Risk and Contingency Report – Marinus Link

E3 Advisory

Client: Marinus Link PTY LTD

Date: 14 July 2025

MARINUS LINK

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1 Introduction and Purpose

1.1 Purpose and scope

This report has been prepared by E3 Advisory Pty Ltd (E3 Advisory) as part of a review of the risk analysis undertaken by MLPL to estimate a risk allowance for inclusion in its Revised Revenue Proposal – Part B (Construction costs). E3 Advisory has provided assistance to MLPL to estimate the risk allowance, along with the assistance of expert advisors to identify and quantify risk, refer section 4.2 for details of the advisors that have provided assistance. This report provides a review and explanation of:

- the nature, boundaries and key characteristics of risks that could arise during the development and construction phases of Stage 1 and Stage 2 enabling works of the Marinus Link project ('Marinus Link' or 'Project');
- the reasons why these risks remain with MLPL and why it is not feasible or efficient to transfer these risks to contractors or mitigate these risks through insurance, hedging or pass through events;
- the approach and methodology undertaken to derive an efficient and prudent cost allocation profile for these risks;
- the risks only relevant to the 5-year regulatory period from 1 July 2025 to 30 June 2030 and the respective capital expenditure; and
- an overall summary of the approach taken to estimate MLPL's risk allowance for the construction phase of the project.

1.2 Compliance with the National Electricity Rules

Chapter 6A of the National Electricity Rules (NER) outlines the AER's general obligation to make determinations for Transmission Network Service Providers (TNSP) in respect of prescribed transmission services. The AER provides guidance[1] on its approach to regulatory assessments for actionable Integrated System Plan (ISP) projects within the economic regulatory framework set out in the NER.

The AER guidance on the regulation of actionable ISP projects states that it can accept a project risk allowance by assessing the residual risks identified by the TNSP and the efficiency of the associated cost estimates and the consequential cost adjusted to reflect the likelihood of occurrence. To inform its assessment, the AER expects a TNSP to comprehensively and transparently identify and assess the different project risks for which it is seeking a risk allowance. In practice, this requires:

- **risk identification**: clearly identifying the risk events for which a risk allowance is being sought; and
- **risk cost assessment**: estimating the potential cost impacts, estimating the likelihood of occurrence of the consequential costs being incurred and identifying any mitigation or management strategies.

The residual risk identification process seeks to identify residual risks that cannot reasonably be expected to be managed by MLPL, transferred to a contractor, or covered by insurance or pass through events. The AER has provided examples of risks that are generally reasonable to include an allowance for. These include:

- risks that are related to realistic latent condition with the site, e.g. encountering rock on the site;

[1] AER, *Regulation of actionable ISP projects,* Guidance note, March 2021,

- risks associated with actions or requirements of a third party that cannot be reasonably addressed through contractual terms; and
- risks associated with events that are outside a TNSP's control.

1.3 Structure of this document

The remainder of this document is structured as follows:

- Section 2: Provides a summary of the residual risks
- Section 3: Describes the approach to developing the risk allowance
- Section 4: Outlines the quantification of the top 30 residual risks
- Section 5: Outlines the quantification of remaining residual risks
- Section 6: Outlines the risks omitted from assessment
- Section 7: Describes the risk review and management process
- Supporting Appendices:
    - Appendix A: Project Risk Register
    - Appendix B: Marinus Link Risk Rating Matrix
    - Appendix C: Marinus Link Risk workshop schedule.

2 Summary of residual risks

2.1 Risk context

2.1.1 Work packages and contract model

Marinus Link will be delivered under three construction work packages, procured under individual competitive procurement processes:

- Cable Supply and Installation (Cable) package for the supply and installation of the High-Voltage Direct Current (HVDC) cable (procured);
- Converter Design and Supply Equipment (Converter Equipment or CDSE) package for the design and supply of the converter equipment (procured); and
- Balance of Works (BoW) package for the design and construction of the converter stations (civil and ancillary works) that house the converter equipment, the onshore civil works for the cable and connection to the electricity network. (Currently in the procurement phase with market tenders submitted in June 2025).

The Marinus Link packaging strategy is shown diagrammatically in Figure 1.

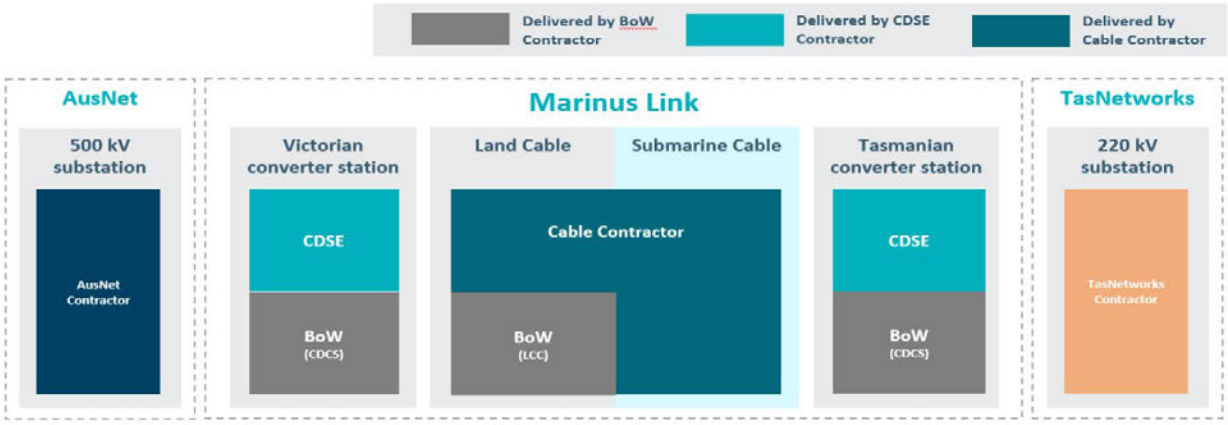


Figure 1 - Marinus Link Packaging Strategy

2.1.2 Contract pricing approach

The selection of contract pricing approach for each of the three packages is based on the level of certainty around the scope of work and the market's capacity to offer fixed pricing.

Elements of the scope subject to significant fluctuations, beyond the control of MLPL or the contractor - such as commodities, labour and materials - have been included as adjustment events within the contract. This strategy aims to better manage the risk and avoid MLPL paying high risk premiums charged by the contractor for accepting the risk of price fluctuations.

The three packages have been procured under three different contract pricing approaches as outlined in Table 1.

Table 1 - Construction Work Package Contract Pricing Approaches

Package	Contract and Pricing Approach	Allowed Adjustment Events
Cable (Awarded to Prysmian on 3 May 2024)	Engineering Procurement Construction (EPC) contract - Lump sum pricing (with partial reimbursable cost)	metals pricing adjustment linked to an index for materials such as aluminium, copper and lead. fuel pricing adjustment linked to an index for marine gas oil for the vessel. landfall horizontal directional drilling adjustment based on labour, bentonite, diesel and HDPE pipe costs linked to relevant indices.
CDSE (awarded to Hitachi on 1 August 2024)	Design and supply contract - Lump sum pricing	transformer price adjustment based on indices linked such as copper, steel, CPI and labour. labour adjustments based on a labour index in Australia and Sweden.
BoW (Class 2 estimate provided, currently being evaluated)	Design and Construct Incentivised Target Cost (D&C ITC) contract - Lump sum and reimbursable cost pricing	The final terms and conditions are to be negotiated. A reimbursable cost model plus painshare/gainshare arrangements will apply in accordance with the ITC contracting structure.

2.1.3 Pass through events

The MLPL Revised Revenue Proposal Stage 1 – Part B (Construction) – Chapter 9 identifies the nominated pass through events for Marinus Link.

The impact of these events are not included in the risk allowance for the project.

2.2 Residual risk requirements

As part of our approach to risk management for Marinus Link, we have established clear principles to ensure that our risk allocation aligns with regulatory guidance and best practices. Specifically, we have ensured that risk allowances are not allocated for risks that fall within the following categories:

- **Internally Controlled Risks**: Risks that are reasonably under, or should reasonably be under, MLPL's control. For example, no risk allowance should be included to account for potential deficiencies in the MLPL's policies, procedures, or management practices. Such risks are managed internally as part of MLPL's continuous improvement and governance framework.
- **Business-as-Usual Risks**: Risks that are inherently part of MLPL's operations and are managed by MLPL. This includes risks such as delays in appointing contractors, which are addressed through proactive planning, resource management, and established project management practices.
- **Contracted Risks**: Risks that are effectively managed through MLPL's contractual arrangements. MLPL should ensure that its contracts include appropriate terms and conditions that allocate responsibility to the relevant parties. For instance, contractor delays are managed through liquidated damages clauses, performance guarantees, and other contractual mechanisms.
- **Insurable Risks**: Risks that are, or should be, covered by insurance policies. This includes risks mitigated by policies such as contract works, public indemnity and third party property or other events that are appropriately mitigated through comprehensive insurance coverage. Where applicable, costs that are recoverable from third parties are pursued to avoid duplication of risk coverage.

Only those risks that are not reasonably within MLPL's control, not typically managed as part of standard business operations, not allocated through contractual terms, and not covered by insurance, are retained and quantified. For these risks, MLPL implemented a structured approach that includes risk identification, assessment, mitigation planning, and ongoing monitoring of the residual risk. The residual risk management strategy, outlined in Chapter 7, is designed to ensure that these risks are effectively managed throughout the project lifecycle, minimising their impact on project outcomes.

2.3 Changes from November 2024 Submission

MLPL submitted a placeholder Risk & Contingency Report to the AER on 29-Nov-2024. This submission included a preliminary quantification undertaken on 40 risks compliant with AER guidance on the acceptability of a risk event. The contingency in the November 2024 submission was $465m at a P50 confidence level (nominal).

Since the previous submission, a significant amount of work has been undertaken to update and refine the risk and contingency allowance for the regulatory period commencing 1 July 2025, that considers:

a) **A detailed review of project risks** to improve the quality and robustness of the risk register;

b) **Feedback received** through peer reviews and the draft determination; and

c) **Evolving context** as the development phase progresses and more certainty is reached on particular elements of the project scope.

The process undertaken to update and refine the risk register more robust included significant SME, specialist advisor, and management review, and involved removing duplicates or overlapping risks, reclassifying issues, and identifying risks that had been transferred or were no longer a risk. These refinements not only optimised the risk register but also led to changes in how risks were being quantified and managed in the updated submission, ensuring greater alignment with the current delivery context and clearer focus on material exposures.

While the number of residual risks in the risk register has increased to approximately 60, the overall risk profile for the project has reduced, as evidenced by the reduction in the P50 contingency (refer Section 2.4). This is expected as a project progresses, and greater certainty is achieved over time and as risks are retired or closed out. The increase in the number of risks is largely driven by an increase in the granularity of how risks are described, allowing for more accurate quantification.

Appendix C list out all workshops undertaken, including those post Nov-24 to improve the quality of the risk register. The respective attendees involved are also listed that supported the development of the risk register and quantification that reflects the proposed risk allowance.

2.4 Overview Summary of top 30 residual risks

The total estimated risk allowance associated with the delivery of the Marinus Link Project is $412m (nominal). The estimated risk allowance associated with the regulatory period from 1 July 2025 to 30 June 2030 is $410m, which reflects the spend profile of each works package.

This section provides a summary of the top 30 residual risks that may arise during the delivery phase of the Project and the forecast CAPEX impact at a P50 level of each risk as a portion of the total estimated risk allowance. The top 30 residual risks comprise 90% of the estimated risk allowance.

Table 2 - Summary of Top 30 Risks and their forecast CAPEX Impact ($m, Nominal)

No.	Risk Name	Risk Context	Risk Category	Forecast CAPEX impact
1	[redacted]	[redacted]	[redacted]	[redacted]
2	Loss or damage to the asset, the works, goods/materials or contract documentation	Physical damage and defects are common in large infrastructure projects despite robust quality assurance and controls in place. Complex supply chains, material variability, and human error make such risks inherent. Quality control, contractor allocation, and insurance can reduce but cannot fully eliminate risks from unforeseen factors like poor weather, supply chain issues, or complex interfaces. MLPL has exposure to the deductible payable and any costs outside of the insurance coverage periods.	Project Delivery	$28,577,928
3	[redacted]	[redacted]	[redacted]	[redacted]

No.	Risk Name	Risk Context	Risk Category	Forecast CAPEX impact
	[redacted]	[redacted]		
4	Changes in AEMO expectations and unclear guidance in an evolving industry	AEMO's requirements are subject to frequent revision, driven by the volume of transmission and renewable energy projects and ongoing federal energy reforms. Updates such as the ISP and increasingly stricter commissioning requirements have the potential to affect project timelines. While active engagement with AEMO and ongoing compliance efforts help mitigate this risk, uncertainty remains due to the possibility of new or revised requirements being introduced during project delivery, outside the project's direct control.	Compliance and Legal	$21,121,110
5	MLPL receives more onerous environment and planning approval conditions than anticipated in baseline conditions	Despite proactive engagement and mitigation planning, this risk remains as final environmental and planning conditions are only confirmed following public consultation and assessment. Stakeholder submissions and regulator discretion can introduce unforeseen requirements, requiring updates to management plans and approvals. Additionally, limited site access and unknown ground conditions further increase this risk.	Environmental	$20,697,648
6	[redacted]	[redacted]	[redacted]	[redacted]

No.	Risk Name	Risk Context	Risk Category	Forecast CAPEX impact
		[redacted]		
7	Design changes not communicated / coordinated between contractors	Despite the implementation of interface management plans, technical specifications and interface deeds, uncoordinated or late design changes remain a risk to cost and schedule. Contributing factors include differing design standards, communication gaps, and the evolving nature of the design process. The involvement of multiple external stakeholders further complicates coordination, meaning interface issues cannot be fully eliminated despite proactive measures.	Project Delivery	$18,961,674
8	Shortage of skilled labour resources impacting construction activities	Market-wide skilled labour shortages may affect timely construction delivery. Although resource needs and contractor capacity were assessed during procurement, ongoing sector demand and geographic constraints still are a risk to labour availability. Workforce planning and early contractor engagement help mitigate this, but the risk remains until resourcing commitments are secured and maintained throughout project delivery.	Project Delivery	$18,263,029
9	Missed cable manufacturing slots	Manufacturing slots for land and marine cables have been secured in advance with adequate schedule float, and the contractor has confirmed alignment with key milestones. However, risk cannot be fully eliminated due to external factors such as preceding project delays on unrelated cable projects that are being delivered by the manufacturer, global supply chain pressures, or potential factory disruption.	Procurement and Commercial	$18,031,563

No.	Risk Name	Risk Context	Risk Category	Forecast CAPEX impact
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
13	Inclement weather greater than allowance impacting construction contractors' activities	There is an inherent variability of weather conditions across the project's geographical footprint. While contractors inclement weather allowance have been developed during the tender process based on historical weather modelling, there	Project Delivery	$13,590,075

No.	Risk Name	Risk Context	Risk Category	Forecast CAPEX impact
		remains a material probability that actual conditions will exceed forecasts especially during transitional seasons or unseasonal events (e.g. La Niña or El Niño patterns).		
14	Interface scope gaps and/or overlaps between contractors	Large, multi-contract, multi-year projects frequently face scope gaps or overlaps, especially when different contractors are engaged at different stages. Given the scale of the MLPL project and market constraints, the work was split into three separate packages, each delivered by different contractors. These risks remain despite strong governance and coordination practices.	Project Delivery	$12,879,602
15	Additional Tipping amounts and Topsoil for access track reinstatement dependent on landholder requirements	Variability in landholder expectations for access track reinstatement may exceed baseline assumptions, especially if higher-quality restoration is demanded. This can lead to unanticipated costs, particularly in rural or sensitive areas. While standard provisions and early engagement help mitigate this risk, the subjective nature of scope requirements means the risk remains until track reinstatement is complete, but should reduce with detailed land access agreements.	Project Delivery	$12,070,150
16	Repeated failure of a testing or commissioning requirement (Project)	Testing and commissioning includes numerous complex and overlapping processes required for registration to the National Electricity Market (NEM) and market operation. Complex technical systems, challenging terrain, and possible equipment malfunction can lead to repeated test failures. Despite rigorous planning and quality control, the inherent complexity of modern electrical and mechanical systems leaves a residual risk of test failure.	Project Delivery	$10,692,726
17	Delayed or inaccurate inputs from third parties (externals) such as AEMO, Ausnet Services and TasNetworks	The Project depends on third parties such as AEMO Planning, TasNetworks, and AusNet Services to deliver critical system studies which are outside of MLPL's direct control. While service agreements and	Project Delivery	$10,155,923

