance (refer section 3.2)
Risk Allocation	MLPL residual risk allocation has not changed since the revised Revenue Proposal	Nil impact
Commercial Framework	There has been no change in the gainshare/painshare regime, reimbursable cost pricing or the key result areas.	Nil impact



	There was a minor decrease in corporate overhead and profit as the same value is now applied to both subcontracted and self-performed works.	
Contingency Assessment	The updated risk register includes only risks allocated to the Balance of Works contractor. The contingency cost has been selected as the P50 value from the Monte-Carlo model. There has been no change to the value of the R&C matter provisions since the revised Revenue Proposal. The R&C matter provision is for shared risks and this value is deducted in the Monte Carlo model used for calculation of the MLPL risk allowance to avoid any duplication.	Nil impact
Pricing	Whilst the submitted Target Cost has minimally changed, there has been movement in cost from provisional sums to risk and contingency and pre-agreed variations. There has been a decrease in adjustments by the Owner's Estimator for conformance and risk due to removal of departures, an increase in direct and indirect costs and an increase to include the successful bidder bid costs. The changes in allocation of cost and overall costs decrease impacts the Balance of Works work and standby rates which are used to quantify the MLPL residual risks.	Net increase in risk allowance (refer section 3.2)

2.2 HVDC Cable System – Submarine and Land Cables

A summary of the updated cost estimate for the HVDC Cable System contract, in comparison to the estimate included in the revised Revenue Proposal is set-out in Table†4.

Table†4: Changes in HVDC Cable System estimate (\$m real 2023)

Item	Jul 2025	Oct 2025	Variance
Contractual payments in AUD	779.0	772.8	-6.3
Variation for change in cable size	132.3	132.0	-0.2
Metals Adjustment	2.8	-0.7	-3.5
Other Adjustments	4.8	4.5	-0.3
TOTAL	918.9	908.6	-10.3

The net \$10.3m decrease in cost is due to:

- \$6.3m decrease from the inclusion of the actual hedged foreign exchange rates as detailed in section 2.4.1. As noted in section 2.4.1, there has been a net foreign exchange hedging benefit;
- \$0.2m decrease from a change in the cable size, as the difference between MLPL's estimation and the actual supplier quotation.
- \$3.5m decrease due to a shift in commodities hedging, which is counteracted with an increase in metal hedging costs as detailed in section 2.4.2; and
- \$0.3m decrease due to a shift in other adjustments.

2.3 Converter Station Design and Equipment Supply

A summary of the updated cost estimate for the Converter Station Design and Equipment Supply contract, in comparison to the estimate included in the revised Revenue Proposal is set-out in Table†5.

Table†5: Changes in Converter Station Design and Equipment Supply estimate (\$m real 2023)

Item	July 2025	Oct 2025	Variance
Contractual payments in AUD	693.0	695.6	2.6
Labour adjustment - Sweden	29.3	30.6	1.3
Variation for change in cable size	1.8	0.6	-1.2
Other Adjustments	49.1	49.9	0.8
Total	773.2	776.7	3.6

The net \$3.6m increase in cost is due to:

- \$2.6m increase from the inclusion of the actual hedged foreign exchange rates as detailed in section 2.4.1. As noted in section 2.4.1, there has been a net foreign exchange hedging benefit;

- \$1.3m increase due to the labour adjustment - Sweden pricing based on actual calculations for Year 1, in accordance with contractual requirements;
- \$1.2m decrease from variation in the cable size, realised as the difference between MLPL's estimation and the actual supplier quotation; and
- \$0.8m increase for inclusion of actual costs to date and labour adjustment pricing (per contract requirements).

2.4 Hedging Costs

2.4.1 Foreign Exchange

MLPL obtained advice from Chatham Financial, a leader in financial risk management, to advise on the hedging principles and strategy that should guide MLPL's approach to managing foreign exchange and commodity risk. In accordance with that advice, MLPL has employed a hedging strategy to mitigate the risk of foreign currency fluctuations in relation to the contracts for the HVDC Cable System – Submarine and Land Cables and the Converter Station Design and Equipment Supply.

The hedging strategy recommended by Chatham Financial and approved by MLPL's Board has two stages delineated by the expected date of the Notice to Proceed (NTP), which is the contractual commitment to proceed with the converter station equipment and cable system works:

- 1 **Pre-Notice to Proceed (NTP):** The initial hedging was undertaken for a period from contract signing (August 2024) to the earlier of issuance of NTP or December 2025 and covered the entire contract value, but avoided locking into a long-term hedge if financial close was not achieved and notice to proceed under the contracts were not provided.
- 2 **Post-NTP:** A second hedging has been entered into for the period from the issuance of NTP (September 2025) until project completion in 2031, with hedging aligned to the payment milestones under the contract. The initial hedging was also closed-out at this time and the hedging novated to another bank. The close-out of the initial hedging resulted in a payment to MLPL.

The revised Revenue Proposal included the actual hedged rates for the initial hedging and an estimate of the foreign exchange rates for the second hedging. The updated CAPEX estimate model includes the actual hedged foreign exchange rates for the second hedging aligned to payment timing, the cost of novation of the hedging and the payment received to MLPL from the close-out of the initial hedging. These costs are allocated to different categories of the CAPEX estimate model and the net hedging impact is an overall saving to consumers of \$2.8m as set-out in Table†6.

Table†6: Impact of Foreign Exchange Hedging (\$m real 2023)

Item	Cost
Novation of hedging to alternative bank (Support Activities)	0.9
Net Hedging Position Converters (Converters Costs)	2.6
Net Hedging Position Cable Design, Supply and Installation (Cables Costs)	-6.3
Net foreign exchange hedging	-2.8

2.4.2 Commodities

The risk allocation in the HVDC Cable System – Submarine and Land Cables contract has the risk of metals commodity pricing with MLPL prior to notice to proceed (NTP) and with the contractor following NTP. On

the basis of advice received from external advisor Chatham Financial and with Board approval, MLPL implemented a commodity hedging strategy to minimise this exposure which was executed in late September 2024.

Following NTP, MLPL has closed-out the commodity hedging in September 2025 and due to unfavourable commodity pricing movements has resulted in a cost of \$2.6m (nominal). This value was not included in the revised Revenue Proposal, as the information was not available at the time. Following NTP, there has been a payment to the contractor and there was a more favourable adjustment in the commodity pricing than was estimated in the revised Revenue Proposal of approximately EUR460,000, or AUD720k (\$Real 2023).

The commodity hedging costs are allocated to different categories of the CAPEX estimate model and the net hedging impact is an overall saving to consumers as set-out in Table†7.

Table†7: Impact of commodity hedging (\$m real 2023)

Item	Cost
Commodity Close-out costs (Support Activities)	2.5
Metals Adjustment (Cables Contract)	-3.5
Net commodity hedging	-1.0

2.5 Support Activities

2.5.1 Insurance

MLPL has received an updated insurance quotation from its insurance broker, Locktons, as detailed in Table†8. The quotation covered all insurance costs except for office, travel and corporate insurances, which have remained the same since the revised Revenue Proposal.