No.	Risk Name	Risk Context	Risk Category	Forecast CAPEX impact
		coordination mechanisms are in place, delays can still occur due to competing priorities or resource limits. Given the complexity and multiple stakeholders, this risk cannot be fully mitigated.		
18	A Critical Electronic Component Market Event occurs, incurring additional cost of electronic components	Critical components for high-voltage direct current systems, like optical instrument transformers and control electronics, have long lead times and limited suppliers, making them vulnerable to market disruptions. These costs would be an Adjustment Event under the terms of the contract. While proactive monitoring and early procurement help mitigate this risk, it cannot be fully eliminated due to reliance on specialised global supply chains, the rise in transmission projects worldwide, and macroeconomic or geopolitical factors.	Procurement and Commercial	$8,698,371
19	Uncertainty regarding future Asset Manager's requirements results in changes during design and construction	This risk is primarily relevant during the delivery and construction phase, when design is being finalised and works are underway. As the O&M contractor will be procured at a later stage, MLPL has appointed team members with operational experience and engaged Amplitude to support design development and ensure consideration of operational requirements. An Engineering Manager is also in place to oversee design changes and ensure operability input is captured. However, these measures do not fully mitigate the risk, as future operator requirements may still evolve due to market conditions, technical assumptions, or currently undefined constraints, potentially resulting in rework or late design changes during delivery.	Technical / Design / Commissioning	$8,117,533
20	Misalignment between contractors in coordinating on-site and construction activity	Scheduling interdependencies are intrinsic between the BOW, Converter, and Cable contractor scopes. Despite contractual float and interface management, variability in marine cable installation timing, from weather, vessel availability, or	Project Delivery	$8,038,035

No.	Risk Name	Risk Context	Risk Category	Forecast CAPEX impact
		ground conditions can misalign with Converter commissioning readiness. These risks cannot be fully transferred contractually with complex interfaces that is difficult to allocate causation, therefore the exposure sits with MLPL.		
21	Unidentified flora and fauna during construction	Although early ecological surveys and investigations have been conducted, it is not always possible to detect all species, particularly in dynamic or sensitive environments. Unexpected discoveries during construction, such as protected orchids, nesting eagles, or seagrass beds, may trigger additional regulatory requirements. These discoveries could delay works or impose restrictions, resulting in a residual risk of non-compliance with planning and environmental approvals.	Environmental	$7,831,059
22	The proposed burial depth of the cable may need to be increased to satisfy the insurer's requirements	Although the proposed burial depth currently aligns with insurer expectations through a Cable Burial Risk Assessment and seabed studies, there is a risk that the insurer's requirements change, influenced by global trends and increasing risk aversion. As a consequence, the burial depth may need to be increased, leading to increased contract costs. Additionally, changing environmental conditions or increased scrutiny following other (unrelated) marine claims could result in delayed or withheld approval, despite proactive engagement and technical justification.	Technical / Design / Commissioning	$7,335,278
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

No.	Risk Name	Risk Context	Risk Category	Forecast CAPEX impact
24	[redacted]	[redacted]	[redacted]	[redacted]
25	Land cable civil installation works are incorrectly constructed leading to damage of the cable system	Split responsibilities and high installation tolerances at joint bay and trench interfaces create inherent risk of damage, despite strong interface planning. As seen on similar interconnector projects, minor civil deviations or miscommunication may result in costly cable damage or rework during construction.	Project Delivery	$6,175,798
26	Unforeseen contamination at the Tasmanian converter site and/or the land cable route (impacting the Balance of Works Contract)	While site surveys have been conducted, unforeseen contamination remains possible due to historical industrial use and latent soil conditions. Factors such as acid sulphate soils or legacy factory operations may result in remediation costs exceeding allowance despite mitigation efforts.	Technical / Design / Commissioning	$6,076,483
27	Replacement of contractor due to reasons outside MLPL control	Contractor replacement due to factors outside MLPL's control is an infrequent event, especially when robust procurement processes and contractor due diligence have been conducted. However, the risk cannot be entirely eliminated.	Procurement and Commercial	$5,957,312
28	Changes to executed contracts, resulting from changes in scope and design during negotiations phase with preferred Balance of Works Contractor	Despite early contractor involvement and development deeds, staggered award of the BoW contract and complex design interfaces may still result in downstream variations. Residual risk remains where scope alignment evolves post-award, as seen in other large infrastructure projects.	Procurement and Commercial	$5,146,287
29	MLPL Service provider costs escalate over time above existing allowances	Persistent inflation, labour shortages, and sector-wide demand for services continue to drive cost escalation. While early engagement and capped rates offer partial protection, however residual exposure to rising	Procurement and Commercial	$4,650,000

No.	Risk Name	Risk Context	Risk Category	Forecast CAPEX impact
		service provider costs and constrained market availability are common in recent years.		
30	Unforeseen environmental incident occurs within project area	Environmental incidents remain a residual risk despite controls, due to the complexity of site environments and contractor interfaces. Inherent variability across onshore and offshore works can lead to unanticipated impacts that cannot be entirely eliminated, only managed to acceptable levels.	Environmental	$4,629,357

The risk register contained in Appendix A contains the full list of 60 residual risks that may arise during the delivery phase of the Marinus Link Project.

3 Approach to developing the risk allowance

3.1 Overview of risk approach

The estimated risk allowance has been established through quantification of MLPL's residual risks during the construction phase of the project. The approach, illustrated in Figure 2, combines the qualitative risks analysis elements of the MLPL Risk Framework with a detailed Quantitative Cost Risk Analysis (QCRA).

Figure 2 - MLPL approach to determination of risk allowance

The risk analysis undertaken to determine the initial risk allowance has been comprehensive, and relevant to the 5 year regulatory period from 1 July 2025 to 30 June 2030, utilising a significant number of risk-focussed workshops with Marinus Link subject matter experts, external risk experts, executive reviews and assurance processes to ensure a robust process and level of scrutiny has been applied in allocating, mitigating and assessing the residual risk.

3.2 Risk identification and qualitative assessment

3.2.1 Risk identification

The risk identification process undertaken has included the following formal sessions:

- interdisciplinary risk workshops;
- functional monthly risk update meetings;
- legal and commercial contractual risk allocation meetings;
- one-to-one meetings, discussions, and updates with risk owners; and
- risk reviews by senior leadership and independent experts.

Attendees have included internal functional team members, internal risk owners, internal and external subject matter experts (SMEs), as well as specialist risk and estimating technicians and advisors. **Error! Reference source not found.** provides further detail on formal risk sessions.

Interdisciplinary risk workshops, utilised in the risk identification process, have brought together stakeholders from different departments and disciplines, such as the technical, delivery, commercial and legal teams, to collaboratively identify potential risks. By leveraging the combined expertise of internal team members and external experts, the workshops uncovered a comprehensive range of risks.

3.2.2 Risk rating

Risk rating has been carried out in collaboration with subject matter experts (SMEs) as part of the structured risk workshops. Once risks were identified, participants assessed each risk's likelihood and consequence across three key stages: uncontrolled (untreated), controlled (residual pre-treatment), and post-mitigation. This enabled the team to evaluate the risk rating of each risk in its raw state, consider the impact of current controls, and project the effectiveness of future treatments.

Ratings were assessed using the risk matrix as per the MLPL Risk Management Framework, with alignment across disciplines and MLPL corporate functions. By using clearly defined criteria for likelihood and consequences, the process enabled risk owners and SMEs to prioritise risks effectively and support informed decision-making.

3.2.3 Risk controls and treatments

As part of the risk assessment process, existing controls were identified and documented during risk workshops with the input of relevant SMEs. These controls include procedural and physical measures already in place to mitigate the likelihood and/or consequence of each identified risk.

Following the identification of existing controls, participants explored additional treatments that could be implemented in the future to further mitigate the likelihood and/or consequence of each identified risk. These treatments were proposed with consideration of feasibility, cost-effectiveness, and alignment with each Risk Owners knowledge of the Project and industry knowledge.

This process informed the development of a three-tiered understanding of risk exposure were uncontrolled (untreated), controlled (residual pre-treatment), and post-mitigation, as stated above. This staged assessment provides a robust foundation for ongoing risk monitoring, control assurance, and investment in risk treatment efficiencies.

3.3 Quantitative risk assessment

3.3.1 Risk modelling

Quantitative risk modelling has been undertaken following the identification and assessment of risks and controls. This process involved consolidating all risk information, including likelihood, consequence, control effectiveness, and proposed treatments, to support the development of probability distributions and estimate potential outcomes. Subsequent quantitative risk workshops were conducted with risk owners and subject matter experts (SMEs) to review and validate the assumptions, probability ratings, and cost/time impact estimates for each risk. Both the basis of probability (e.g. expert judgment, historical data, or comparable benchmarks) and the basis of impact (e.g. cost estimation, schedule modelling, and dependency analysis) were clearly documented and justified. The probability and cost/time impacts were utilised as inputs to the Risk Model. Monte Carlo simulations were undertaken on the model to quantify the range of potential outcomes, specifically to identify P50-value scenario and the inform contingency allowance aligned with the project's risk exposure and AER guidance on risk and contingency.

3.3.2 Scenario Analysis

The project risk register has been utilised to extract the risks that significantly impact cost or schedule as part of developing an assessment of the risk allowance.

Each risk has been quantified individually by risk owners and specialists. This has focussed on assessing the likelihood of the risk as well as the expected cost impact based on experience from similar projects, subject matter expert experience, independent estimates, supplier, contract, design and program information.

Initially an expected value analysis was conducted for each risk as an initial method of understanding the possible quantum of the risk event. The expected value is calculated by multiplying the most likely outcome by the probability of the risk occurring.

In most cases, the impacts of each risk are not a single cost or schedule impact, but a range of possible impacts. In most cases the possible impact range can be assessed to have a:

- best case outcome;
- worst case outcome; and
- most likely outcome.

For each risk, the best case, worst case and most likely case have been developed with supporting evidence and quantified using delay or work rates that have been included in each of the Cable Contract, BOW Contract and CDSE Contract which have been used to determine the cost impact in the event of a delay. Additional cost impacts are determined by the risk owner or SME assessment of the risk and the possible cost impacts. This process is often referred to as a "three-point estimate" of the impact.

The risk model generated provides a risk-adjusted estimate that quantitatively accounts for the realistic effect of the risks generally described by three-point estimates of the impacts and the probability of occurrence.

3.3.3 Cost Basis

A detailed cost basis has been developed to provide the foundation for the estimation of each risk's best case, most likely case, and worst case outcomes for each risk. This cost basis captures the underlying assumptions, unit rates, and cost drivers used to estimate the financial impact of each risk scenario. Inputs include work/burn rates, delay rates, design costs, and specific pricing of key items, some of which are derived from the following:

- Cables Contract (including variations to date);
- Converter Contract (including variations to date);
- BOW TOC Submission – Risk Adjusted by Owners Estimator;
- SME inputs; and
- other sources as referenced in Appendix A.

The risk register included in Appendix A contains a 'Cost Basis' tab which sets out each of the rates used in modelling each scenario.

3.3.4 Monte Carlo simulation

The Monte Carlo analysis undertaken uses a 'bottom-up' assessment based on the risks identified in the risk register. The analysis has used specialist risk modelling software (@Risk) which randomly generates a range of outcomes based on the consequence and likelihood of each of the residual risks.

The analysis began with the software randomly selecting a value from each of the risk ranges in accordance with the three-point distribution used to represent the risk. The approach was to configure the software to carry out 10,000 iterations of this process in order to provide a significant range of outcomes. The sum from each iteration produces an output distribution of the likely cost outcomes as if Marinus Link was delivered multiple times. In this instance, the outcome of this analysis was a probability distribution curve of expected costs, which was used to determine the level of risk allowance funding.

The output from this process was used to determine the 'P-value' which was tested against MLPL's risk appetite and the criteria outlined in the MLPL Risk Management Framework. The P50 is a mid-point

estimate It represents the project risk allowance with sufficient risk provision to provide a 50% level of confidence in the outcome. This means that there is a 50% likelihood that the risk allowance will not be exceeded, and a 50% probability that it will be exceeded.

The Monte Carlo analysis considers in each iteration the painshare/gainshare regime under the ITC 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 and not the full amount which is partially covered by the BoW Contractor.

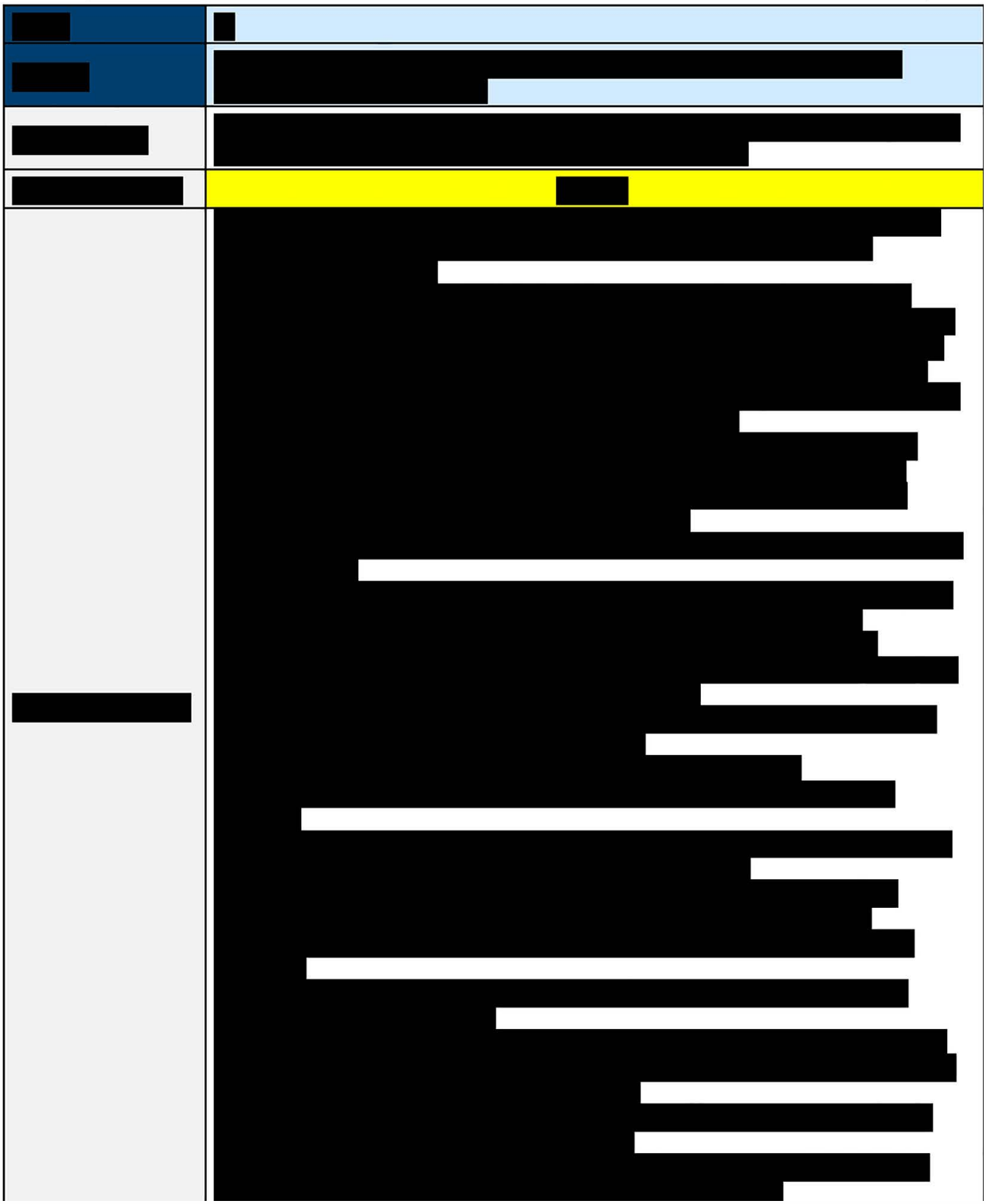
An iterative process has been undertaken in assessing each risk to maintain integrity and accuracy ensuring no overlap or duplication of risk allowance or potential overstatement of cost risk impacts. The model data has been regularly reviewed by MLPL and updated with the involvement of the risk owners and specialists as better cost information is generated.

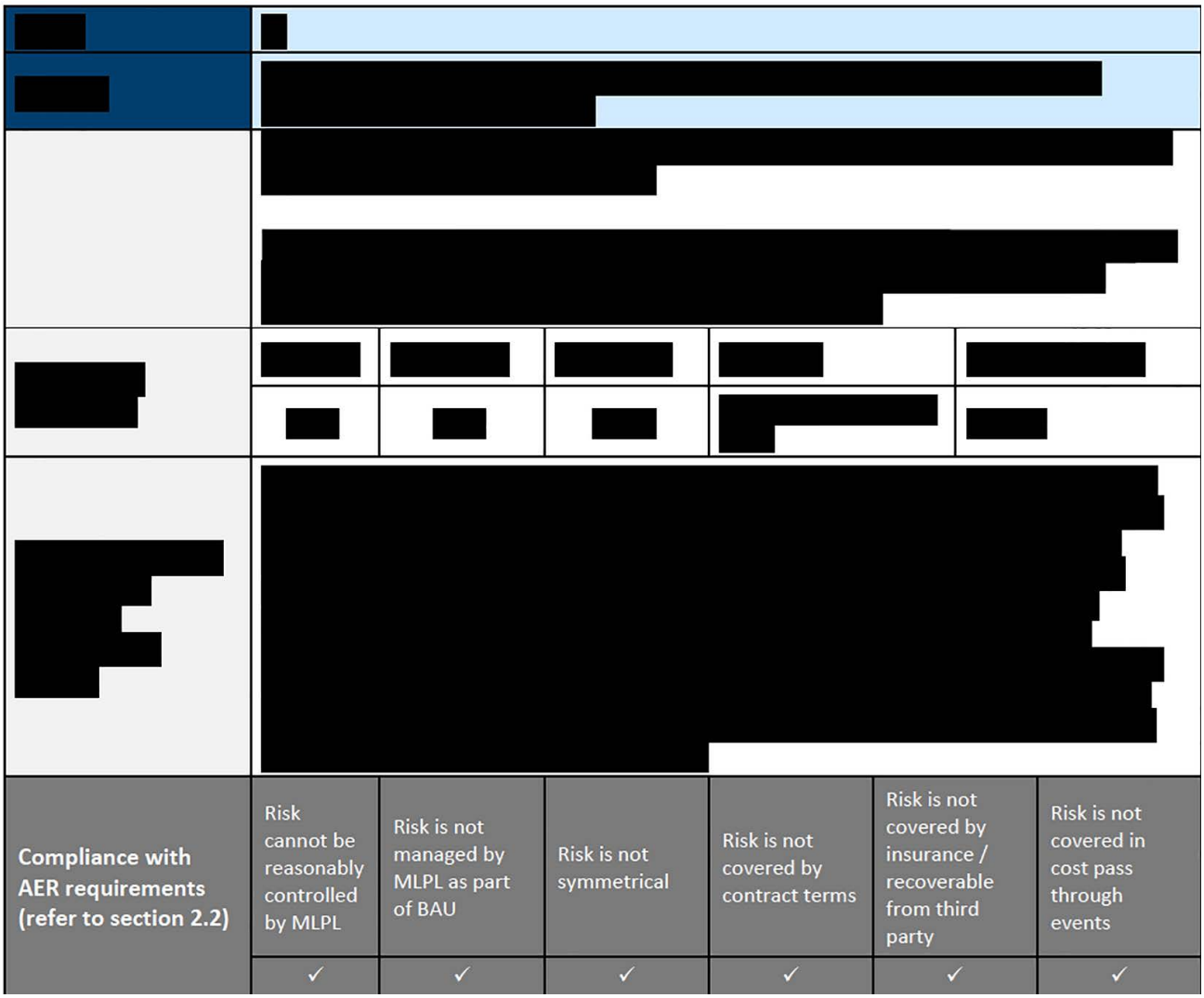
3.4 Risk register

The Marinus Link Project Risk Register ('risk register'), included in Appendix A, has been developed as an output to the risk identification, qualitative and quantitative risk analysis process. The risk register is utilised as part of the MLPL monthly risk review process which aims to ensure that Marinus Links risk exposure is reduced through the proactive and on-going review and update of existing risks, the addition of new potential risks and the closeout or transfers of existing risks to issue management.

4 Quantification of top 30 residual risks

4.1 [redacted]





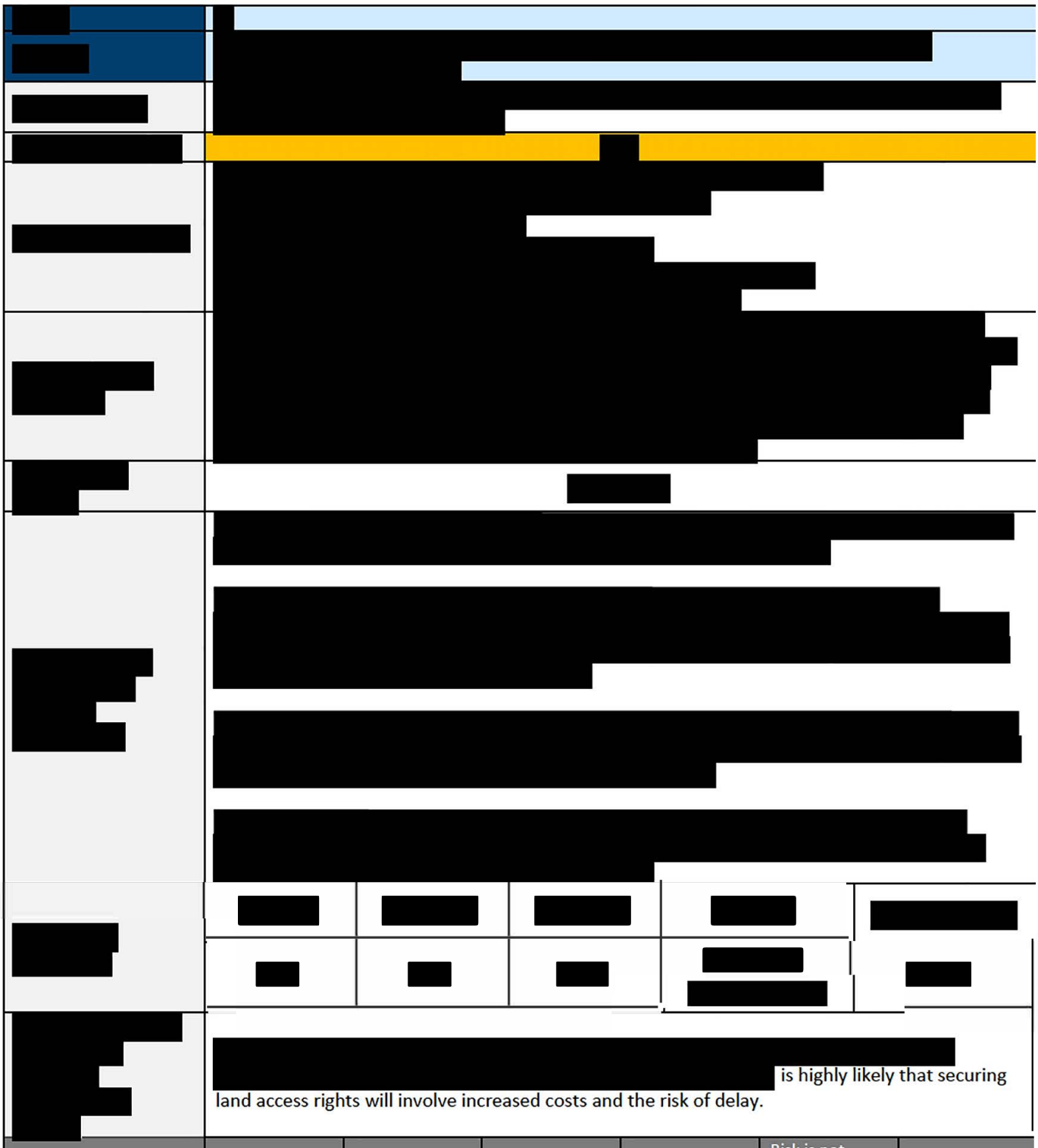
Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.2 Loss of or damage to assets (2)

Risk ID	**#66**				
Risk Title	**Loss or damage to the asset, the works, goods/materials or contract documentation**				
Risk Description	Fault, error, defect, damage or omission (including unidentified defect) in the design or construction of the works/asset by the contractor				
Residual Risk Rating	**Medium**				
Risk controls in place	1. Construction insurance and delay in start up Insurance 2. Contractor selection has been based on performance 3. Contractor management and supervision 4. Site security provided by contractors under contract 5. Warranties / defect notice / liability Periods				
Basis of Residual Probability	Quality issues, defects, or damage to assets, works, goods, or materials are common in large infrastructure projects, even with stringent quality assurance measures. For example, the Sydney Metro project experienced issues with cracking in concrete structures due to a combination of design, material, and workmanship factors. Such risks are inherent due to the complex supply chain, variability in material quality, and human error during construction. While robust quality control processes, warranties, and insurance can reduce the likelihood to 20%, they cannot entirely eliminate the risk due to the potential for unforeseen factors, such as adverse weather, handling damage, or workmanship errors.				
Potential cost impacts	**$28,577,928**				
Basis of cost and time valuation (including assumptions)	**General:** Most scenarios for damage to the asset are insured. This risk has been quantified as significant damage to either a converter station or loss of the cable. **Best Case:** Damage to part of a converter station that needs to be manufactured, DSU insurance kicks in (90 day deductable payable) + exposure of 60 days; 60 days additional work rate due exposure when uninsured during testing and commissioning for Cable Contractor and CDSE Contractor within the regulatory period. **Most Likely:** Loss of cable is insured with 2 years of DSU coverage. Deductable is 90 day delay impact (delay is 2 years) + extension of insurance at a slightly higher rate + exposure following 1.5 years; 90 days additional work rate due to exposure when uninsured during testing and commissioning for Cable Contractor and CDSE Contractor within the regulatory period. **Worst Case:** Loss of cable is insured with 2 years of DSU coverage. Deductable is 90 day delay impact (delay for 3 years due to constrained manufacturing slot) + extension of insurance at a slightly higher rate + exposure following 2 years; 360 days additional work rate due exposure when uninsured during testing and commissioning for Cable Contractor and CDSE Contractor within the regulatory period.				
Monte Carlo Assessment	**Best Case**	**Most Likely**	**Worst Case**	**Cost Basis**	**Distribution Type**
	$79m	$122m	$293m	T&C Delay Rates	Betapert

Risk ID	#66					
Risk Title	**Loss or damage to the asset, the works, goods/materials or contract documentation**					
Why the risk cannot be efficiently mitigated, transferred or avoided	While contractor obligations under insurances and liability clauses provide some protection, the risk of uninsured or disputed loss/damage (especially during handover transitions) remains. Certain types of loss may not be covered or may result in project-wide implications. Marinus Link must maintain oversight and risk governance to ensure effective asset protection strategies are in place. Provisions for this risk is efficient to enable timely remedial action and avoid legal delays that could arise from full transfer.					
Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.3 [redacted]



[redacted] is highly likely that securing land access rights will involve increased costs and the risk of delay.

Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.4 Changes in AEMO expectations (4)

Risk ID	**#50**
Risk Title	**Changes in AEMO expectations and unclear guidance in an evolving industry**
Risk Description	Newly imposed requirements or scope changes as a result of AEMO expectations and unclear guidance late in the project, particularly those related to the commissioning process, delays the completion of the Transmission System Tests and Trial Operations
Residual Risk Rating	**Medium**
Risk controls in place	1. Framework for regular reviews and assessments to identify potential impacts from changes in AEMO requirements 2. Communication plan to ensure all stakeholders are informed of any new requirements imposed by AEMO 3. Periodic meetings with AEMO to discuss any changes in requirements and their implications for the project via Marinus Inter-Regional (MIR) group (includes TasNetworks, AEMO and MLPL) 4. Compliance checklist specific to AEMO's requirements to ensure that all project phases adhere to the latest requirements
Basis of Residual Probability	AEMO's requirements are subject to frequent review and adjustment, particularly with a high volume of transmission and renewable generation projects, and under broader federal energy reforms. Recent changes such as the Integrated System Plan (ISP) updates and tightening of commissioning requirements illustrate AEMO's evolving expectations, which can impact project timelines. While ongoing engagement via working groups and compliance checklists mitigate the impact, the risk cannot be entirely eliminated due to the external nature of AEMO's mandates and the potential for refinements to the technical or procedural requirements during delivery, and has a residual likelihood of 45%.
Potential cost impacts	**$21,121,110**
Basis of cost and time valuation (including assumptions)	General: AEMO changes its technical requirements which impacts the timing and execution of Transmission System Tests and Trial Operations during the 2025-2030 regulatory period. **Best Case:** A minor clarification or procedural update by AEMO requires limited internal review and stakeholder communication, resulting in minor administrative delays and cost impacts + 2 weeks delay to testing & commissioning within the regulatory period for the Cable Contractor and CDSE Contractor. **Most Likely:** AEMO imposes additional documentation, testing scope, or assurance requirements that impact contractor milestone payments and requiring moderate resourcing and coordination efforts, with cost and schedule impacts including + 1 month additional work including testing & commissioning within the regulatory period for Cable Contractor and CDSE Contractor. **Worst Case:** Major requirement or procedural changes by AEMO (e.g., stemming from Federal market reforms) invalidate current commissioning assumptions, require contract variations, and delay commissioning and energisation by 3+ months, with project-wide rescheduling and cost consequences + 1 month additional work and 2 months delay to testing and commissioning within the regulatory period for Cable Contractor and CDSE Contractor including significant redesign.

Monte Carlo Assessment

Best Case	Most Likely	Worst Case	Cost Basis	Distribution Type
$8m	$45m	$95m	Delay Rates + Estimated Impact	Betapert

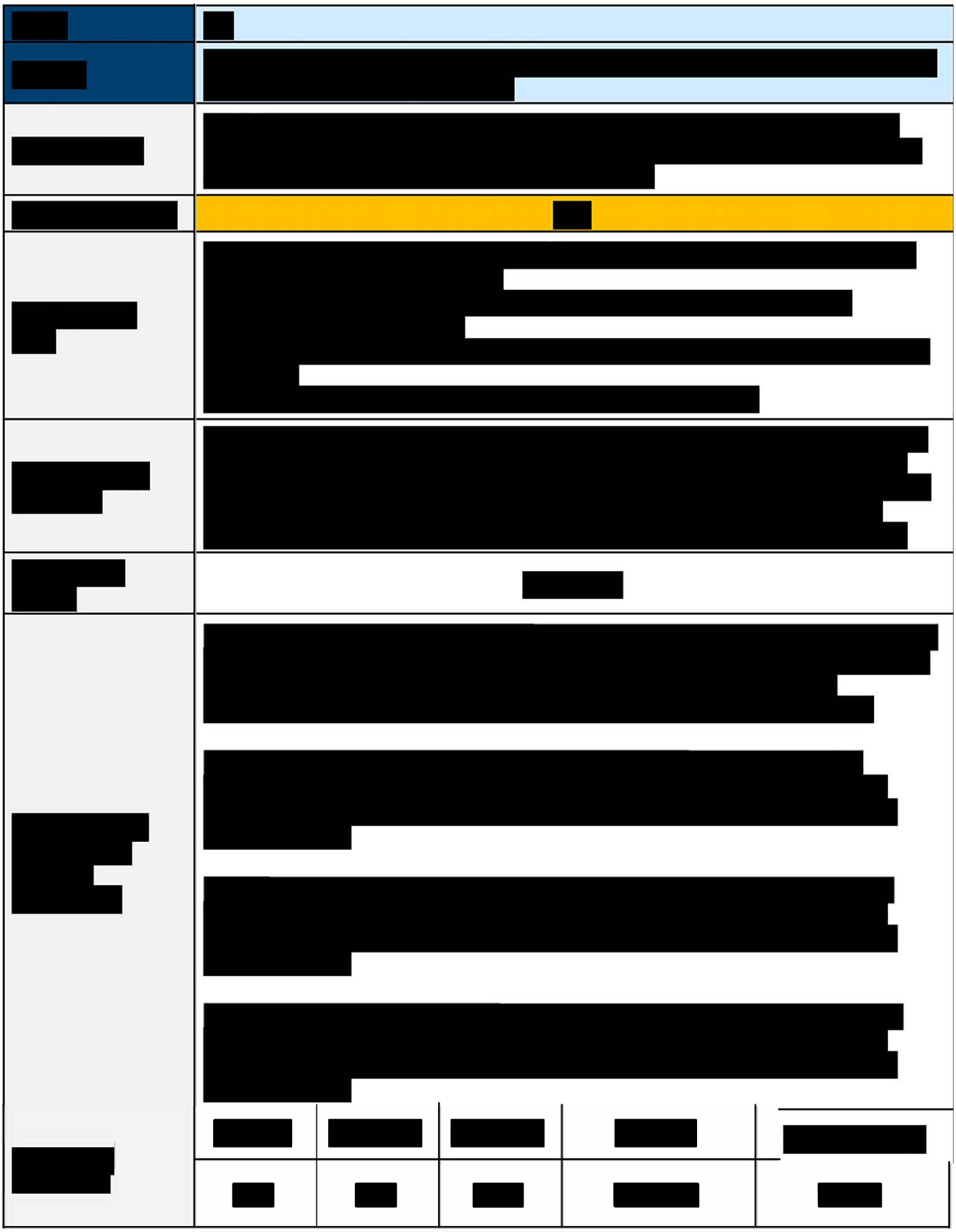
Risk ID	#50					
Risk Title	Changes in AEMO expectations and unclear guidance in an evolving industry					
Why the risk cannot be efficiently mitigated, transferred or avoided	As the national electricity market operator, AEMO may refine or clarify technical requirements, compliance expectations, or operational protocols in response to evolving system conditions or integration challenges. These adjustments can occur after design has been finalised and may require rework or modifications that are outside the project team's direct control. Such changes are often reactive to broader system behaviour and may not be foreseeable or contractually accounted for by delivery partners. As a result, Marinus Link retains the risk of ensuring compliance with updated AEMO expectations and maintaining flexibility during delivery.					
Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