Table†8: Changes in Insurance Cost (\$m real 2023)³

Insurance	July 2025	Oct 2025	Variance
Contract Works (offshore)	■	■	■
Contract Works (onshore: converters and onshore cable)	■	■	■
Contract Works Delay in Start Up - offshore (27 mth IP)	■	■	■
Contract Works Delay in Start Up - onshore (27 mth IP)	■	■	■
Full PVI (24 mth IP)	■	■	I
Marine Cargo (onshore items plus cable DBD)	■	■	■
Marine Cargo Delay in Start Up (12 mth IP)	■	■	I
War Cargo	■	■	■
Construction Third Party Liability	■	■	■
Environmental Impairment Liability	■	■	■
TAS Stamp Duty	■	■	■

³ Values have been rounded to one decimal place

Insurance	July 2025	Oct 2025	Variance
Office Insurance	■	■	■
Travel Insurance	■	■	■
Corporate Insurances	■	■	■
Total	69.6	80.7	11.1

The increase in insurance costs since the revised Revenue Proposal is due to:

- the inclusion of statutory charges, as MLPL were unable to obtain an exemption, including withholding tax (WHT), fire services levy (FSL), GST and Victorian stamp duty. The 'TAS Stamp Duty' cost item can be removed, as it is accounted for across the other line items;
- change in the timing of the payments. MLPL has negotiated an instalment structure with the insurance broker, whereby MLPL pays the insurance costs over three instalments: 1) at financial close (40%), 2) in January 2027 (30%) and 3) in January 2028 (30%). This has slightly altered the phasing of payments since the previous submission;
- refinements to onshore contract values, which are a key driver of premium calculations; and
- higher premium charges for certain insurance policies than originally estimated for the revised Revenue Proposal.

This quote is firm, subject to overseas insurer sign-off, and the costs are not expected to change over the life of the project.

2.5.2 Procurement Strategy and Execution

MLPL has added a new cost item, as detailed in Table†9, for the final payment of bid cost contribution to the unsuccessful bidder for the Balance of Works tender which is to be paid in December 2025.

These payments are aligned to industry practice for Government procurement in Victoria. The contribution to the unsuccessful bidder's costs attracts market participation and ensures that MLPL receives strong competition and demonstration of value for money. The unsuccessful bidder was not known at the time of submission of the revised Revenue Proposal and the final payment could not be determined. The initial payments for bid cost contribution were paid prior to July 2025 and the final payment of \$863k (nominal) is consistent with the mechanism set-out in the procurement process documents.

The bid costs of the successful bidder are included in the Balance of Works pricing.

Table†9: Changes in Procurement Strategy and Execution Costs (\$m real 2023)

Item	July 2025	Oct 2025	Variance
Balance of Works Unsuccessful Bidder Costs	■	■	■
Total Variance	■	■	■

2.6 Other Project Changes

Details of the other project changes are included in the register in Appendix B, and a summary is provided in the table below.



Table†10: Other changes register

Key Driver	Details	Impact to Support Activities or MLPL Risk
Planning approvals	- There has been no significant change in obtaining planning approvals or expected conditions from the revised Revenue Proposal. - An additional Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) approval obtained on 28 July 2024 was expected and is consistent with the conditions issued to contractors / Balance of Works tender.	Nil impact
Land and easement acquisitions	- There has been no significant change in the progress or cost for acquisition of land and easements since the revised Revenue Proposal. The acquisitions are progressing at the pace expected in the revised Revenue Proposal. 27% of private land option deeds were executed in July 2025. 29% in of private land option deeds were executed September 2025. - Compulsory acquisition may still be required as a high proportion of private landholders have sought legal representation. - The risk remains of restricting activity on crown land only to forestry activity.	Nil impact

3 Impact Assessment

3.1 Support Activities

E3 Advisory's assessment of any change in cost for support activities as a result of the changes in key drivers is included in Table†11.

Table†11: Assessment of Change in Support Activities Costs (\$m real 2023)

Category	E3 Advisory Assessment
Landholder and Community Engagement	There has been no change in requirements since the revised Revenue Proposal.
Land and easement acquisition and management	There has been no significant change in the progress or cost for acquisition of land and easements since the revised Revenue Proposal. The acquisitions are progressing at the pace expected in the revised Revenue Proposal.
Environmental impact assessments and management	There has been no significant change in obtaining planning approvals or expected conditions from the revised Revenue Proposal.
Technical designs and specifications	There has been no change in the technical requirements and technical oversight required for the project since the revised Revenue Proposal
Procurement strategy and execution	The final payment for the bid cost contribution for the unsuccessful bidder for the Balance of Works tender has been included.
Program and project management	No change in program and project management costs from revised Revenue Proposal, because: • there has not been any change in required delivery oversight by MLPL given: – the number of contracts, contract types, and risk allocation and scope and deliverables required by each contract has remained consistent with revised Revenue Proposal – Planning requirements, project complexity and interfaces are also consistent • required oversight remains prudent and efficient given: – Jacobs (IDP) reviewed the delivery team size to ensure suitable to deliver scope, applying its international experience in delivering projects – delivery team size is within benchmarks undertaken by E3 Advisory for overseas HVDC projects and local transmission line projects that have been completed or in delivery – a cross-functional peer review was undertaken of the delivery and corporate organisation charts to eliminate duplication and identify efficiencies.
Corporate costs and support	No change in corporate costs and support required from revised Revenue Proposal as the corporate requirements to manage the project and set-up for future operations has not changed. There were previously assessed to be prudent and efficient through:



Category	E3 Advisory Assessment
	• KordaMentha review of the corporate delivery structure roles and salaries; • Aurecon undertaking a bottom-up assessment of the need for each role; and • A cross-functional peer review of the delivery and corporate organisation charts to eliminate duplication and identify efficiencies.
Insurance	• The updated costs were obtained from an insurance broker who has undertaken a competitive process to procure the required insurances. • The increase in costs is due to statutory charges that MLPL could not obtain an exemption for. An exemption was assumed in the revised Revenue Proposal.
Hedging	• Net decrease for the second component of the foreign exchange hedging strategy • Net decrease for the commodity hedging costs incurred.

In summary, other than the insurance, hedging and the unsuccessful bidder bid contribution costs, E3 Advisory has assessed that there are no further changes required to the support activities costs as there have not been any material changes in the key drivers of the construction contracts and other project changes since the revised Revenue Proposal.

E3 Advisory considers the support activities costs to be prudent and efficient as MLPL has:

- considered the most effective balance between in-house delivery resources and engaging external specialists to ensure optimal resourcing;
- maintained a flexible approach to resourcing tasks;
- ensured that people, processes and systems are right-sized to address the construction phase of the project and to equip MLPL to undertake the role as a Transmission Network Service Provider;
- carefully considered the roles and salaries required during the regulatory period;
- engaged Aurecon to conduct an in-depth independent review of the Capex Forecast; and
- coordinated an extensive review of the resourcing and cost basis individually and collectively by MLPL's executives, including the interim CEO and newly appointed CEO.

The supporting costs were calculated to support construction and the MLPL corporate function, so were not expected to be heavily correlated with main works contract values.

3.2 Risk Allowance

3.2.1 Changes to Identified Residual Risks

E3 Advisory undertook an assessment of impact of all other changes to the 60 residual risks which were used to quantify the risk allowance included in the revised Revenue Proposal. Details of the assessment are provided in Appendix C to this report and summarised in Table†12.

Table†12: Revisions to the Risk Register (\$m nominal)

Risk ID	Risk Name	July 2025	Oct 2025	Variance
Change in Individual Risks				-2.5
1	Increase in insurance premium costs due to market or global events	0.3	0	-0.3
3F	Interface milestones are not achieved by a contractor impacting another contractors ability to perform works	1.0	2.7	1.7
36	Changes to executed contracts, resulting from changes in scope and design during negotiations phase with preferred Balance of Works Contractor	5.1	1.3	-3.8
87	Increase in cost of insurance due to external factors causing prolongation to the project	0.2	0.1	-0.1
Change in Basis of Risk Quantification				1.2
	Changes in the pricing of Balance of Works LCC component, which impacts the work and standby rates used to calculate the consequence pricing for Risk IDs 2, 3B, 3G, 7, 14, 15, 16, 18, 30, 37, 52, 73, 77, 78, 81, 112 (increase)	157.3	161.6	4.3
	Changes in the pricing of Balance of Works CDCS component, which impacts the work and standby rates used to calculate the consequence pricing for Risk IDs 3A, 3C, 3E, 4A, 4B, 8, 13, 21, 22, 29, and 56 (decrease)	94.2	91.1	-3.1
Total				-1.3

The change in the quantification of the risks identified under the 'Change in Basis of Risk Quantification' in Table†12 are the result of using the updated Balance of Works pricing and the resulting calculated Balance of Works delay and work rates used in the risk model. Whilst the overall Balance of Works price has reduced since the estimate included in the revised Revenue Proposal, the time-based costs (indirect costs and project management services) have changed for each of the land civil cable (LCC) and convertor station (CDCS)

- The LCC delay rate has increased by 11.2%, increasing the risk quantification of associated risks.
- The CDCS delay rate has decreased by 4.6%, decreasing the risk quantification of associated risks.

3.2.2 Revised Risk Allowance

E3 Advisory updated the Monte Carlo analysis undertaken to determine risk allowance (as fully detailed in the Risk and Contingency report included in the revised Revenue Proposal) to incorporate the changes to identified risks and basis for calculation. The details of the updated analysis using the @Risk specialist risk modelling software is included in Appendix C.

The total estimated revised risk allowance for the delivery of the Marinus Link Project is \$410.5m (nominal). The estimated risk allowance associated with the regulatory period from 1 July 2025 to 30 June 2030 is \$408.7m, which reflects the spend profile of each works package.

The assessment demonstrates that the risk allowance:

- accurately reflects the residual risks retained by MLPL;



- captures decreases due to risks transferred to the Balance of Works contractor; and
- considers the painshare/gainshare regime under the Balance of Works contract model through a formula applied to the reimbursable risks to ensure that MLPL is accounting for only its portion of the risk under the painshare/gainshare regime.

The revised risk allowance appropriately reflects MLPL's current risk profile and remains consistent with the principles of prudence and efficiency under the NER. The allowance is sufficient to manage residual exposure without overestimation, ensuring forecast capital expenditure is both prudent and efficient.

4 Summary of Updated Construction Expenditure

Table†13 provides a summary of the updated estimate in construction expenditure, in comparison to the estimate included in the revised Revenue Proposal, and shows a net decrease in construction expenditure.

Table†13: Construction Expenditure to FY2030 (\$m real 2023)

Target Cost	July 2025	Oct 2025	Variance
Converter Station Design and Equipment Supply	773.2	776.7	3.6
HVDC Cable System – Submarine and Land Cables	918.9	908.6	-10.3
Balance of Works	945.8	909.1	-36.7
Support Activities	524.0	539.3	15.3
Risk Allowance	363.0	361.5	-1.5
Total expenditure	3,524.9	3,495.3	-29.6

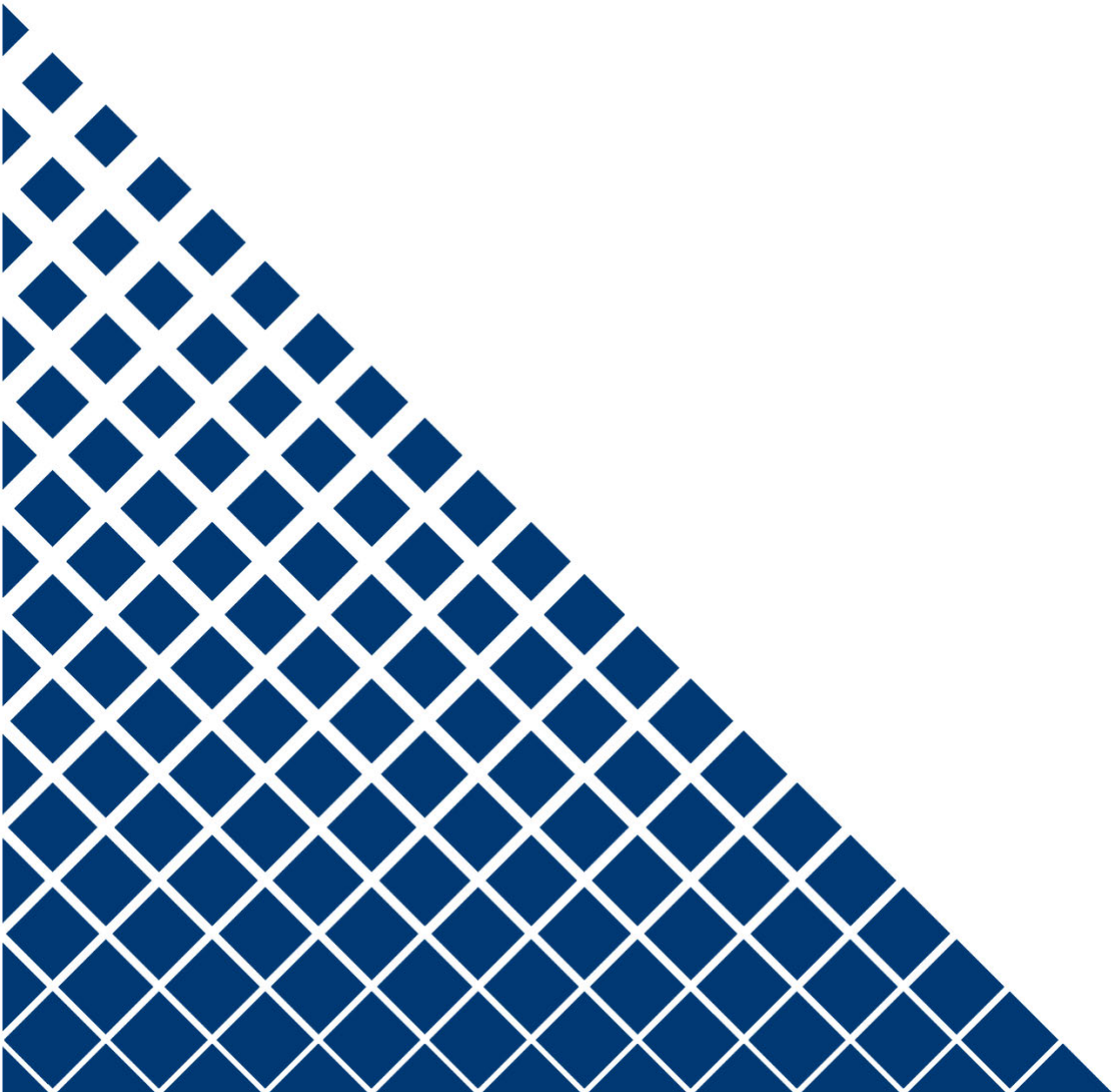
Appendix Section

A Method

B Change Register

C Risk Allowance Quantification

Appendix A Method



A-1 Assumptions and Exclusions

The assessment undertaken assumes:

- there will be no further changes in scope or pricing for the Balance of Works tender as part of contract finalisation;
- there will be no further insurance cost changes prior to purchasing the insurance;
- there will be no further hedging costs required for the life of the project;
- there will be no further changes from the Owner's Estimator review and MLPL project team review of the updated Balance of Work DPO;
- MLPL project team is yet to undertake an assessment of the Pre-Agreed Variations therefore they are treated similar to the July 25 submission; and
- E3 Advisory's scope is limited to variance review.

The assessment undertaken by E3 Advisory specifically excludes:

- validity review of the costs for the Converter Station Design and Equipment Supply and the HVDC Cable System – Submarine and Land Cables;
- validity review of the updated pricing for the Balance of Work tender;
- coverage and suitability of the insurance quotes, which has been assumed was conducted by the MLPL Finance team; and
- performance and suitability of the hedging strategy.

A-2 Information Relied Upon

The documents reviewed are listed in Table†14.