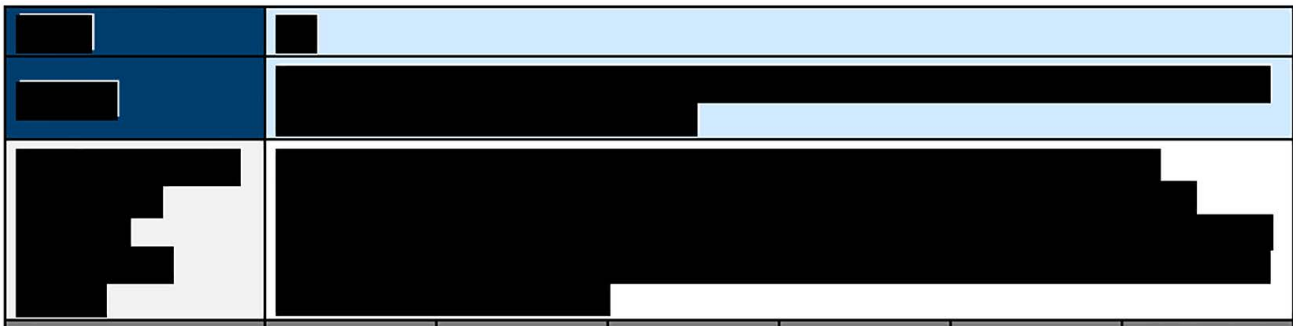
4.5 Onerous Planning Approval Conditions (5)

Risk ID	**#52**				
Risk Title	**MLPL receives more onerous environment and planning approval conditions than anticipated in baseline conditions**				
Risk Description	Approved environment and planning conditions substantially more onerous than those assumed in the tender process and executed contracts resulting in contractor claims and project delays to meet conditions				
Residual Risk Rating	**Medium**				
Risk controls in place	1. Baseline conditions in the contracts are based on those most relevant to MLPL 2. Commonwealth and Victorian jurisdictions proposed conditions (e.g. Day 2 environmental performance requirements, environmental management framework) used in the draft contract documentation has been developed as part of the planning panel process 3. Draft mitigation measures used in the tender documentation have been discussed and generally agreed with the Tasmania EPA				
Basis of Residual Probability	Despite proactive engagement and mitigation planning, the risk remains because final environmental and planning conditions are not fully known until after the public consultation and assessment process. Stakeholder submissions and regulator discretion can introduce unforeseen requirements that cannot be entirely anticipated or eliminated during contract negotiation or tender development. Additional requirements will require updating management plans and obtaining approval for final artefacts. Unknown ground and site conditions due to lack of access are difficult to fully mitigate and result in a residual risk likelihood of 40%.				
Potential cost impacts	**$20,697,648**				
Basis of cost and time valuation (including assumptions)	**General:** Changes or more onerous conditions to planning approvals would result in design amendments, additional mitigation measures, and extended approval timeframes. These changes will increase project costs and delay delivery schedules. They may also shift risk back to MLPL and reduce construction flexibility, increasing contractor claims. SME estimate of $2.5m for additional work required for field work, scoping, re-design, reporting and approvals. **Best Case:** 30 days of BoW Contractor delay + cost impacts for update project plans **Most Likely:** 60 days of BoW Contractor delay + cost impacts for update project plans, field work to understand ground conditions, cultural heritage or topography, to inform design **Worst Case:** 180 days of BoW Contractor delay rate + cost impacts for update project plans, additional biodiversity and environmental studies, including field work, report and extended approval lead times				
Monte Carlo Assessment	**Best Case**	**Most Likely**	**Worst Case**	**Cost Basis**	**Distribution Type**
	$22m	$42m	$120m	BOW Delay Rate + Estimates Impacts	Betapert
Why the risk cannot be efficiently mitigated, transferred or avoided	Planning and environmental regulators may impose unanticipated conditions during or after approvals are granted, particularly in response to community submissions or political considerations. These conditions may introduce new costs or program impacts. As MLPL is the approval holder, this risk cannot be transferred to contractors or consultants. Retention is necessary to ensure responsiveness to approval bodies and maintain the agency's statutory obligations under planning law.				

Risk ID	#52					
Risk Title	**MLPL receives more onerous environment and planning approval conditions than anticipated in baseline conditions**					
Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.6 NWTD does not achieve expected Practical Completion (6)





Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.7 Design Changes not Communicated between Contractors (7)

Risk ID	**#3C**
Risk Title	**Design changes not communicated / coordinated between contractors**
Risk Description	Design changes required are not shared between contractors
Residual Risk Rating	**Medium**
Risk controls in place	1. Interface Management Plans, Interface Deeds, and Interface Register 2. Project Control Groups 3. MLPL to develop a quality assurance program
Basis of Residual Probability	Design and construction interface management, even with interface management plans and registers, can still result in cost and time impacts to the Project. Coordination challenges can arise due to differences in design standards, communication gaps, or late design changes. For example, the Crossrail project in London experienced significant delays due to complex design interfaces between contractors, resulting in incompatible systems and extensive rework. Despite best efforts, residual probability of 60% is based on the evolving nature of designs and the involvement of multiple stakeholders, meaning that interface issues cannot be completely eliminated.
Potential cost impacts	**$18,961,674**
Basis of cost and time valuation (including assumptions)	**General:** Changes to design not communicated resulting in additional design and construction scope to resolve interface issues **Best Case** : Minor design fault / change not shared, however, issue can be rectified without significant impact. 1 week additional work by BoW Contractor for rectification works **Most Likely**: Design change not shared, impacting a critical component. Stop work, redesign required for CDSE Contractor valued at 1% of CDSE design costs, and 2 weeks delay to BoW Contractor and additional 2 weeks of construction scope. **Worst Case**: Significant design change not coordinated, where BoW Contractor proceeds with works, and issues are identified towards end of critical activity. Site needs to be recovered, assets removed, redesign and new manufacturing of a critical component. This includes a 3 month delay where CDSE Contractor is delayed commencing testing and commissioning within the regulatory period by 1 month and is required additional redesign by the CDSE Contractor valued at 5% of the CDSE design costs. A 1-month delay to BoW Contractor, and 1 month of additional construction scope for BoW Contractor.

Monte Carlo Assessment	**Best Case**	**Most Likely**	**Worst Case**	**Cost Basis**	**Distribution Type**
	$6m	$31m	$58m	Delay Rates + Design Impact + Estimated Impact	Betapert

Why the risk cannot be efficiently mitigated, transferred or avoided	This risk arises from the complex interfaces between multiple contractors delivering interdependent scopes of work that are required to function as one asset. While contractual mechanisms such as Interface Deeds and detailed interface specifications are in place, the risk of late or uncommunicated design changes cannot be entirely eliminated due to the timing and sequencing of concurrent works. MLPL is exposed to this risk, as it holds the strategic coordination role, and bares the cross-package impacts without complete control of the actions and outcomes of contractors. Transferring this risk is impractical given that no single contractor has control and coordination across all design packages.

Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.8 Skilled Labour Shortage (8)

Risk ID	**#65**
Risk Title	**Shortage of skilled labour resources impacting construction activities**
Risk Description	A skilled labour shortage in the Australian construction industry could create resourcing challenges, leading to reduced productivity
Residual Risk Rating	**High**
Risk controls in place	1. Sufficient allowance in the TOC to cover current forecast project enterprise increases 2. Selection of BoW Contractor with experience in enterprise bargaining within the project area
Basis of Residual Probability	Market-wide shortages in skilled labour, may impact the timely delivery of construction activities. While resource requirements for the works have been identified and contractor capacity assessments were undertaken during procurement, ongoing demand across the infrastructure sector and geographic constraints continue to pose a residual risk of 75% that labour availability issues adversely impacts labour costs. Workforce planning and early contractor engagement are in place to mitigate this, but the risk remains elevated until resourcing commitments are not only secured but utilised during delivery.
Potential cost impacts	**$18,263,029**
Basis of cost and time valuation (including assumptions)	**General:** Shortages of critical skilled labour will be mitigated by increasing the rates (supply and demand), which will increase labour related Reimbursable Costs. **Cost basis:** Labour components of construction costs ~$21m based on ML CAPEX Cost Model + BOW Direct Cost labour (40% of direct costs) + Indirect (50% of indirect costs + Project Management SP ~$89m) labour based on BOW TOC Submission. All costs based on BOW TOC Submission. **Best Case:** 2% increase in labour costs **Most Likely:** 5% increase in labour costs **Worst Case:** 8% increase in labour costs

Monte Carlo Assessment

Best Case	Most Likely	Worst Case	Cost Basis	Distribution Type
$10m	$24m	$39m	Labour Budget	Betapert

Why the risk cannot be efficiently mitigated, transferred or avoided	Workforce availability is subject to national labour market conditions, immigration settings, and competition from other projects. Contractors may struggle to secure skilled personnel even with proactive recruitment strategies. Completely transferring this risk would lead to inefficiencies or bid withdrawals, and as such contract mechanisms including adjustment events and risk sharing through the ITC model aim to efficiently share the risk between the parties under an acceptable regime. However, MLPL remains exposed asymmetrically to the cost impact labour shortages through the risk sharing mechanism in a way that cannot be eliminated contractually or through other mitigation measures.

Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.9 Missed Cable Manufacturing Slot (9)

Risk ID	**#25**
Risk Title	**Missed cable manufacturing slots**
Risk Description	Manufacturing slots nominated under the Cable Contract (Marine Cable Jan 28 - Oct 29, Land Cable Jul 28 - Jun 29) are missed leading to delays to the cable delivery and installation
Residual Risk Rating	**High**
Risk controls in place	1. Sufficient program allowance between contract commencement and manufacturing commencement 2. Cable detail design is scheduled to be complete by notice to proceed
Basis of Residual Probability	The manufacturing slots for both land and marine cables have been contractually secured well in advance, with adequate float built into the project schedule between contract commencement and manufacturing start. The Cable Contractor has confirmed readiness and alignment with key program milestones. However, the risk cannot be fully eliminated below 5% due to external factors such as preceding project delays for Prysmian, global supply chain pressures, or factory disruption. Precedent cases, such as the Viking Link interconnector between Denmark and the UK, experienced manufacturing delays linked to resource congestion, reinforcing the need to retain a residual allowance for disruption. Furthermore, MLPL can request additional cable however cannot take more than 30 additional days to manufacture.
Potential cost impacts	**$18,031,563**
Basis of cost and time valuation (including assumptions)	General: Missing the manufacturing slots nominated under the Cable Contract (Marine: Jan 28–Oct 29, Land: Jul 28–Jun 29) due to delays in financial close, incomplete designs, or factory disruption could result in significant lead time deferrals, contractor claims, and critical path delay to installation milestones. Uniform risk as a missed cable manufacturing slot would result in a significant and consistent impact on the Project. Cost basis based on ML CAPEX Cost Model for Cable payment milestones as per Cables contract Schedule 2, Section 3. **Best Case:** Same as WC as this is a uniform risk. **Most Likely:** Same as WC as this is a uniform risk. **Worst Case:** Major disruption leads to full loss of manufacturing slot; rebooking, claim settlements, and critical path extension; cost impact ~70% of remaining cable costs following manufacturing commencement cable costs.

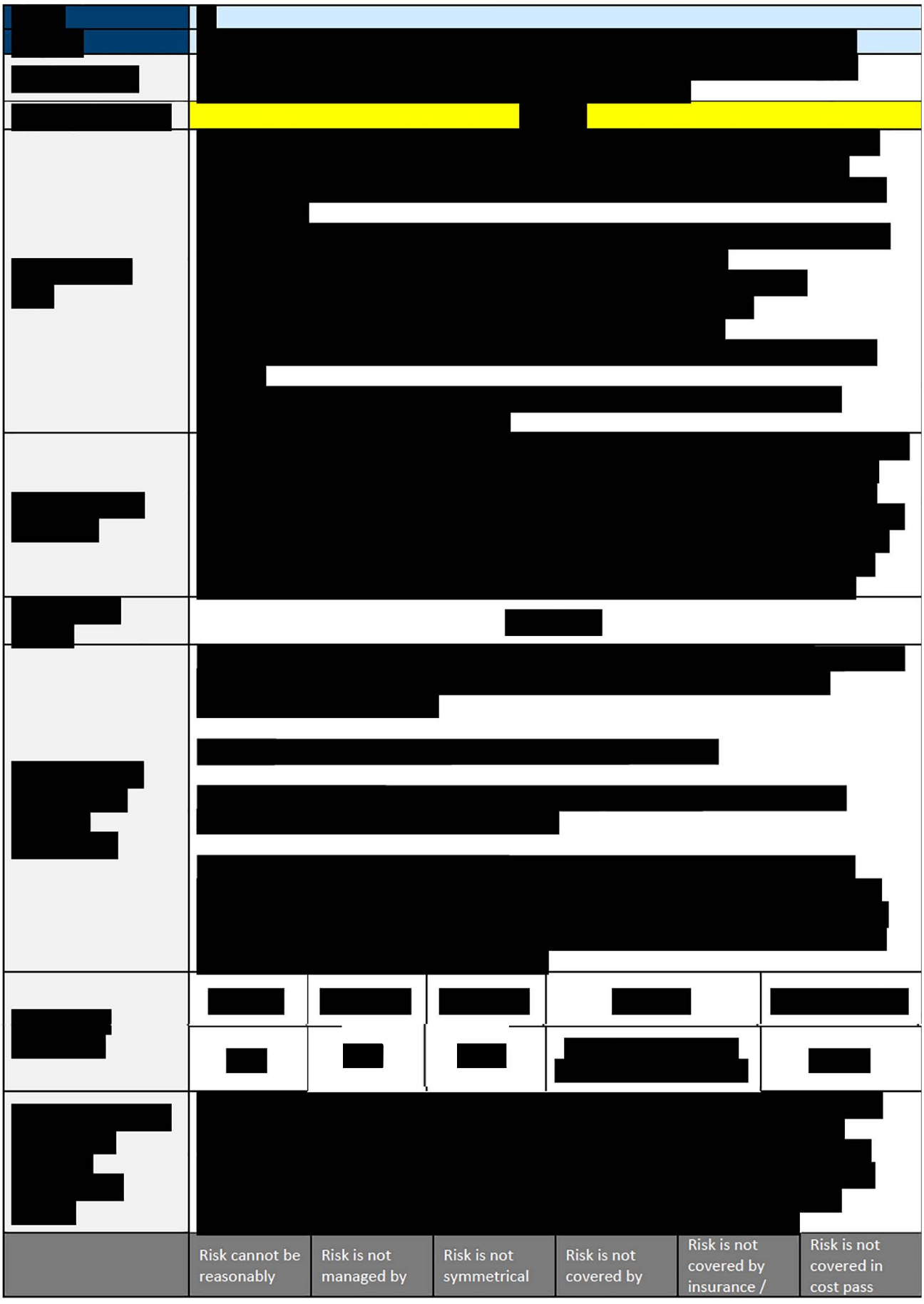
Monte Carlo Assessment

Best Case	Most Likely	Worst Case	Cost Basis	Distribution Type
$361m	$361m	$361m	Cable Costs	Uniform

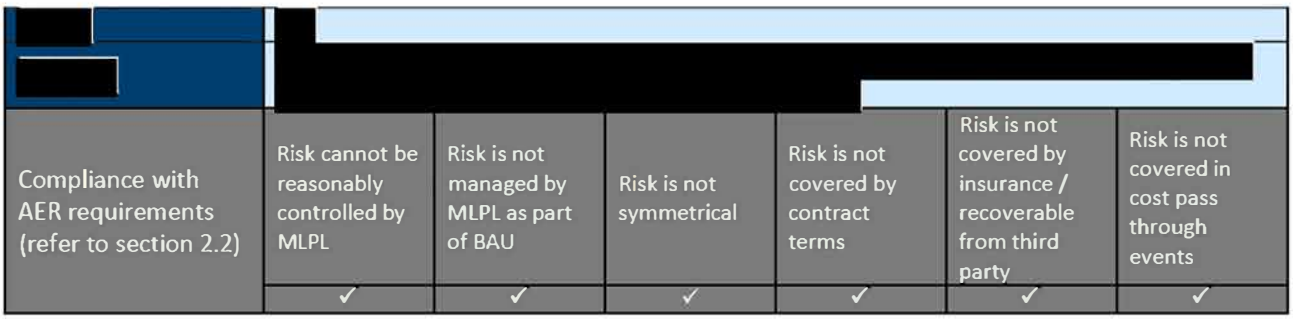
Why the risk cannot be efficiently mitigated, transferred or avoided	Cable production slots are scarce and competitively booked globally, particularly as the Cable Contractor is the only organisation globally capable of designing to the set requirements. Delays can lead to missed manufacturing windows, with significant schedule and cost implications, and possibly renegotiation of the contract. This risk cannot be effectively transferred to the manufacturer or contractors, as causes such as protests, supply chain disruption etc at the manufacturing facility are not covered by insurance or treated as passthrough.

Risk ID	#25					
Risk Title	**Missed cable manufacturing slots**					
Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.10 [redacted]



Risk ID	[redacted]					
Compliance with AER requirements (refer to section 2.2)	controlled by MLPL	MLPL as part of BAU		contract terms	recoverable from third party	through events
	✓	✓	✓	✓	✓	✓



Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.13 Inclement Weather greater than allowance (13)

Risk ID	**#15**
Risk Title	**Inclement weather greater than allowance impacting construction contractors' activities**
Risk Description	The actual inclement weather is greater than the allowances included under the contracts
Residual Risk Rating	**Medium**
Risk controls in place	1. An inclement weather allowance based on historical weather modelling included in the cables contract and currently being negotiated with 2. Inclement weather is clearly defined with set parameters 3. Cables contract includes 50/50 shared risk above nominated allowance 4. Converter contractor allowance to be confirmed with Converters team
Basis of Residual Probability	There is an inherent variability of weather conditions across the project's geographical footprint. While contractors inclement weather allowance have been developed during the tender process based on historical weather modelling, there remains a material probability of 55% that actual conditions will exceed forecasts, especially during transitional seasons or unseasonal events (e.g. La Niña or El Niño patterns). Historical infrastructure projects, such as Snowy 2.0 and Basslink, experienced significant weather-related construction delays despite contingency planning. Although controls such as clearly defined allowances, shared risk mechanisms (e.g. 50/50 cost sharing), and conservative programming help to reduce the likelihood, they cannot fully eliminate the residual exposure to extreme or prolonged adverse weather.
Potential cost impacts	**$13,590,075**
Basis of cost and time valuation (including assumptions)	**General:** If actual weather conditions exceed the contractually allowed days for inclement weather, contractors may experience work stoppages or difficult site conditions, triggering schedule delays and claims. The risk may be partially shared under existing contract terms (e.g. 50/50 on cables), but could still lead to significant cost and time impacts if weather extremes persist. A weather model based on historical weather data through BOM indicated average work stoppage days based on high wave and excessive rain. This combined with Critical Path analysis of the Integrated Master Schedule ensuring efficient impact to the program indicated a >95% probabilistic range of an additional 13 day to 21 days delays to the current contractor allowances contained in their program. Probabilistic weather events such as significant flooding, excessive rain, and hurricane conditions are modelled based on additional days of works stoppage as below. **Best Case Scenario:** Minor weather exceedances require 13 additional non-productive days across affected scopes; limited delay absorbed within float or non-critical path; cost increase: impacted contract value due to inefficiencies or minor claims. **Most Likely Scenario:** Historical average indicates 16 days delay to contractors + cumulative 14 days delay in dealing with >1 significant weather event over the span of the project. Extended poor weather periods cause delay to critical activities (e.g. marine, foundation or civil works); contractor claims under shared-risk mechanisms; schedule impact of ~1 month; cost increase on affected scopes due to time-related costs and stand-downs. **Worst Case Scenario:** Prolonged unseasonal weather combined with historical analysis, and significant weather events (e.g. storm clusters, wind or swell events) trigger 2 months cumulative delay across multiple scopes and span of the project; full contractor entitlement triggered for delay and cost recovery; cost impact on marine/civil packages; project delay >2 months to critical path.

Risk ID	#15					
Risk Title	Inclement weather greater than allowance impacting construction contractors' activities					
Monte Carlo Assessment	Best Case	Most Likely	Worst Case	Cost Basis	Distribution Type	
	$10m	$23m	$46m	Delay and Stand-down Rates	Betapert	
Why the risk cannot be efficiently mitigated, transferred or avoided	Extreme or unseasonal weather based on and in excess of historical norms presents a residual risk despite contractual weather allowances. While base weather risks are often factored into contractor pricing and programs, events exceeding statistical assumptions (e.g. back-to-back La Niña years) fall outside their reasonable control. This residual weather risk remains with MLPL, as transferring such extreme variability would result in significant risk premiums. This is considered a prudent and efficient approach to managing the effects of inclement weather on a construction project as the allowance is based on what is expected in a typical year. The risk allowance is to manage the risk of a non-typical year and to cover actual costs rather than a contractor making an overly conservative allowance within the TOC to cover the potential risk exposure.					
Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.14 Interface Scope Gaps and Overlaps (14)

Risk ID	**#3A**				
Risk Title	**Interface scope gaps and/or overlaps between contractors**				
Risk Description	The Balance of Works scope and technical requirements do not take into account all required activities or duplicates work performed by the Converter Contractor or Cable Contractor.				
Residual Risk Rating	**Medium**				
Risk controls in place	1. ITC Contract; open book contract to allow for scope gaps and shared costs to be dealt efficiently 2. Development of Interface Management Plans, Interface Deeds, and Interface Register to establish responsibilities and actively manage interface scope				
Basis of Residual Probability	Scope gaps and overlaps between major work packages are common in large-scale, multi-contract projects, particularly when different contractors are engaged at different stages. Due to the size of the Project and market capacity, MLPL was unable to award a single contract for the full scope of the Project to one contractor. Marinus Link was required to be procured in three separate packages to be delivered by three separate contractors consecutively. Even with detailed interface management plans, misalignment in design assumptions, scope definition, or change management can occur. A notable example is the Sydney Metro project, where misalignment between civil works and systems installation led to significant rework and delays. Despite strong project management practices, the complexity of coordinating multiple contractors and evolving designs means scope gaps or overlaps cannot be fully eliminated beyond 25%.				
Potential cost impacts	**$12,879,602**				
Basis of cost and time valuation (including assumptions)	General: Despite strong project management practices, the complexity of coordinating multiple scope of work and contractors means scope gaps or overlaps will result in cost and time impacts to the project. **Best Case**: Key component not planned for and requires procurement and installation, 2 week additional work to BoW Contractor and CDCS contractor and 1 week delay to Converter Contractor. **Most Likely**: Critical scope gap eventuates in 4 weeks additional work to BoW Contractor CDCS Contractor and 2 weeks delay to Converter Contractor. **Worst Case:** 6 weeks additional work and 2 weeks delay to BOW works as a result of project stoppage + 10% increase in costs due to re-design to CDCS works methodology across the project + additional MLPL community engagement/resources				
Monte Carlo Assessment	**Best Case**	**Most Likely**	**Worst Case**	**Cost Basis**	**Distribution Type**
	$12m	$46m	$114m	Delay Rates + Estimated Impacts	Betapert
Why the risk cannot be efficiently mitigated, transferred or avoided	Industry practice indicates the development of interface specifications and contractual obligation i.e. an interface deed, is standard to managing multiple complex interfaces on a construction project. The requirements of the deed largely transfer the risk, however unknown factors that arise during the delivery phase cannot be defined therefore cannot be transferred or mitigated. The packaging arrangements for Marinus Link, which have been designed to maximise competitive tension between bidders, inevitably lead to interface risk, which cannot be removed entirely.				

Risk ID	#3A					
Risk Title	Interface scope gaps and/or overlaps between contractors					
Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.15 Earthwork and topsoil in Reinstatement works (15)

Risk ID	**#122**
Risk Title	**Additional Tipping amounts and Topsoil for access track reinstatement dependent on landholder requirements**
Risk Description	Additional fees for disposal or additional topsoil for the reinstatement of access tracks left by the BOW contractor for the Cables Contractor, across private land, as there is uncertainty on landholder sentiment whether new access tracks are required to be reinstated
Residual Risk Rating	**Medium**
Risk controls in place	1. Desktop surveys and planning of access track requirements across entire 90km land cable route 2. Property management plans being agreed with landholders progressively to agree reinstatement scope
Basis of Residual Probability	The variability in landholder expectations regarding access track reinstatement following construction activities. may exceed baseline assumptions, especially where landholders demand higher-quality restoration than originally scoped. These variations can introduce unanticipated costs, particularly in rural or environmentally sensitive areas. While the Project includes standard reinstatement provisions and early engagement strategies to mitigate this risk, the inherently subjective nature of landholder requirements means the risk cannot be fully eliminated beyond 45%.
Potential cost impacts	**$12,070,150**
Basis of cost and time valuation (including assumptions)	**General:** Landholders may require MLPL to reinstate newly formed access tracks back to original or improved condition. As upgrades to existing access tracks are already accounted for in base cost, assume a significant portion of the length is subject to this risk as therefore 50% * 90km is the amount of km to be reinstated The quantities are based on project requirements, estimates and extracts of the BOW TOC Submission. **[BC, ML, WC]** assumptions for **Direct costs** below: - Access Roads: metres of access road that require earthworks and topsoil **[15km, 25km, 35km]** assuming 5m width based on BOW TOC submission and 90km length of route, at a rate of $30/m for earthworks and $90/m for topsoil - Swale Drain: either side of access roads that require earthworks and topsoil **[30km,50km, 75km]** assuming 1m width, at a rate of $25/m for earthworks and $90/m for topsoil - Joint Bays: number of joint bays that require reinstating **[861m2, 1722m2, 2520m2]** assuming 3m x 7m joint bays, at a rate of $200/m2 for earthworks and $450/m2 for topsoil - Fencing either side of access roads **[30km, 50km, 70km]** at $10/m - Temporary Drainage Crossings: drainage crossings requiring removal during earthworks **[0, 187, 220]**, at $15k per crossing removal. - Hydroseeding all areas of reinstated access roads, swale drains and joint bays that have topsoil at $10/m **Indirect Costs:** - Based on BOW TOC Submission, 55% of Direct costs for Reinstatement works = Indirect Costs for Reinstatement works - BOW Margin as per cost basis = 12%

	Best Case	Most Likely	Worst Case	Cost Basis	Distribution Type

Risk ID	#122					
Risk Title	**Additional Tipping amounts and Topsoil for access track reinstatement dependent on landholder requirements**					
Monte Carlo Assessment	$12m	$28m	$38m	Estimated Impacts	Betapert	
Why the risk cannot be efficiently mitigated, transferred or avoided	MLPL is exposed to additional costs for tipping and topsoil reinstatement where landholders request a higher standard of access track restoration than initially agreed. This is defined following negotiations are complete with landholders, and is not included in the Cable Contractor's scope, leaving MLPL exposed to resolving residual reinstatement issues. The risk cannot be fully transferred or mitigated due to variability in landholder expectations and ongoing negotiations with landholders.					
Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.16 Repeated Failure of Testing and Commissioning (16)

Risk ID	**#100**
Risk Title	**Repeated failure of a testing or commissioning requirement (Project)**
Risk Description	Testing and commissioning work required during the 2025-2030 regulatory period is delayed.
Residual Risk Rating	**Medium**
Risk controls in place	1. Detailed testing and commissioning plans developed, including coordination with all external parties
Basis of Residual Probability	Testing and commissioning are complex processes that often experience issues, particularly in large infrastructure projects. The residual probability of 45% considers factors such as design flaws, incorrect installation, or equipment malfunction can cause repeated test failures. This is a common challenge, as seen in the London Crossrail project, where repeated failures during testing and integration of complex systems delayed the project by several years. Despite rigorous planning and quality control measures, the complexity of modern electrical and mechanical systems means that some degree of test failure is always possible.
Potential cost impacts	**$10,692,726**
Basis of cost and time valuation (including assumptions)	**General:** Repeated failure or delay to testing or commissioning can significantly impact the project, leading to rework, investigation into root causes, and delays in achieving key milestones such as energizing the Link. **Best Case:** Testing missed due to external inspections not completed. Cost impact is limited to re-testing expenses, and a delay of 2 weeks to the project schedule within the regulatory period. **Most Likely:** Additional testing and commissioning items required by third party. This results in moderate rework costs and a delay of 4 weeks to the project schedule within the regulatory period. **Worst Case:** Impact or capacity issues to the wider electricity network means that testing and commissioning including energisation at the required capacity cannot occur when planned. Cost impact, with a delay of up to 3 months within the regulatory period.

Monte Carlo Assessment

Best Case	Most Likely	Worst Case	Cost Basis	Distribution Type
$8m	$18m	$63m	Delay Rates + Estimated Impact	Betapert

Why the risk cannot be efficiently mitigated, transferred or avoided	Despite quality assurance procedures, repeated failures in system testing or commissioning may occur due to external technical interfaces or commissioning requirements. While contractors are accountable for delivery, root causes often require cross-party resolution and cannot be contractually enforced in isolation. Testing and commissioning is the opportunity for the contractor to conduct tests across all systems which usually uncovers minor issues required to be rectified when bringing complex interfaces together and testing. MLPL is to ensure integrated issue resolution and is exposed to cascading delays. Full transfer is neither practical nor efficient given the shared nature of system commissioning success.

Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.17 Reliance of third parties (17)

Risk ID	**#3G**				
Risk Title	**Delayed or inaccurate inputs from third parties (externals) such as AEMO, Ausnet Services and TasNetworks**				
Risk Description	Approval, testing and commissioning, and information on connections is reliant on third parties such as AEMO, Ausnet Services, and Tas Networks. Contractor works may be impacted due to delays or accuracy of information.				
Residual Risk Rating	**Medium**				
Risk controls in place	1. Ongoing engagement with Ausnet Services and Tas Networks and other Third Parties				
Basis of Residual Probability	The Project has dependence on third parties—specifically AEMO, TasNetworks, and AusNet Services—to deliver critical studies and analysis that are outside of MLPL's direct control but essential to progress testing and commissioning work during the 2025-2030 regulatory period. While service agreements (MSA) are in place and engagement mechanisms like the Marinus Inter-Regional (MIR) group provide coordination, delays can still occur due to competing priorities, resource constraints, or shifting regulatory requirements. A comparable example is the EnergyConnect interconnector project, where coordination challenges between Transgrid (NSW) and ElectraNet (SA) led to commissioning delays due to timing mismatches and asynchronous delivery of key technical inputs. These challenges were documented in public reports and media coverage highlighting project scheduling pressures and stakeholder coordination issues (EnergyConnect Project Update, AEMO, 2023) and (ElectraNet Annual Report 2022). Because of the complexity and multiplicity of stakeholders involved, full mitigation of this risk is not feasible beyond 55%.				
Potential cost impacts	**$10,155,923**				
Basis of cost and time valuation (including assumptions)	**General:** TNSP does not provide information required to develop system / integration needs, or delayed approval of plans and permits. **Best Case**: 1 week delay to commencement of Project, sufficient float not to impact construction however 50% BoW Contractor standby rates. **Most Likely**: 2 weeks delay to commencement of the Project, where a critical milestone is delayed, resulting in BoW Contractor delay rates for 2 weeks and an additional 1 week of construction scope. **Worst Case**: Significant delay or poor information / service from third party resulting in 1 month of delays to BoW Contractor as well as redesign of CDSE works valued at 5% of CDSE Contractors design costs				
Monte Carlo Assessment	**Best Case**	**Most Likely**	**Worst Case**	**Cost Basis**	**Distribution Type**
	$5m	$20m	$25m	Delay and Standby Rates, Design Costs	Betapert
Why the risk cannot be efficiently mitigated, transferred or avoided	MLPL must interface with external bodies and network service providers whose inputs are critical to design finalisation, system integration, and commissioning. These third parties operate independently and outside the commercial control of the project. Consequently, delays or inaccuracies in their information cannot be transferred or fully mitigated. MLPL is the only party with the mandate to liaise across all interfaces and align project requirements with external stakeholders' obligations and timelines, leaving MLPL exposed to delays and cost impacts due to third party information.				