Table†14: Information Register

Document Name	Revision
Marinus Link - Basis of Estimate (CECM_v17.35) - WIP	17.35
Marinus Link - Capital Expenditure Cost Model_v18_WIP	18
MLPL - Premium Calcs Taxes - 03.10.2025	03/10/25
SAMCTCORP-RFO-DPID-00005_EDA_Delivery Phase Offer.pdf	03/10/25
SAMCTCORP-RFO-DPID-00005-Amended Delivery Phase Offer_Cover Letter_TVGL_03OCT25.pdf	03/10/25
SAMCTCORP-RFO-DPID-00005-Amended Delivery Phase Offer_Summary of Submission Documents_TVGL_03OCT25.pdf	03/10/25
SAMCTCORP-RFO-DPID-00005-ITC-0-0-BOW ITC Delivery Deed Departures Status Register_TVGL_03OCT25.docx	03/10/25
SAMCTCORP-RFO-DPID-00005-ITC-0-0-BOW ITC Delivery Deed Extract - Schedule 15 Adjustment Event Schedule_TVGL_03OCT25.docx	03/10/25
SAMCTCORP-RFO-DPID-00005-ITC-24-0-BOW ITC Delivery Deed - Schedule 24 Interface Deed_Schedule 4_Interface Management Plan Comment Register_TVGL_03OCT25.xlsx	03/10/25

Document Name	Revision
SAMCTCORP-RFO-DPID-00005-ITC-24-0-BOW ITC Delivery Deed - Schedule 24 Interface Deed_Schedule 4_Interface Management Plan_TVGL_03OCT25.pdf	03/10/25
SAMCTCORP-RFO-DPID-00005-ITC-32-0-BOW ITC Delivery Deed - Schedule 32 Amended Interface Specification_Annexure A_TVGL_03OCT25.pdf	03/10/25
SAMCTCORP-RFO-DPID-00005-ITC-32-0-BOW ITC Delivery Deed - Schedule 32 Amended Interface Specification_TVGL_03OCT25.docx	03/10/25
SAMCTCORP-RFO-DPID-00005-ITC-33-0-BOW ITC Delivery Deed - Schedule 33 Design Input Information_Annexure A_TVGL_03OCT25.xlsx	03/10/25
SAMCTCORP-RFO-DPID-00005-ITC-33-0-BOW ITC Delivery Deed - Schedule 33 Design Input Information_TVGL_03OCT25.docx	03/10/25
SAMCTCORP-RFO-DPID-00005-ITC-34-0-BOW ITC Delivery Deed - Schedule 34 Connection Agreements Rider_TVGL_03OCT25.pdf	03/10/25
SAMCTCORP-RFO-DPID-00005-RFO-1B-4-BOW.E_PSDR Amendments Register_TVGL_03OCT25.docx	03/10/25
SAMCTCORP-RFO-DPID-00005-RFO-1B-4-BOW.E_PSDR Amendments Register_TVGL_03OCT25.pdf	03/10/25
SAMCTCORP-RFO-DPID-00005-RFO-1B-7-BOW Delivery Phase Program_TVGL_03OCT25.pdf	03/10/25
SAMCTCORP-RFO-DPID-00005-RFO-1B-7-BOW Delivery Phase Program_TVGL_03OCT25.xer	03/10/25
SAMCTCORP-RFO-DPID-00005-RFO-1B-8-BOW Delivery Phase Basis of Program Addendum #1_Annex A Construction Environment Management Plan Sub Plan Flowcharts_TVGL_03OCT25.pdf	03/10/25
SAMCTCORP-RFO-DPID-00005-RFO-1B-8-BOW Delivery Phase Basis of Program Addendum #1_Annex B Contractor Interface Milestones_TVGL_03OCT25.pdf	03/10/25
SAMCTCORP-RFO-DPID-00005-RFO-1B-8-BOW Delivery Phase Basis of Program Addendum #1_Annex C QSRA Outputs_TVGL_03OCT25.pdf	03/10/25
SAMCTCORP-RFO-DPID-00005-RFO-1B-8-BOW Delivery Phase Basis of Program Addendum #1_TVGL_03OCT25.pdf	03/10/25
SAMCTCORP-RFO-DPID-00005-RFO-1B-9-BOW Land Access Schedule Amendments Register_Amended Delivery Phase Offer_TVGL_03OCT25.xlsx	03/10/25
SAMCTCORP-RFO-DPID-00006_EDA_Delivery Phase Offer_Pricing Elements.pdf	03/10/25
SAMCTCORP-RFO-DPID-00006-RFO-1B-23-BOW TOC Workbook_TVGL_03OCT25.xlsx	03/10/25
SAMCTCORP-RFO-DPID-00006-RFO-1B-24-BOW Cost Plan Addendum No.1_TVGL_03OCT25.pdf	03/10/25
SAMCTCORP-RFO-DPID-00006-RFO-1B-36-BOW Returnable Schedule 7.1_TVGL_03OCT25.xlsx	03/10/25
SAMCTCORP-RFO-DPID-00007_Delivery Phase Offer_Summary.pdf	03/10/25
SAMCTCORP-RFOQ-C-R-00050_SP2 - CDCS VIC - General Risk and contingency provisions (ADPO)	15/10/25
SAMCTCORP-RFOQ-C-R-00050_Candy Amendments 251014	15/10/25

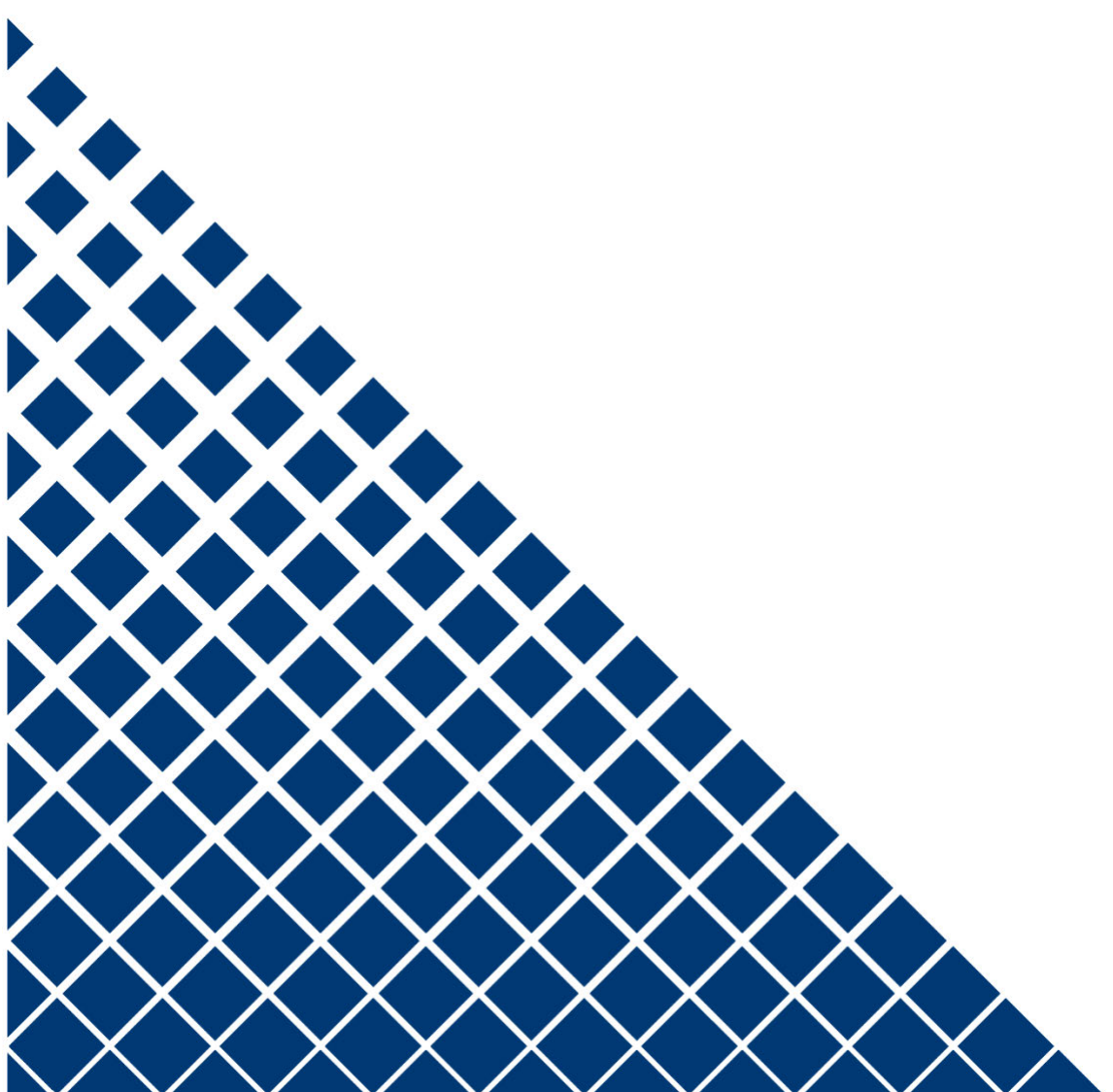


Document Name	Revision
SAMCTCORP-RFOQ-C-R-00050_Marinus_Link_DP_141025_PREFERRED-TOC+RFO261	15/10/25
SAMCTCORP-RFOQ-C-R-00050_RFO-1B-23-BOW TOC Workbook_Rev H incl RFQ261+Cashflow 14Oct25	15/10/25
SAMCTCORP-RFOQ-C-R-00050_SP1 - CDCS TAS - General Risk and contingency provisions (ADPO)	15/10/25
SAMCTCORP-RFOQ-C-R-00050_SP1 - CDCS TAS - General Risk and contingency provisions (ADPO)	15/10/25
SAMCTCORP-RFOQ-C-R-00050_SP2 - CDCS VIC - General Risk and contingency provisions (ADPO)	15/10/25
SAMCTCORP-RFOQ-C-R-00050_TOC Workbook_20251014	15/10/25
SAMCTCORP-RFOQ-C-R-00050_TVGL R&O Update - ADPO 141025	15/10/25
Marinus Link - Capital Expenditure Cost Model_v18_WIP-ForRevenue	15/10/25



Appendix B

Change Register



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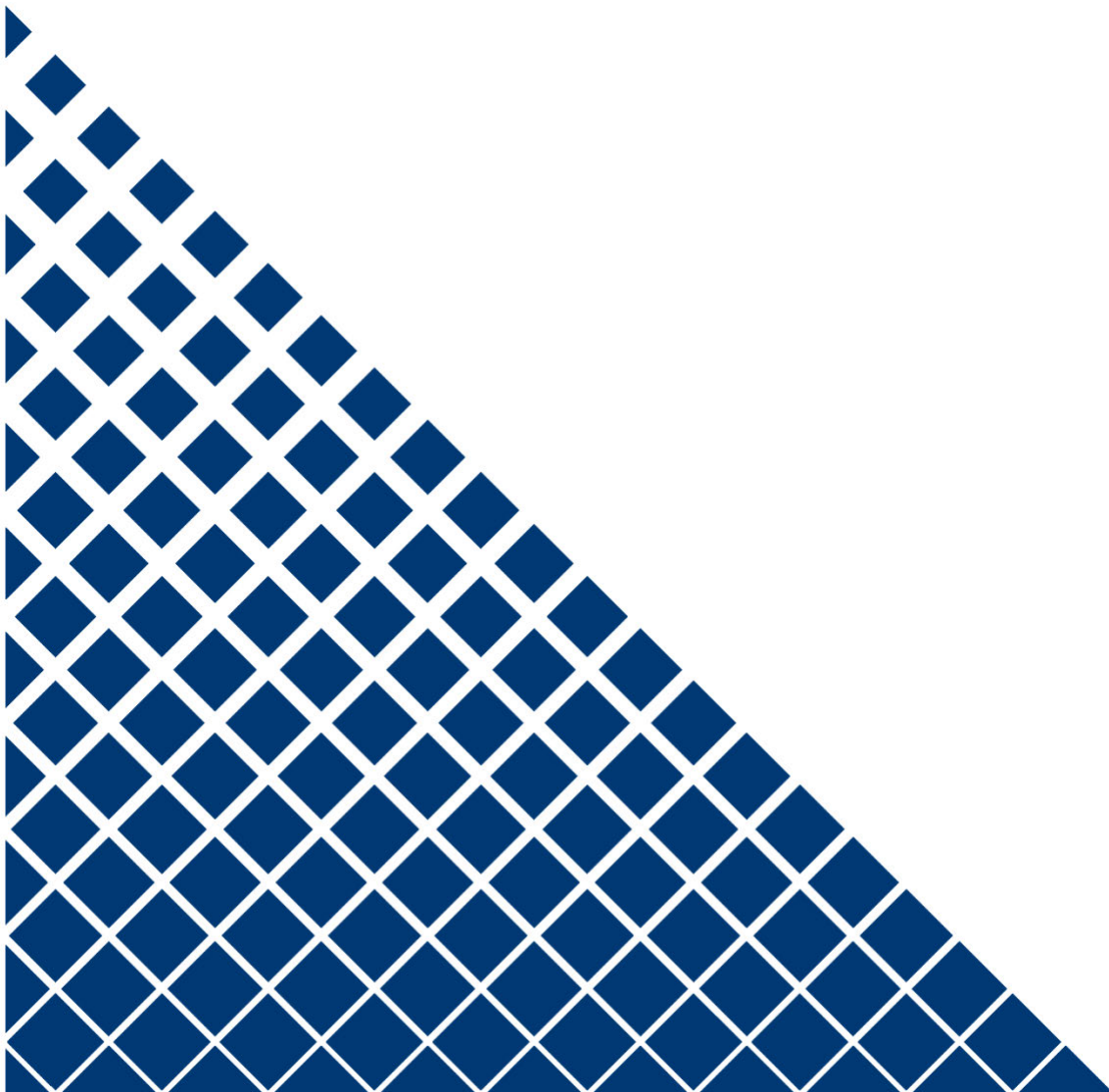
Marinus Link - Stage 1

MLPL Retained Risk: Comparison between Revised Revenue Proposal and Final (Delivery Phase Offer) Balance of Works Submission

Item	Revised Revenue Proposal	Final DPO	Change to MLPL Retained Risk?
Owner's acts of prevention	Cost and Time	Cost and Time	Nil
Site access delays / landholder acts of prevention	Cost and Time	Cost and Time	Nil
Planning / EIS approval delays	Cost and Time	Cost and Time	Nil
Native Title	Cost and Time	Cost and Time	Nil
Changes in Law	Cost and Time	Cost and Time	Nil
Inclement weather > X days (excluding Force Majeure)	Nil	Nil	Nil
Interface Contractor acts of prevention	Cost and Time	Cost and Time	Nil
Variations	Cost and Time	Cost and Time	Nil
Artefacts / Aboriginal Cultural Heritage	Cost and Time	Cost and Time	Nil
Force Majeure	Time	Time	Nil
Landholder Works exceed baseline	Time	Time	Nil
Unknown pre-existing contamination	Cost	Cost	Nil
Inaccurate geotechnical conditions	Cost and Time	Cost and Time	Nil