Risk ID	#3G					
Risk Title	Delayed or inaccurate inputs from third parties (externals) such as AEMO, Ausnet Services and TasNetworks					
Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.18 Critical Electronic Component Market Event (18)

Risk ID	**#57**
Risk Title	**A Critical Electronic Component Market Event occurs, incurring additional cost of electronic components**
Risk Description	A critical electronic component market event occurs for the modular advanced control for high-voltage direct current control and protection platform (including valve and digital optical instrument transformer electronics that cannot be easily replaced without extensive redesign and testing or has a long lead time > 6 months entitles the Converter Contractor to a variation.
Residual Risk Rating	**Medium**
Risk controls in place	1. Monitoring of supplier market for early warning signs 2. Seeking alternative suppliers and designs throughout design development
Basis of Residual Probability	Critical components for high-voltage direct current systems, such as optical instrument transformers and control electronics, often have long lead times and limited supplier bases, making them vulnerable to market disruptions. While proactive market monitoring and early procurement strategies provide some mitigation, complete elimination of the risk is not feasible beyond 45%, given the reliance on specialised global supply chains, increased number of transmission projects globally and exposure to macroeconomic and geopolitical variables.
Potential cost impacts	**$8,698,371**
Basis of cost and time valuation (including assumptions)	**General:** A market disruption impacts availability or pricing of critical high-voltage direct current electronic components, triggering contractor variation claims, redesign requirements, or procurement delays; **Best Case:** Minor procurement rescheduling, with additional holding and logistics costs and no critical path impacts + minor lead time increase (2 weeks) results in minor procurement rescheduling **Most Likely:** A market component shortage requiring partial redesign or deferral of testing, resulting in additional Converter Contractor claims and procurement overheads + 1 month lead time delay for one or more electronic modules. **Worst Case:** A significant shortage or obsolescence of key modules leads to major Converter Contract variation, hardware redesign, with cost impacts and schedule push beyond target energisation window + testing delays, and critical path disruption of 3 months

Monte Carlo Assessment

Best Case	Most Likely	Worst Case	Cost Basis	Distribution Type
$17m	$38m	$76m	Delay Rates + Estimated Impacts	Betapert

Why the risk cannot be efficiently mitigated, transferred or avoided	Disruptions in global manufacturing, shipping, or raw material availability can delay procurement of critical components. These macroeconomic risks are not within the control of the contractors and cannot be efficiently transferred due to their unpredictability and scale. MLPL must retain this risk to facilitate flexible procurement strategies, engage with alternate suppliers, or adjust project phasing as needed, leaving MLPL exposed to cost and delay impacts.

Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.19 Uncertainty Regarding Future O&M Requirements (19)

Risk ID	**#56**					
Risk Title	**Uncertainty regarding future Operations and Maintenance contractor's requirements results in changes during the design and construction phase of the project.**					
Risk Description	During the delivery phase, uncertainty around the future Asset Manager's, Operator's, or Maintainer's (or their proxy's) requirements can lead to changes in design and construction. These changes may arise from newly identified operational needs or evolving requirements that emerge as the project progresses toward completion.					
Residual Risk Rating	**Medium**					
Risk controls in place	1. Suitably skilled and experienced staff engaged by MLPL to provide specialist input including Amplitude, specialist HVDC consultants with operate and maintain experience 2. Maintainability and operability reviews included in Cable Contract and Converter Contracts to be conducted at key design milestones					
Basis of Residual Probability	MLPL team members have operations experience and have had input into the design and development of requirements. There is planned engagement of an Engineering Manager who will be responsible for managing any required changes and ensuring operability input is included throughout design development. However, these controls do not effectively mitigate the overall risk, as a residual probability of 20% reflects the operator's acceptable commercial exposure may be affected by market conditions, technical requirements and constraints that cannot be defined currently.					
Potential cost impacts	**$8,117,533**					
Basis of cost and time valuation (including assumptions)	**Best Case**: Changed asset owner requirements can be addressed through minor changes to design for all packages (10% increase to design costs for all packages). **Most Likely Case**: Moderate changes to design (20% increase to design costs for all packages) + 1 week delay to Cable Contractor and CDSE testing and commissioning within the regulatory period due to changes in methodology. **Worst Case**: Major changes to design (40% increase to design costs for all packages) + 2 week delay to Cable Contractor and CDSE testing and commissioning within the regulatory period due to changes in methodology + testing delays, and critical path disruption of 3 months.					
Monte Carlo Assessment	**Best Case**	**Most Likely**	**Worst Case**	**Cost Basis**	**Distribution Type**	
	$9m	$36m	$42m	Delay Rates + Design Costs	Betapert	
Why the risk cannot be efficiently mitigated, transferred or avoided	Timely engagement from the future asset owner or operator is critical to ensure operability, maintainability, and compliance with asset standards. However, delays or insufficient input may lead to late-stage changes that require redesign or rework. This risk cannot be transferred, as it sits with MLPL to coordinate stakeholder input and incorporate operational readiness requirements.					
Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.20 Misaligned coordination between contractors (20)

Risk ID	**#3B**
Risk Title	**Misalignment between contractors in coordinating on-site and construction activity**
Risk Description	Work sites and/or assets or not prepared or readily available by a contractor for the next sequence of work by another contractor
Residual Risk Rating	**Medium**
Risk controls in place	1. Master Schedule noting activities and sequencing 2. Project Controls Groups and regular communication to monitor construction activities
Basis of Residual Probability	Physical interfaces and scheduling interdependencies are intrinsic between the BOW, Converter and Cable contractors scope. Despite contractual float allowances and interface management mechanisms, variability in marine cable installation timing—driven by weather, vessel availability, or ground conditions—can misalign with Converter commissioning readiness. Projects like NordLink and Murraylink experienced similar issues where delays in one contract package resulted in idle converter infrastructure and compensation claims. These risks cannot be fully eliminated beyond 25%, given the sequential nature of HVDC commissioning and the limited flexibility once major equipment is on-site.
Potential cost impacts	**$8,038,035**
Basis of cost and time valuation (including assumptions)	**General:** Preceding critical activities are not completed, resulting in a cascading impact on the schedule and key interface and project milestones. **Best Case**: People, plant and equipment from preceding activity still remain on site, making it difficult for next activity to set up and commence. 2 week delay to BOW LCC (backfill) and BOW CDCS works **Most Likely:** Activities not aligned, multiple contractors and activity on-site above pre-planned levels. 4 weeks of cumulative delay BoW Contractor and delay to integrated system testing of 4 weeks. **Worst Case:** Site initially not prepared by BoW Contractor, where new contractor is unable to enter site and commence activity resulting in delay claims from cable / converter contractor. Flow on activities not aligned, where people, plant and equipment from preceding activities remain on site, delaying BoW Contractor. Cumulative 2.5 months delay with 1 month split between Cable Contractor/Converter Contractor and 1.5 months delay to BoW contractor.

Monte Carlo Assessment

Best Case	Most Likely	Worst Case	Cost Basis	Distribution Type
$9m	$36m	$42m	Delay Rates	Betapert

Why the risk cannot be efficiently mitigated, transferred or avoided	Given the scale and complexity of this project, multiple workfronts and delivery partners are operating concurrently across geographies. Despite planning and interface controls, practical misalignments in on-site activities—such as sequencing, access, and temporary works—can emerge. This risk cannot be fully transferred, as no single contractor holds visibility across the entire program. Further mitigation is constrained by the dynamic nature of construction delivery and shifting field conditions.

Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.21 Unidentified Flora and Fauna (21)

Risk ID	**#112**
Risk Title	**Unidentified flora and fauna during construction**
Risk Description	Flora and fauna not identified during construction may lead to damage and/or non-compliance environmental planning and heritage approvals
Residual Risk Rating	**Low**
Risk controls in place	1. Route design and development to avoid areas of native vegetation and areas of significant biodiversity 2. Construction methodology to avoid areas of vegetation that will require offset (e.g. horizontal directional drilling) 3. Environmental monitoring and management requirements including within each contractors scope (e.g. Geotech, surveys) to manage environmental issues 4. Environment Team review all project activities to assess possible impacts, mitigations and compliance obligations
Basis of Residual Probability	This risk remains possible because not all flora and fauna can be fully detected during pre-construction surveys, particularly in remote or changing environments, and unexpected discoveries during construction may trigger regulatory obligations and additional project constraints despite thorough early investigations. Currently MLPL have identified orchids, eagles and potential sea grass near a Tasman shipwreck, establishing a residual probability of 20%.
Potential cost impacts	**$7,831,059**
Basis of cost and time valuation (including assumptions)	**General**: Discovery of unidentified flora or fauna during construction may cause work stoppages, regulatory investigations, resubmission of environmental plans, potential redesigns, and delays, leading to increased project costs and extended delivery timelines. **Best Case** : Minor discovery results in targeted mitigation (e.g., minor realignment or exclusion zone); no regulatory breach; minimal direct cost (~0.5–1% of affected area budget) due to 1 month program delay with limited rework. **Most Likely**: Moderate impact species identified requiring significant survey and plan resubmissions; partial work stoppages in impacted zones (~2 month delay) including additional environmental management costs (~3% of affected contract value). **Worst Case**: Endangered species discovered; full external regulatory stop work order; significant redesigns, heritage or biodiversity offset payments, and legal compliance costs; major delays (3 months) causing project cost increases (~5% over affected works packages).

Monte Carlo Assessment

Best Case	Most Likely	Worst Case	Cost Basis	Distribution Type
$20m	$39m	$59m	Delay Rates + Budget Impact	Betapert

Why the risk cannot be efficiently mitigated, transferred or avoided	Despite ecological surveys and planning assessments, previously unrecorded species may be encountered during works. These findings can trigger stop-work requirements from external parties, regulatory engagement, or environmental redesign. Contractors cannot reasonably account for all such occurrences, especially where regulatory advice evolves. It is efficient for MLPL to retain this risk and maintain the necessary environmental governance capability to respond in real-time.

Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.22 Proposed Burial Depth does not satisfy insurer (22)

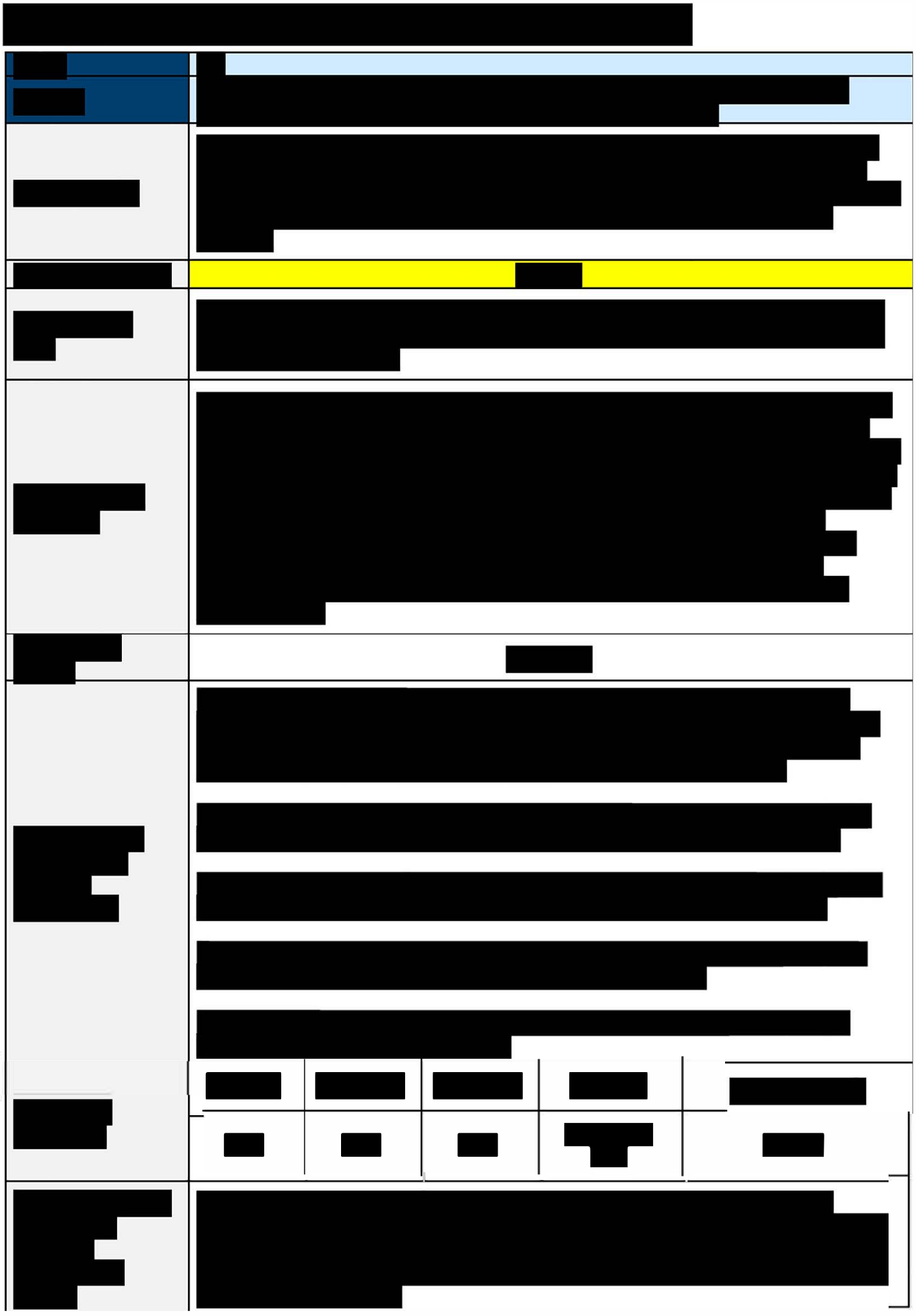
Risk ID	**#11**
Risk Title	**The proposed burial depth of the cable may need to be increased to satisfy the insurer's requirements**
Risk Description	The burial depth proposed for the high-voltage direct current cable falls outside the design specification initially agreed with insurers, leading to increased contractor costs.
Residual Risk Rating	**Medium**
Risk controls in place	1. Ongoing consultation with the insurance broker (Locktons) 2. Cable Burial Risk Assessment (CBRA) has been undertaken by an independent specialist 3. Cable alignment has been designed to avoid potential hazard areas
Basis of Residual Probability	MLPL has proactively undertaken a Cable Burial Risk Assessment (CBRA) through an independent specialist, aligning burial depth design with international standards and insurer expectations. Additionally, ongoing engagement with insurance brokers (e.g. Lockton) and iterative seabed hazard assessments has significantly de-risked the alignment and likelihood of changes to the burial depth. However, complete elimination is not possible due to the potential for insurers to change risk tolerances in response to global marine claims trends—such as those seen following incidents like the subsea cable disruptions in the Red Sea and damage from anchoring vessels (e.g., Hong Kong 2021 Typhoon Kompasu). Industry data from GCube Insurance shows increased scrutiny of submarine asset placement, and some underwriters may adopt conservative stances irrespective of technical justifications, making this a residual risk with probability 25%.
Potential cost impacts	**$7,335,278**
Basis of cost and time valuation (including assumptions)	**General:** Basis of cost and time is additional vessel work due to varying seabed conditions **Best Case:** 2 weeks additional offshore cables construction scope including 1 week of standby for installation, burial and placement **Most Likely:** 1 month additional offshore cables construction scope including 2 week of standby for installation, burial and placement **Worst Case:** 2 months additional offshore cables construction scope including 1 month standby for installation, burial and placement.

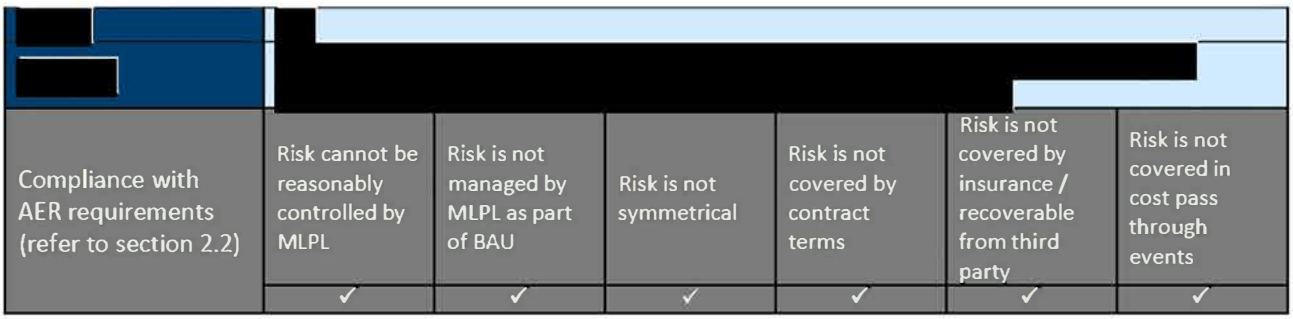
Monte Carlo Assessment

Best Case	Most Likely	Worst Case	Cost Basis	Distribution Type
$13m	$27m	$55m	Delay Rates	Betapert

Why the risk cannot be efficiently mitigated, transferred or avoided	Insurance-related standards and underwriter expectations may evolve during project development. While geotechnical studies and engineering design inform the proposed burial depth, insurers may impose conditions not previously identified. This risk cannot be fully mitigated as insurer's requirements are subject to change as a result of factors that are beyond MLPL's control.