*Table presents whether contractor receives relief for cost and/or time

Appendix C Risk Allowance Quantification





AER Risk and Contingency Model

Marinus Link - Stage 1

Version 3

16-Oct-25

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Version Control

Version No.	Date	Modified by	Approved by	Version Description
1.0	27/06/2025	E3 Advisory	MLPL	Issue for Aurecon Review
2.0	14/07/2025	E3 Advisory	MLPL	Issue for MLPL
3.0	16/10/2025	E3 Advisory	MLPL	Issue for MLPL - Updated BOW TOC

Project Overview															Detailed Task Breakdown										Resource Allocation					Timeline & Status				
Project Name					Project Manager					Project ID					Task Name					Task ID					Task Description					Task Status				
Project A					John Doe					101					Task 1.1					101.1					Task 1.1 Description					Task 1.1 Status				
Project B					Jane Smith					102					Task 1.2					102.1					Task 1.2 Description					Task 1.2 Status				
Project C					Mike Johnson					103					Task 1.3					103.1					Task 1.3 Description					Task 1.3 Status				
Project D					Sarah Lee					104					Task 1.4					104.1					Task 1.4 Description					Task 1.4 Status				
Project E					David Kim					105					Task 1.5					105.1					Task 1.5 Description					Task 1.5 Status				
Project F					Emily White					106					Task 1.6					106.1					Task 1.6 Description					Task 1.6 Status				
Project G					Chris Brown					107					Task 1.7					107.1					Task 1.7 Description					Task 1.7 Status				
Project H					Alex Green					108					Task 1.8					108.1					Task 1.8 Description					Task 1.8 Status				
Project I					Mia Black					109					Task 1.9					109.1					Task 1.9 Description					Task 1.9 Status				
Project J					Noah Grey					110					Task 1.10					110.1					Task 1.10 Description					Task 1.10 Status				
Project K					Olivia Blue					111					Task 1.11					111.1					Task 1.11 Description					Task 1.11 Status				
Project L					Liam Red					112					Task 1.12					112.1					Task 1.12 Description					Task 1.12 Status				
Project M					Ava Yellow					113					Task 1.13					113.1					Task 1.13 Description					Task 1.13 Status				
Project N					Ethan Purple					114					Task 1.14					114.1					Task 1.14 Description					Task 1.14 Status				
Project O					Sophia Pink					115					Task 1.15					115.1					Task 1.15 Description					Task 1.15 Status				
Project P					Lucas Brown					116					Task 1.16					116.1					Task 1.16 Description					Task 1.16 Status				
Project Q					Isabella Grey					117					Task 1.17					117.1					Task 1.17 Description					Task 1.17 Status				
Project R					Mason Blue					118					Task 1.18					118.1					Task 1.18 Description					Task 1.18 Status				
Project S					Nora Red					119					Task 1.19					119.1					Task 1.19 Description					Task 1.19 Status				
Project T					Oscar Yellow					120					Task 1.20					120.1					Task 1.20 Description					Task 1.20 Status				
Project U					Percy Purple					121					Task 1.21					121.1					Task 1.21 Description					Task 1.21 Status				
Project V					Quinn Pink					122					Task 1.22					122.1					Task 1.22 Description					Task 1.22 Status				
Project W					Rory Brown					123					Task 1.23					123.1					Task 1.23 Description					Task 1.23 Status				
Project X					Sage Grey					124					Task 1.24					124.1					Task 1.24 Description					Task 1.24 Status				
Project Y					Toby Blue					125					Task 1.25					125.1					Task 1.25 Description					Task 1.25 Status				
Project Z					Uma Red					126					Task 1.26					126.1					Task 1.26 Description					Task 1.26 Status				
Project AA					Victor Yellow					127					Task 1.27					127.1					Task 1.27 Description					Task 1.27 Status				
Project AB					Wendy Purple					128					Task 1.28					128.1					Task 1.28 Description					Task 1.28 Status				
Project AC					Xavier Pink					129					Task 1.29					129.1					Task 1.29 Description					Task 1.29 Status				
Project AD					Yara Brown					130					Task 1.30					130.1					Task 1.30 Description					Task 1.30 Status				
Project AE					Zoe Grey					131					Task 1.31					131.1					Task 1.31 Description					Task 1.31 Status				
Project AF					Adam Blue					132					Task 1.32					132.1					Task 1.32 Description					Task 1.32 Status				
Project AG					Bella Red					133					Task 1.33					133.1					Task 1.33 Description					Task 1.33 Status				
Project AH					Caleb Yellow					134					Task 1.34					134.1					Task 1.34 Description					Task 1.34 Status				
Project AI					Diana Purple					135					Task 1.35					135.1					Task 1.35 Description					Task 1.35 Status				
Project AJ					Elijah Pink					136					Task 1.36					136.1					Task 1.36 Description					Task 1.36 Status				
Project AK					Fiona Brown					137					Task 1.37					137.1					Task 1.37 Description					Task 1.37 Status				
Project AL					Gavin Grey					138					Task 1.38					138.1					Task 1.38 Description					Task 1.38 Status				
Project AM					Hannah Blue					139					Task 1.39					139.1					Task 1.39 Description					Task 1.39 Status				
Project AN					Ivan Red					140					Task 1.40					140.1					Task 1.40 Description					Task 1.40 Status				
Project AO					Julia Yellow					141					Task 1.41					141.1					Task 1.41 Description					Task 1.41 Status				
Project AP					Kai Purple					142					Task 1.42					142.1					Task 1.42 Description					Task 1.42 Status				
Project AQ					Liam Pink					143					Task 1.43					143.1					Task 1.43 Description					Task 1.43 Status				
Project AR					Mia Grey					144					Task 1.44					144.1					Task 1.44 Description					Task 1.44 Status				
Project AS					Noah Blue					145					Task 1.45					145.1					Task 1.45 Description					Task 1.45 Status				
Project AT					Olivia Red					146					Task 1.46					146.1					Task 1.46 Description					Task 1.46 Status				
Project AU					Percy Yellow					147					Task 1.47					147.1					Task 1.47 Description					Task 1.47 Status				
Project AV					Quinn Purple					148					Task 1.48					148.1					Task 1.48 Description					Task 1.48 Status				
Project AW					Rory Pink					149					Task 1.49					149.1					Task 1.49 Description					Task 1.49 Status				
Project AX					Sage Grey					150					Task 1.50					150.1					Task 1.50 Description					Task 1.50 Status				

Project Overview															Detailed Analysis										Summary				
Project Details					Timeline					Resource Allocation					Performance Metrics					Financials									
ID	Name	Status	Priority	Owner	Start Date	End Date	Progress (%)	Team Lead	Team Size	Budget (k\$)	Actual Cost (k\$)	ROI (%)	Customer Satisfaction	Employee Satisfaction	Revenue (k\$)	Profit (k\$)	Market Share (%)	Growth Rate (%)	Forecast										
1	Project A	Completed	High	John Doe	2023-01-01	2023-03-31	100	John Doe	5	100	95	15	4.5	4.2	120	30	15.2	5.1	Positive										
2	Project B	In Progress	Medium	Jane Smith	2023-02-01	2023-05-31	75	Jane Smith	3	80	78	10	4.2	4.0	90	20	12.5	4.8	Stable										
3	Project C	On Hold	Low	Mike Johnson	2023-03-01	2023-06-30	20	Mike Johnson	2	50	45	5	3.8	3.5	60	10	8.9	3.2	Negative										
4	Project D	Completed	High	Sarah Lee	2023-01-15	2023-04-15	100	Sarah Lee	4	120	110	18	4.6	4.3	130	35	16.8	5.2	Positive										
5	Project E	In Progress	Medium	David Kim	2023-02-15	2023-05-15	60	David Kim	3	90	85	12	4.1	3.9	85	18	11.5	4.6	Stable										
6	Project F	On Hold	Low	Emily White	2023-03-15	2023-06-15	10	Emily White	2	60	55	3	3.5	3.2	55	8	7.5	2.8	Negative										
7	Project G	Completed	High	Chris Brown	2023-01-20	2023-04-20	100	Chris Brown	4	110	105	16	4.4	4.1	125	32	15.5	5.0	Positive										
8	Project H	In Progress	Medium	Alex Green	2023-02-20	2023-05-20	50	Alex Green	3	85	80	11	4.0	3.8	80	17	11.0	4.5	Stable										
9	Project I	On Hold	Low	Mia Black	2023-03-20	2023-06-20	5	Mia Black	2	55	50	2	3.6	3.3	50	7	7.0	2.5	Negative										
10	Project J	Completed	High	Noah Grey	2023-01-25	2023-04-25	100	Noah Grey	4	115	108	17	4.5	4.2	128	33	15.8	5.1	Positive										

Project Overview										Detailed Task Breakdown										Resource Allocation										Timeline & Milestones									
Project Name					Project ID					Task Name					Task ID					Resource Name					Resource ID					Start Date					End Date				
Project A					P001					Task 1.1					T001					John Doe					R001					2023-01-01					2023-01-15				
Project B					P002					Task 1.2					T002					Jane Smith					R002					2023-01-16					2023-01-30				
Project C					P003					Task 1.3					T003					Mike Johnson					R003					2023-01-31					2023-02-15				
Project D					P004					Task 1.4					T004					Sarah Brown					R004					2023-02-16					2023-02-28				
Project E					P005					Task 1.5					T005					David Wilson					R005					2023-02-29					2023-03-15				
Project F					P006					Task 1.6					T006					Emily Davis					R006					2023-03-16					2023-03-31				
Project G					P007					Task 1.7					T007					Chris Miller					R007					2023-03-31					2023-04-15				
Project H					P008					Task 1.8					T008					Alex Taylor					R008					2023-04-16					2023-04-30				
Project I					P009					Task 1.9					T009					Mia Garcia					R009					2023-04-31					2023-05-15				
Project J					P010					Task 1.10					T010					Noah White					R010					2023-05-16					2023-05-31				
Project K					P011					Task 1.11					T011					Olivia Black					R011					2023-05-31					2023-06-15				
Project L					P012					Task 1.12					T012					Liam Green					R012					2023-06-16					2023-06-30				
Project M					P013					Task 1.13					T013					Ava Blue					R013					2023-06-31					2023-07-15				
Project N					P014					Task 1.14					T014					Ethan Red					R014					2023-07-16					2023-07-31				
Project O					P015					Task 1.15					T015					Sophia Purple					R015					2023-07-31					2023-08-15				
Project P					P016					Task 1.16					T016					Lucas Yellow					R016					2023-08-16					2023-08-31				
Project Q					P017					Task 1.17					T017					Mia Orange					R017					2023-08-31					2023-09-15				
Project R					P018					Task 1.18					T018					Noah Silver					R018					2023-09-16					2023-09-30				
Project S					P019					Task 1.19					T019					Olivia Gold					R019					2023-09-31					2023-10-15				
Project T					P020					Task 1.20					T020					Liam Platinum					R020					2023-10-16					2023-10-31				
Project U					P021					Task 1.21					T021					Ava Copper					R021					2023-10-31					2023-11-15				
Project V					P022					Task 1.22					T022					Ethan Iron					R022					2023-11-16					2023-11-30				
Project W					P023					Task 1.23					T023					Sophia Steel					R023					2023-11-31					2023-12-15				
Project X					P024					Task 1.24					T024					Lucas Titanium					R024					2023-12-16					2023-12-31				
Project Y					P025					Task 1.25					T025					Mia Zirconium					R025					2023-12-31					2024-01-15				
Project Z					P026					Task 1.26					T026					Noah Aluminum					R026					2024-01-16					2024-01-31				
Project AA					P027					Task 1.27					T027					Olivia Nickel					R027					2024-01-31					2024-02-15				
Project AB					P028					Task 1.28					T028					Liam Cobalt					R028					2024-02-16					2024-02-28				
Project AC					P029					Task 1.29					T029					Ava Manganese					R029					2024-02-29					2024-03-15				
Project AD					P030					Task 1.30					T030					Ethan Chromium					R030					2024-03-16					2024-03-31				
Project AE					P031					Task 1.31					T031					Sophia Vanadium					R031					2024-03-31					2024-04-15				
Project AF					P032					Task 1.32					T032					Lucas Niobium					R032					2024-04-16					2024-04-30				
Project AG					P033					Task 1.33					T033					Mia Tantalum					R033					2024-04-31					2024-05-15				
Project AH					P034					Task 1.34					T034					Noah Zirconium					R034					2024-05-16					2024-05-31				
Project AI					P035					Task 1.35					T035					Olivia Hafnium					R035					2024-05-31					2024-06-15				
Project AJ					P036					Task 1.36					T036					Liam Tantalum					R036					2024-06-16					2024-06-30				

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Project		Location		Status		Priority		Risk		Impact		Timeline		Resources		Budget		Reporting	
Project A	Project B	Location A	Location B	Status A	Status B	Priority A	Priority B	Risk A	Risk B	Impact A	Impact B	Timeline A	Timeline B	Resources A	Resources B	Budget A	Budget B	Reporting A	Reporting B
Project A	Project B	Location A	Location B	Status A	Status B	Priority A	Priority B	Risk A	Risk B	Impact A	Impact B	Timeline A	Timeline B	Resources A	Resources B	Budget A	Budget B	Reporting A	Reporting B
Project A	Project B	Location A	Location B	Status A	Status B	Priority A	Priority B	Risk A	Risk B	Impact A	Impact B	Timeline A	Timeline B	Resources A	Resources B	Budget A	Budget B	Reporting A	Reporting B
Project A	Project B	Location A	Location B	Status A	Status B	Priority A	Priority B	Risk A	Risk B	Impact A	Impact B	Timeline A	Timeline B	Resources A	Resources B	Budget A	Budget B	Reporting A	Reporting B
Project A	Project B	Location A	Location B	Status A	Status B	Priority A	Priority B	Risk A	Risk B	Impact A	Impact B	Timeline A	Timeline B	Resources A	Resources B	Budget A	Budget B	Reporting A	Reporting B
Project A	Project B	Location A	Location B	Status A	Status B	Priority A	Priority B	Risk A	Risk B	Impact A	Impact B	Timeline A	Timeline B	Resources A	Resources B	Budget A	Budget B	Reporting A	Reporting B
Project A	Project B	Location A	Location B	Status A	Status B	Priority A	Priority B	Risk A	Risk B	Impact A	Impact B	Timeline A	Timeline B	Resources A	Resources B	Budget A	Budget B	Reporting A	Reporting B
Project A	Project B	Location A	Location B	Status A	Status B	Priority A	Priority B	Risk A	Risk B	Impact A	Impact B	Timeline A	Timeline B	Resources A	Resources B	Budget A	Budget B	Reporting A	Reporting B
Project A	Project B	Location A	Location B	Status A	Status B	Priority A	Priority B	Risk A	Risk B	Impact A	Impact B	Timeline A	Timeline B	Resources A	Resources B	Budget A	Budget B	Reporting A	Reporting B

Date: 27/06/2025
Client: MLPL
Project: Marinus Link Stage 1
Name: Cost Risk Inputs

Sensitive: Confidential

[illegible]



Report: [REDACTED]
Performed By: [REDACTED]
Date: [REDACTED]

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Business Consequences						
Risk Category		Insignificant	Minor	Moderate	Major	Exceptional
L I K E L I H O O D	• ≤10% probability • Occurrence requires exceptional circumstances • Expected to occur every 20 to 100 years	1 - Rare	1 - Low	1 - Low	2 - Medium	2 - Medium
	• 10% - 30% probability • May occur but not anticipated • Expected to occur every 3-20 years	2 - Unlikely	1 - Low	2 - Medium	2 - Medium	3 - High
	• 30% - 60% probability • May occur shortly but a distinct probability it won't • Expected to occur every 2-3 years	3 - Possible	1 - Low	2 - Medium	3 - High	3 - High
	• 60% - 90% probability • Balance of probability will occur • Expected to occur at least every second year	4 - Likely	2 - Medium	3 - High	3 - High	4 - Very High
	• ≥ 90% probability • The event is expected to occur in most circumstances. • Expected to occur every year	5 - Almost Certain	2 - Medium	3 - High	4 - Very High	4 - Very High



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Appendix 2

Further Advice on MLPL Capital Expenditure Requirements

Aurecon

16 October 2025

Marinus Link Stage 1B Expenditure

To The Australian Energy Regulator

16/10/25

Aurecon's further advice on its review of MLPL capital expenditure requirements in its revised Revenue Proposal, 15 July 2025

The approach taken by Aurecon to review MLPL's proposed expenditure was to assess the scope of activities, procurement approach, and resultant costs for each expenditure item put forward for reasonableness. Aurecon's view was that by testing these components across all scope areas, we could form a view on whether the costs for the project are likely to be reasonable overall. The table below provides a summary of our approach for each item and its compliance with the AER Expenditure Forecast Assessment Guidelines.

Item	General Overview of Approach	Compliance with AER Expenditure Forecast Assessment Guidelines October 2024 – Section 2.1
Cables and Converters	- Aurecon reviewed the technical specification, deviations, procurement process, and resultant costs of the tendered packages. - Aurecon reviewed contractual documents and supporting technical specifications. - Costs were assessed on a top-down basis as supporting details were not provided within contracts. It is typical to benchmark top-down for these items and there are few Australian benchmarks. - Aurecon commented on the underlying risk present and any residual risks to be managed by MLPL	Economic Benchmarking – Cost benchmarking and productivity review. Aurecon reviewed unit rates of HVDC cable and converter station against relevant benchmarks. Project Review – A detailed engineering examination of specific projects and programs. Aurecon tested the design specification for converters, cable, and landfall HDD against project requirements and benchmarks. Methodology Review – Examining processes, assumptions, Inputs and models. Aurecon reviewed the technical inputs, procurement and delivery approach put forward by MLPL for the two contracts. Governance and Policy Review – Examining the business' strategic planning, risk management, asset management and asset replacement planning. Aurecon reviewed the management of risk, such as interface risk and price certainty across the contracts. Aurecon also commented on treatment of residual risks.
Balance of Works	- Aurecon reviewed the week 20 Class 2 estimate that was developed as part of MLPL's ITC process - Aurecon reviewed the technical scope of the project, design criteria that was specified, geotechnical assumptions, contractor deviations, and underlying capex put forward on a bottom-up basis. - That is, Aurecon assessed the unit costs and quantities for the key cost drivers. Individual unit rates were benchmarked against peer projects. - Aurecon also assessed the procurement process and the implications for risk.	Economic Benchmarking – Cost benchmarking and productivity review. Aurecon reviewed unit rates of items bottom up, such as drilling, trenching, and materials unit rates (e.g rock, concrete, steel, etc). Project Review – A detailed engineering examination of specific projects and programs. Aurecon tested the design specification for the LCC and Converter civils. E.g reviewing the design assumptions for trenching, structural design parameters, access tracks, etc. Methodology Review – Examining processes, assumptions, Inputs and models. Aurecon reviewed the approach taken by MLPL to developing the 20 Week ITC assessment, including reviewing design parameters, engagement with contractors, risk treatment, and peer review / validation processes. Governance and Policy Review – Examining the business' strategic planning, risk management, asset management and asset replacement planning. Aurecon reviewed the processes in place for developing the

Item	General Overview of Approach	Compliance with AER Expenditure Forecast Assessment Guidelines October 2024 – Section 2.1
		Balance of Works package itself, treatment of risk between various work packages, and process for delivery.
Supporting Activities	■ Aurecon reviewed the scope of activities (i.e. would this activity be required by a peer TNSP delivering the same project), delivery approach, and benchmarked costs where possible or reviewed the basis for their determination. ■ Aurecon notes that for non-labour items, we typically focused on costs in excess of \$1m as flagged in our report and went into further detail on items where capex was more material. For these items, we queried MLPL to ensure that there was a basis of estimation behind more material figures. For example, Aurecon reviewed supporting documents provided on land acquisition and easements to validate the costs put forward. For connection agreements and system studies, Aurecon reviewed MLPL hourly allocations and assumed costs per hour from contractors to determine if costs were reasonable. ■ Aurecon also aggregated up minor items (less than \$1m in capex) into larger items where there was an overlap in functional requirements (e.g. accounting and tax advice items were often aggregated into larger items). ■ For corporate costs, both for the delivery partner and internal MLPL staff, Aurecon reviewed the top-level FTE allocations and benchmarked these against comparable projects. Aurecon also reviewed whether individual positions would likely have a requirement but did not validate exact FTE requirements for every role specified as the top-level allocation appeared reasonable. ■ Aurecon reviewed salaries for a sample of positions, reviewed on-costs for positions on a bottom-up basis, and then benchmarked labour costs against market. We believe our review has been bottom up for a sample of labour costs that were reviewed.	■ Economic Benchmarking – Cost benchmarking and productivity review. Aurecon reviewed unit rates of items bottom up, with respect to labour rates (internal and delivery partner), land acquisition, and other large items such as power system studies where MLPL provided supporting assumptions. ■ Project Review – A detailed engineering examination of specific projects and programs. Aurecon reviewed the scope of functions and programs put forward by MLPL in the context of what would be required for a TNSP establishing itself with a single project. ■ Governance and Policy Review – Examining the business' strategic planning, risk management, asset management and asset replacement planning. Aurecon reviewed the advice MLPL received from parties such as E3 Advisory in developing its supporting activities scope and programs. We reviewed the basis by which MLPL tested its proposed costs. ■ Methodology Review – Examining processes, assumptions, inputs and models. For larger items within the expenditure assessment (>\$1m in cost), Aurecon reviewed the basis of MLPL's estimates. As the costs for each item increased in magnitude, Aurecon reviewed supporting documents and models to assess the underlying assumptions on a bottom up basis (e.g. for land acquisition, labour costs, power system studies).
Risk	■ Aurecon reviewed the monte carlo methodology put forward by MLPL's advisor E3, the underlying outputs of the risk assessment, and the appropriateness of the risks captured within the risk analysis. ■ Aurecon also benchmarked the risk allowance set by MLPL for the project against appropriate benchmarks.	■ Economic Benchmarking – Aurecon benchmarked the project's risk allowance against comparable major infrastructure projects ■ Methodology Review – Examining processes, assumptions, inputs and models. Aurecon reviewed the methodology taken by MLPL's advisor and the reasonableness of inputs.

In summary, Aurecon's view is that the methodology applied in reviewing the expenditure forecasts in the revised Revenue Proposal entailed a suitably detailed review of the cost build-up in line with the AER's Forecast Assessment Guidelines. The review has used a combination of bottom-up methods and top-down assessments depending on the information available and need for a more detailed review.

Our overall assessment is that MLPL has undertaken a comprehensive assessment of the expenditure requirements to deliver Stage 1 of Marinus Link, considering good business practices per the Rules, and noting the significant risks of cost overruns for major transmission projects. In this context, Aurecon Advisory's view is that prudence and efficiency considerations indicate the need for a well-resourced internal team to manage project delivery, particularly given the interface risks arising from the contracting arrangements and the specific technical challenges associated with Australia's first subsea HVDC interconnector in more than 20 years.