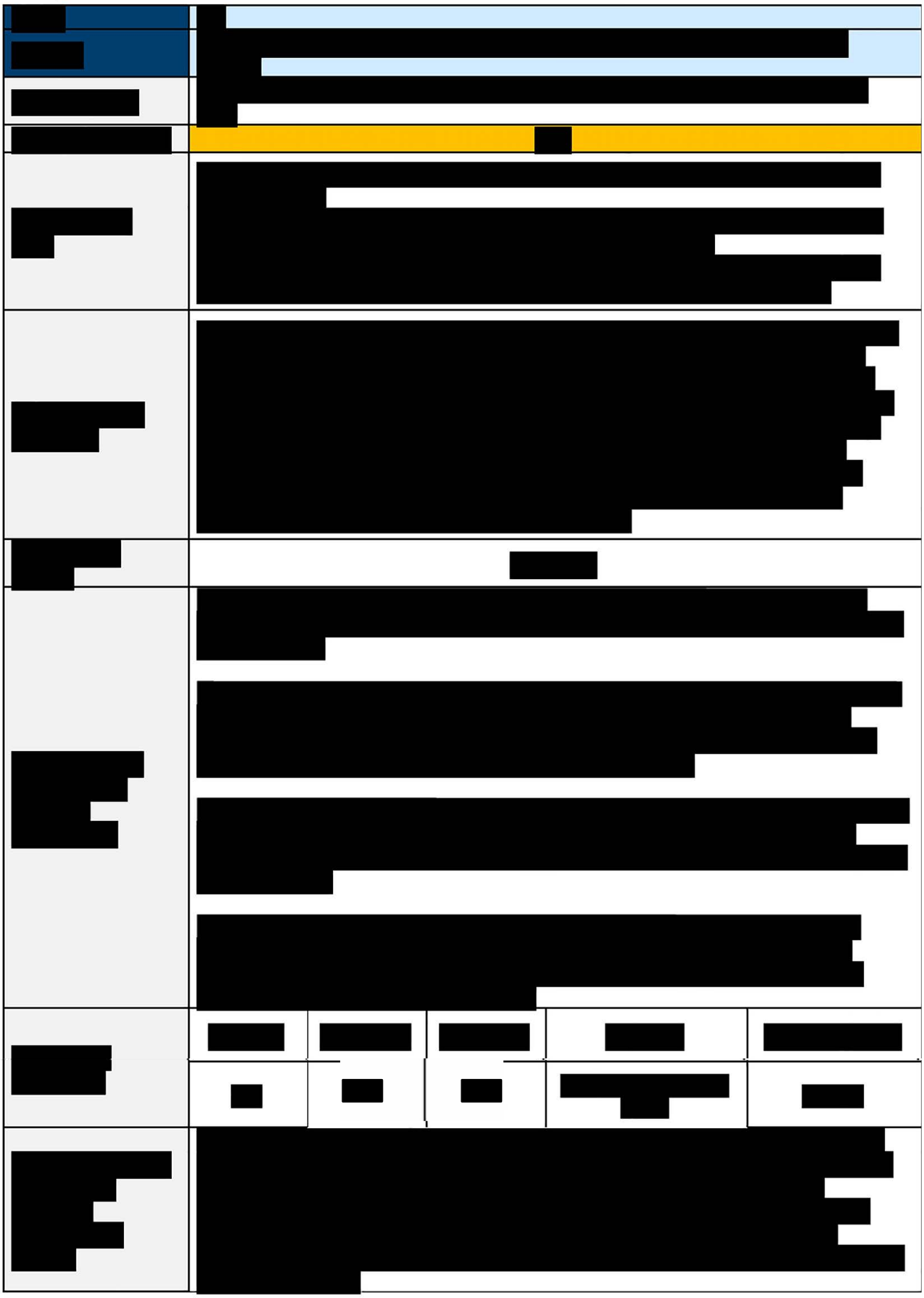
Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

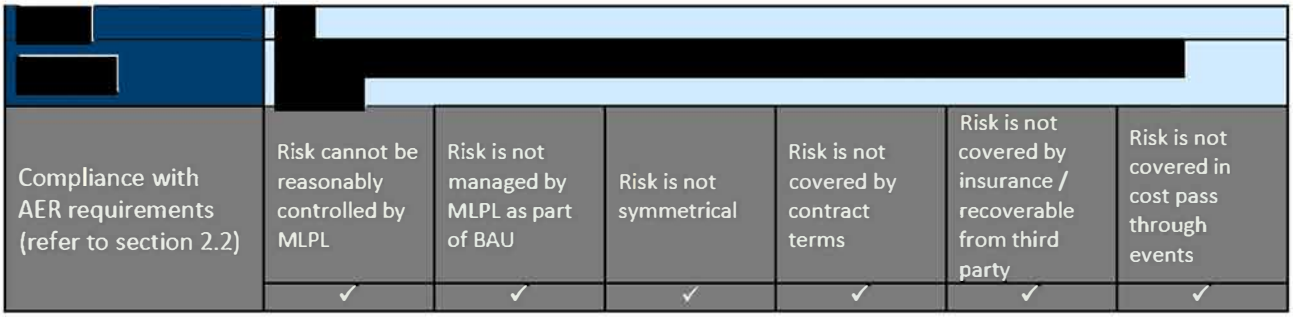




Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.24 [redacted]





Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.25 Land Cable Civil works incorrectly installed (25)

Risk ID	**#90**
Risk Title	**Land cable civil installation works are incorrectly constructed leading to damage of the cable system**
Risk Description	The Balance of Work Contractor may cause damage to the cable asset during construction works.
Residual Risk Rating	**Medium**
Risk controls in place	1. Procurement process that robustly assesses contractor capability 2. Interface Management Plan (including interface risk management plan)
Basis of Residual Probability	Despite robust procurement processes and interface management plans, the shared responsibilities between the BoW Contractor and the Cable Contractor create inherent risk at the joint bay and cable trench interfaces. Complex installation tolerances, miscommunication, or quality control failures can result in accidental damage to the cable system and likely requiring replacement at some stage of the installation given the large quantity of cable to be installed. For instance, the BritNed interconnector required offshore repairs in 2021 due to a cable fault located approximately 100 km off the Dutch coast at a water depth of 40–50 meters. Given the high precision required and the split contractual responsibilities, this risk cannot be fully eliminated beyond 45% through controls alone.
Potential cost impacts	**$6,175,798**
Basis of cost and time valuation (including assumptions)	**General:** There is a risk that the BoW Contractor may damage the cable during civil installation due to misalignment, quality control issues, or accidental impact. This could require rework, remediation of damaged sections, and may result in schedule delays and increased project cost. A key scenario includes the tested cable failing following jointing activities. An example of this occurring includes the Vic Desalination Plant. **Best Case:** Minor construction error occurs without permanent damage to the cable, resolved through minor corrective works. Impact estimated based on 5% of cables pulls + 1 week additional work rate for Cable Contractor onshore works. **Most Likely Case:** Civil works require rework and part of the cable system must be repaired in-situ, leading to delay and moderate remediation costs. Impact estimated based on 10% of cables pulls + 2 week additional work rate for Cable Contractor onshore works + 5% cable damaged. **Worst Case:** Significant cable damage occurs (e.g. structural compromise or insulation breach), requiring full section replacement, potential demobilisation/remobilisation of crews, and extended schedule delays. Estimated cost impact including disruption and reconstruction. Impact estimated based on 15% of cables pulls + 10% cable damaged + 1 month additional work rate for Cable Contractor onshore works

Monte Carlo Assessment

Best Case	Most Likely	Worst Case	Cost Basis	Distribution Type
$3m	$12m	$32m	Cable Cost + Delay Rates	Betapert

Why the risk cannot be efficiently mitigated, transferred or avoided	While contractors are responsible for installation, the consequences of latent or undetected construction defects, such as improper trenching or compaction, can result in damage to the cable system during energisation or early operation. Although contractual mechanisms exist to address such issues, these defects may only become apparent after installation, when physical access is limited and remediation is more complex and costly. As a result, full transfer or avoidance of this risk is not efficient, and even with clear commercial accountability, resolution may involve schedule impacts or interface disruption.

Risk ID	#90					
Risk Title	Land cable civil installation works are incorrectly constructed leading to damage of the cable system					
Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.26 Unforeseen Contamination at Tas site (26)

Risk ID	**#13**
Risk Title	**Unforeseen contamination at the Tasmanian converter site and/or the land cable Route (impacting to Balance of Works Contract)**
Risk Description	Contamination is identified at the Tasmanian converter site, testing cannot been undertaken resulting in contamination removal costs above the estimated allowance.
Residual Risk Rating	**Medium**
Risk controls in place	1. Geophysical and geotechnical testing has been completed across the Bass Strait with no contamination being identified 2. Heybridge contaminated soils survey conducted (Coffey TetraTech), outcomes to affect soil treatment and future usage
Basis of Residual Probability	Geophysical and geotechnical testing and surveys have been conducted on-site, however SMEs have considered it is possible there is unforeseen contamination encountered at the onshore sites. Tasmanian converter site historical land use suggests possible contaminants from factory operations (tioxide). Furthermore, considering latent conditions the underlying possibility of acid sulphates cannot be fully identified resulting in a residual risk of 25% considers finding contaminants requiring further remediation works.
Potential cost impacts	**$6,076,483**
Basis of cost and time valuation (including assumptions)	**Background:** Limited information in regard to Heybridge site ground conditions leads to additional survey and remediation costs. **Basis of Estimate:** Remediation total of $21 million and $378 EUR per metre HVDC Land Cable (EUR / AUD 1.77) **Best Case:** Minor additional costs are incurred due to unexpected ground conditions requiring extra surveys and other minor adjustments/remediation measures - 10% of remediation costs + 5km additional land cable + 3 days additional work for BoW LCC Contractor **Most Likely:** Moderate additional costs are incurred dure to unexpected ground conditions results in extra surveys, remediation measures and some redesign works - 20% of remediation costs + 10km additional land cable + 14 days additional work for BoW LCC Contractor **Worst Case:** Significant cost overruns arising from severe ground condition issues, leading to extensive additional surveys and remediation works along with major redesign work - 30% of remediation costs + 20km additional land cable + 30 days additional work for BoW LCC Contractor and 20 days additional work for BoW CDCS Contractor

Monte Carlo Assessment	**Best Case**	**Most Likely**	**Worst Case**	**Cost Basis**	**Distribution Type**
	$7m	$20m	$59m	Remediation Costs + Delay Rates	Betapert

Why the risk cannot be efficiently mitigated, transferred or avoided	Subsurface contamination is inherently uncertain, particularly in brownfield or semi-urban corridors. Despite environmental due diligence and geotechnical investigations, the discovery of legacy or unregistered contamination remains a latent risk. Contractors exclude unknown contamination from their scope or price it conservatively. Full transfer is impractical and would result in inflated bids and claims complexity.

Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.27 Replacement of Contractor (27)

Risk ID	**#29**
Risk Title	**Replacement of contractor due to reasons outside MLPL control**
Risk Description	Existing contract is terminated resulting in replacement of contractor to complete the project
Residual Risk Rating	**Medium**
Risk controls in place	1. Robust procurement process in selection contractor
Basis of Residual Probability	Contractor replacement due to factors outside MLPL's control is an infrequent event, especially when robust procurement processes and contractor due diligence are in place. However, the risk cannot be entirely eliminated beyond 5%, due to unforeseen circumstances such as safety incidents, contractor breach of contractual obligations or catastrophic events that are beyond MLPL's control, which impact the contractor's ability to perform required works.
Potential cost impacts	**$5,957,312**
Basis of cost and time valuation (including assumptions)	**General:** Cost increases due to the need to procure an alternative contractor; project delays during the re-tendering and onboarding process; potential for claims or disputes with the outgoing contractor; additional costs for accelerated works to recover the schedule. **Best Case:** Local Tier 1 BoW Contractor breaches towards end of project, additional cost of 5% of the contract value (80% work complete) to procure a replacement contractor on balance of works; delay of 6 months due to contract finalisation and mobilisation of the replacement contractor included in additional cost. **Most Likely:** Local Tier 1 BoW Contractor major breach of contract, additional cost of 10% of the contract value (50% work complete) to procure a replacement contractor on balance of works; delay of 12 months due to contract finalisation and mobilisation of the replacement contractor included in additional cost. **Worst Case:** Prysmian termination before cables start manufacturing (non-insurable), forfeit what has already been paid them 20% of CV, plus additional cost of 20% of the contract value due to higher contractor pricing and claims from the outgoing contractor; delay of 24 months due to disputes, re-procurement, and site re-establishment by the new contractor and finding a new manufacture slot included in additional cost.

Monte Carlo Assessment	**Best Case**	**Most Likely**	**Worst Case**	**Cost Basis**	**Distribution Type**
	$54m	$108m	$231m	% of BOW Contract Value + Delay Rates	Betapert

Why the risk cannot be efficiently mitigated, transferred or avoided	Contractor replacement may be required due to withdrawal, safety performance, or unforeseen corporate events. These events are not foreseeable or controllable by MLPL and cannot be contractually assigned to another party in advance. Transferring this risk would either be unenforceable or commercially unviable. It is efficient and prudent for MLPL to retain the risk of market re-engagement and transitional resourcing, with contingency held to respond swiftly. It should be noted that contractor insolvency is addressed as a pass through event and is not included in this risk allowance.

Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.28 Changes to Executed Contracts due to BOW negotiations (28)

Risk ID	**#36**					
Risk Title	**Changes to executed contracts, resulting from changes in scope and design during negotiations phase with preferred Balance of Works Contractor**					
Risk Description	The Cable and Converter contracts are required to be varied based on changes identified and scope agreed during the procurement and negotiation of the BoW contract					
Residual Risk Rating	**Medium**					
Risk controls in place	1. Contractor is providing parameters before the award of the BoW contract 2. BoW Contractor to develop its design prior to contract award (Development Deed)					
Basis of Residual Probability	During early contractor involvement, a design freeze prior to Balance of Works (BoW) contract execution and the use of Development Deeds significantly reduce the potential for major design changes requiring contract variations. However, the risk cannot be entirely removed beyond 20%, as unanticipated design interface challenges can still emerge especially in large-scale infrastructure projects. Past examples such as the Snowy 2.0 and Melbourne Metro Tunnel projects highlight how scope clarification during staggered contract awards can lead to downstream variations despite early planning controls.					
Potential cost impacts	**$5,146,287**					
Basis of cost and time valuation (including assumptions)	General: assume redesign required for both CB and CDSE contract packages i.e. variation claims due scope changes as BOW negotiations result in substantive changes to overall design. **Best Case:** 10% increase to Cable and CDSE design costs **Most Likely**: 20% increase to Cable and CDSE design costs **Worst Case:** 30% increase to Cable and CDSE design costs					
Monte Carlo Assessment	**Best Case**	**Most Likely**	**Worst Case**	**Cost Basis**	**Distribution Type**	
	$13m	$26m	$39m	Design Costs	Betapert	
Why the risk cannot be efficiently mitigated, transferred or avoided	To optimise the tender processes and maximise competition between prospective service providers, MLPL split the scope of work into three packages that were procured consecutively and could not be procured in parallel due to timeframes and resourcing. The BoW Contractor procurement process is likely to lead to changes to already executed cable and converter contracts as a result of design development and interface negotiations, which were unable to be determined prior to execution of the cable and converter contracts.					
Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.29 Increase in Service Provider Costs above owners estimate (29)

Risk ID	**#26**
Risk Title	**MLPL Service provider costs escalate over time above existing allowances**
Risk Description	Service provider costs escalate over time above existing allowances
Residual Risk Rating	**Medium**
Risk controls in place	1. Establish panel agreements with service providers with fixed rates 2. Review handover strategy towards the end of the project delivery / commissioning
Basis of Residual Probability	Due to ongoing global inflationary pressures in the infrastructure sector, particularly in response to rising interest rates, labour shortages, and increased demand for services across energy transition projects. While MLPL can partially mitigate this through early engagement and capped rates, uncontrollable market conditions remain at a likelihood of 45%. A relevant example is Snowy 2.0, which experienced a significant escalation in service provider costs, partially attributed to unanticipated increases in contractor and consultant rates and availability.
Potential cost impacts	**$4,650,000**
Basis of cost and time valuation (including assumptions)	**General**: Cost escalation due to inflationary pressures, global supply chain disruption, or poor supplier engagement can lead to budget overruns. This is a systemic risk affecting most long-duration infrastructure projects, especially where service scopes are not fully fixed or tendered early. **Best Case**: Minor escalation in service rates is absorbed through existing project contingencies or reallocation of internal budgets. **Most Likely**: Incremental increases across multiple service providers (e.g. geotechnical, design, logistics) lead to pressure on management reserves and potential budget reforecasts. **Worst Case**: Widespread or sustained inflation across the supply chain causes significant cost blowouts, particularly if services are procured late or contracts lack price caps. Potential cost increases and flow-on effects to risk allowances, commercial renegotiations, and potential shareholder concern.

Monte Carlo Assessment

Best Case	Most Likely	Worst Case	Cost Basis	Distribution Type
$2m	$10m	$20m	Estimated Impact	Betapert

Why the risk cannot be efficiently mitigated, transferred or avoided	Certain scope items such as environmental monitoring, design advisors, and legal services are procured as professional services with inputs that scale over the project lifecycle. Cost escalation beyond baseline assumptions may occur due to market capacity constraints or changes in project phasing. These costs are not easily transferrable to third parties and are best managed by MLPL, which can control service engagement and scope evolution. Retaining this risk is prudent to maintain flexibility and respond to genuine project needs.

Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

4.30 Unforeseen Environmental Incident (30)

Risk ID	**#32**				
Risk Title	**Unforeseen environmental incident occurs within project area**				
Risk Description	Project works causes environmental, cultural, or social harm by impacting protected species, releasing hazardous substances, spreading invasive species, damaging heritage or community values, creating nuisances (e.g., noise, dust, traffic), disturbing waterways, or violating waste management regulations				
Residual Risk Rating	**Medium**				
Risk controls in place	1. Environmental monitoring and management requirements including within each contractors scope (e.g. Geotech, surveys) to manage environmental issues 2. Biosecurity Management Protocol implemented by MLPL field staff 3. Environment Policy training provided to all MLPL staff and contractors re: responsibilities 4. Environment Team review all project activities to assess possible impacts, mitigations and compliance obligations 5. MLPL Environmental Management System (EMS) implemented including Compliance Management Standard and Environmental Management Framework 6. Environmental approval conditions passed through to contractors for implementation 7. Contractors required to implement and have certified 14001 EMS				
Basis of Residual Probability	Although extensive environmental management systems, approvals, and contractor controls are in place, the risk of an unforeseen environmental incident remains due to the inherent complexity of site activities, potential gaps at contractor interfaces, variability in environmental conditions, and the unpredictable nature of field environments both onshore and offshore. Therefore, this risk cannot be fully eliminated beyond 20%, only mitigated to an acceptable level.				
Potential cost impacts	**$4,629,357**				
Basis of cost and time valuation (including assumptions)	**General:** An unforeseen environmental, cultural, or social incident could trigger regulatory breaches, stop work orders, heritage remediation requirements, and significant reputational damage, all of which could cause substantial project delays and legal/financial penalties. **Best Case:** Additional clean up works. Minor environmental non-compliance (e.g., minor disturbance, quickly rectified); administrative corrective action required; limited cost impact (administrative costs, consultant reports, and additional safety controls) **Most Likely Case:** 10% increase in offshore cable laying costs (~$130m total * 10% = $13m) due to delays and decreased productivity. Moderate environmental incident (e.g., protected species disturbance or waterway impact); partial stop work order; regulatory investigation; community concern requiring additional consultation + 2 weeks additional work to cable vessel activities **Worst Case:** 20% increase in offshore cable laying costs (~$130m total * 20% = $26m). Major environmental or heritage breach (e.g., critical habitat destruction or significant hazardous spill); full project suspension; significant legal and regulatory compliance costs, plus reputational harm + 4 weeks additional work to cable vessel activities				
Monte Carlo Assessment	**Best Case**	**Most Likely**	**Worst Case**	**Cost Basis**	**Distribution Type**
	$3m	$23m	$45m	Cable Laying Costs + Delay Rates	Betapert
Why the risk cannot be efficiently mitigated, transferred or avoided	The Project is contained within a large environmental footprint both on and offshore and is exposed to the impact of any changes to the environment not caused or foreseen by either MLPL or the Contractor making it unreasonable for either party to cover the cost of any potential delays or additional costs.				

Risk ID	#32					
Risk Title	**Unforeseen environmental incident occurs within project area**					
Compliance with AER requirements (refer to section 2.2)	Risk cannot be reasonably controlled by MLPL	Risk is not managed by MLPL as part of BAU	Risk is not symmetrical	Risk is not covered by contract terms	Risk is not covered by insurance / recoverable from third party	Risk is not covered in cost pass through events
	✓	✓	✓	✓	✓	✓

5 Quantification of remaining residual risks

Table 3 - Summary of Bottom 30 Risks and their forecast CAPEX Impact ($m, Nominal)

No.	Risk Name	Description	Risk Category	Forecast CAPEX
31	[redacted]	[redacted]	[redacted]	[redacted]
32	Changes in cable route are outside that identified in the Planning Scheme Amendment (PSA) and Specific Controls Overlay (SCO)	Changes in cable route in order to avoid constraints or threats (e.g. natural topography, hydrology, landholder preferences etc.), and these changes exceed the route assessed in the EIS/EES.	Technical / Design / Commissioning	$4,091,884
33	[redacted]	[redacted]	[redacted]	[redacted]
34	Delay in physical connection to networks of AusNet	Delays to the physical connection by AusNet could have an impact on the Converter contract and commissioning of the Link. At the end of the link, the physical works by the incumbent Transmission Network Service Providers are planned to be completed 6 months prior to MLPL wanting to energise.	Project Delivery	$3,986,708
35	Availability of the specialist equipment, personal and resources (cable vessels, installation equipment and staff)	Specialist and unique equipment and resources (such as the cable laying vessel and jointing teams) may not be available to deliver the works, leading to delays and additional costs.	Project Delivery	$3,549,126

No.	Risk Name	Description	Risk Category	Forecast CAPEX
36	Inadequate supporting infrastructure for transportation of equipment to site	Port and transport infrastructure such as Burnie Port, roads to Tasmania converter station site, and local roads to Victorian overland trenching laydown sites are unsuitable for over-size over-mass heavy haulage of converter and cable equipment such as transformers, and the cable drum	Project Delivery	$3,401,498
37	Unidentified assets in the path of high-voltage direct current (HVDC) cable	Unidentified assets (telecommunication, drainage, water, electricity, etc) in the path land and subsea path of the HVDC cable requiring minor rerouting or relocation of the unidentified assets	Technical / Design / Commissioning	$2,984,817
38	Changes to baseline obligations under new offshore Crossing and Proximity Agreements	The obligations under outstanding Crossing and Proximity agreements are more onerous than anticipated as those included in the executed Cable contractor agreements	Compliance and Legal	$2,805,717
39	[redacted]	[redacted]	[redacted]	[redacted]
40	HSE incident requiring Safe Work investigation and site shut down	Significant site incident involving project personnel, contractor and site personnel or members of the community, or WorkSafe intervention resulting in a cessation of the works	Health and Safety	$2,110,035
41	Insufficient flow of generative output or insufficient demand to conduct testing and commissioning	Insufficient generative output impacts testing and commissioning activities during the 2025-2030 regulatory period. The BoW Contractor and Converter Contractor will be entitled to a Compensation Event applying to its obligation to achieve Taking Over by the specified date if there is insufficient generation output to conduct testing and commissioning	Technical / Design / Commissioning	$2,085,381
42	[redacted]	[redacted]	[redacted]	[redacted]

No.	Risk Name	Description	Risk Category	Forecast CAPEX
	[redacted]	[redacted]		
43	Damage to third-party infrastructure requiring remediation	Local parties (councils, landholders, asset owners) seek remediation for damage caused to assets by (perceived or real) contractors works. High road use for construction activities could result in damage and issues in dealing with Councils and/or non-project contractors. Costs associated to remediation requirements may increase above the estimated allowance.	Procurement and Commercial	$1,750,000
44	The asset control systems established by contractors fail to meet required asset performance i.e. SCADA and Metering Systems, resulting consequential impacts on MLPL	Asset control systems (such as SCADA and metering systems) fail to meet required asset performance or function to allow the asset to be operated in the National Electricity Market (NEM) due to design or installed condition.	Technical / Design / Commissioning	$1,718,714
45	Landfall Horizontal Directional Drilling Rate of Penetration (ROP) is lower than planned	The Landfall Horizontal Directional Drilling Rate of Penetration (ROP) is lower than planned, impacting the efficiency and costs associated with drilling operations	Project Delivery	$1,403,565
46	Increase in commodity prices of essential metals	Market forces and overall demand for critical materials including copper and aluminium increases resulting in additional costs above the allowance for metals/commodity and adjustments in the Cables and Converter contracts	Procurement and Commercial	$1,395,000
47	Technical data not available in a timely manner from contractors	Timing of technical specifications being shared from one contractor may inhibit another contractor ability to progress planned works	Project Delivery	$1,326,618
48	Uninsurable risks and/or gaps in cover	A risk is or becomes uninsurable or is excluded under the final insurance policy terms and conditions	Procurement and Commercial	$1,119,255

No.	Risk Name	Description	Risk Category	Forecast CAPEX
49	[redacted]	[redacted]	[redacted]	[redacted]
50	Damage to spare submarine cable	Spare submarine cable stored at non-company facility port is damaged resulting in spare cable being unavailable for repairs in restoring the interconnector.	Project Delivery	$1,039,565
51	Interface milestones is not achieved by a contractor impacting another contractors ability to perform works	A contractor interface milestone is missed by one party to the extent that it has a material impact on another contractor	Project Delivery	$1,021,359
52	Changes to Thermal Resistivity Values provided after the execution of all contracts	Thermal resistivity values provided to the Balance of Work and Cable contractor after completing geotechnical studies differs materially to the estimations used in the formation of the contracts, leading to cost increases	Technical / Design / Commissioning	$633,333
53	Delay in securing a licence under the Offshore Electricity Infrastructure Act (OEI)	MLPL is unable to secure the offshore cable licence leading to delays to construction commencement. One example is the Gippsland Skies project has a feasibility licence within the MLPL Project area, and a Restricted Zone has been declared off the Tasmanian Coast that intersects the MLPL Project area	Project Delivery	$491,037
54	[redacted]	[redacted]	[redacted]	[redacted]
55	Unforeseen native title claims	After tenure is secured, a successful native title claim is made, and additional costs need to be agreed with Traditional Owners or disruption of native title areas.	Environmental	$376,617
56	Quality issues with plant, materials and goods	Plant, equipment, materials and goods supplied are not of sufficient quality to meet operational and performance requirements	Project Delivery	$358,915

No.	Risk Name	Description	Risk Category	Forecast CAPEX
57	Increase in insurance premium costs due to market or global events	Insurance premiums exceed brokerage quotations used as the basis of estimate due to global events, resulting in increased capital cost estimate. Available cover particularly deductible levels from insurers do not meet contractual requirements under Cable and Converter contracts.	Procurement and Commercial	$342,000
58	Cost increases due to uncertainty in the availability, timing and price of biodiversity offsets	Uncertainty in availability, timing and cost of suitable environmental offsets for impacts on species and/or communities required through State or Commonwealth impact assessment processes impacting construction activities. Offsets have been identified for approval route, however, the final alignment plan is likely to change resulting in revised offsets leading to cost increases.	Environmental	$310,000
59	Increase in cost of insurance due to external factors causing prolongation to the project	There is an increase to the premiums or deductibles under MLPL's insurances due to delay to completion.	Procurement and Commercial	$213,750
60	Cost uncertainty to achieve sustainability goals	Sustainability goals are evolving with respect to external requirements resulting in uncertain costs for sustainable initiatives.	Environmental	$187,810

6 Risks Omitted from Assessment

In preparing the quantitative risk and contingency allowance for the Project, several categories of risk are excluded as they do not meet the scope of cost impacts attributable to the Owner, or are not amenable to quantification using the adopted methodology. These exclusions are consistent with regulatory precedent and standard practice in infrastructure project risk management.

As per AER Guidance, risks that are designated as AER pass through events have not been included in the contingency modelling. These events allow for the recovery of associated costs through the regulatory process and, therefore, do not pose significant financial exposure to the project proponent. Their inclusion in the contingency allowance would therefore lead to potential double-counting or overstatement of the Marinus Link's risk-adjusted cost forecast.

Financial risks that were relevant during the pre-Financial Close phase — such as those associated with interest rates, funding envelope, or debt structuring — have been excluded from the contingency assessment. These risks are considered irrelevant following the Final Investment Decision and Financial Close milestones, at which point the capital structure and financing terms are locked in. The risk profile following this stage is significantly different, and financial variables are no longer subject to the same level of uncertainty.

In addition, risks that do not have an attributable cost impact, such as organisational reputation, or stakeholder confidence, have not been quantified for the purposes of this contingency. While such risks may carry material strategic implications, they do not lend themselves to probabilistic cost estimation and are being managed through qualitative risk management strategies and governance/corporate plans.

Finally, the contingency held by the contractor as part of its contractual obligations is excluded from the Marinus Link's contingency assessment. The purpose of this report is to identify and quantify residual cost exposure retained by MLPL, not to duplicate allowances already embedded in contractor pricing that are contractually managed by the relevant delivery partners.

Collectively, these exclusions ensure that the quantified contingency remains targeted, and reflective of actual cost risk retained by MLPL during the MCC phase of the Project, in alignment with regulatory expectations.

7 Risk review and management

7.1 Risk review, assurance and verification

7.1.1 Peer review

The risk assessment has undergone multiple rounds of peer review at different stages of the risk process, to ensure its robustness, accuracy, and alignment with the project's true risk exposure. These reviews were undertaken by a combination of internal and external stakeholders, including subject matter experts (SMEs), internal risk team, and Package Managers, each bringing discipline-specific insights to challenge and validate the assumptions, methodologies, and outcomes of the modelling process.

Across these sessions, reviewers assessed the appropriateness of probability distributions, the validity of cost and schedule impact estimates, and the justification for control effectiveness and mitigation strategies. The peer review process also focused on the consistency of risk treatment assumptions and their alignment with the broader project delivery strategy. Feedback received through these reviews was incorporated into the QRA model to strengthen confidence in the analysis. This iterative approach has ensured the QRA reflects both technical rigour and practical deliverability, supporting its use in informing contingency planning and executive decision-making.

7.1.2 External and independent assessment

To enable sufficient rigour, support and ensuring industry best practice is applied, external risk specialists were engaged to advise on the risk assessment process and to provide input on appropriate risk mitigations and valuation of the residual risk.

The external specialists involved in risk identification, mitigation and valuation have included:

- **Jacobs**: provided expert risk analysis for project design and delivery risks.
- **Amplitude (HVDC global specialist)**: provided expert input during the risk identification process.

The external specialists who supported MLPL during the risk review process included:

- **MBB Group**: reviewed the risk register and provided guidance on risk profile.
- **TBH**: provided advice in relation to risk register development, quantification, schedule risk analysis and risk modelling to determine the risk allowance.

7.1.3 Executive review

Several presentations to the MLPL Executive Team have been held to provide executive review and oversight of the risk management process. In addition, the Project Director attended the majority of the risk reviews undertaken.

The feedback from the reviews were included in updates to the risk register. This iterative process of review and refinement has continuously improved the risk register to ensure that the approach to identifying, mitigating and assessing risk has been applied consistently and in accordance with best practice. The detail of these reviews is included in Appendix C.

7.2 Risk management framework

The approach applied for identification and analysis of its risks is aligned with MLPL's Risk Management Framework. The purpose of MLPL Risk Management Framework is to:

- demonstrate MLPL's commitment and approach to the management of risk;

- explain how risk management is integrated with MLPL's business practices and processes;
- ensure risk management is a day-to-day business activity rather than an isolated task;
- set a consistent and structured approach for the management of all types of risk across the business; and
- provide an overview on how to apply the risk management process.

Consistent with good industry practice, the MLPL Risk Management Framework includes a stepped approach as follows:

- risk identification, which involves identifying the risk and understanding how the risk can eventuate;
- risk mitigation, which involves identifying measures that MLPL can put in place to reduce the likelihood of the risk occurring, reduce the consequences if the risk eventuates, or both;
- risk measurement and assessment, which involves assessing the likelihood and consequences of risk, with and without mitigation;
- risk review and reporting, where risks are also tracked, controlled and monitored on an on-going basis through a risk register; and
- risk governance, where risks are allocated to appropriate risk owners with appropriate oversight and monitoring from management.

The adoption of the stepped approach under the MLPL Risk Management Framework ensures that risks associated with Marinus Link are monitored on an ongoing basis, with implementation of appropriate treatments and mitigation measures. These are recorded in the live risk register and updated on an ongoing basis.

Appendix Section

A	Project risk register
B	Risk matrix
C	Risk workshop schedule

Appendix A Project risk register

Appendix B Risk matrix

Appendix C Risk workshop schedule

Date	Workshop	Attendees included
22/11/2023	Cost Estimate Risk Workshop - Contract Interface and Terms and Conditions	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Procurement, Project Director, Cables Package Manager, Head of Connections & Network Planning, Head of Environment, Executive Manager Governance and Legal, Head of Customer Projects, Jacobs (Advisor)
24/11/2023	Cost Estimate Risk Workshop - External Affairs and Finance	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Procurement, Project Director, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
27/11/2023	Cost Estimate Risk Workshop - MCC Corporate Entity (Finance, People, Governance, Digital workplace, IT)	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
28/11/2023	Determining Design Development Growth Workshop	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
28/11/2023	Cost Estimate Workshop - Delivery Partner Risks	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
1/12/2023	Cost Estimate Risk Workshop - Regulatory and Legislative, Customer and Revenue	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
8/03/2024	Risk Workshop - Interface Risk	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
12/03/2024	Risk Workshop 1	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)

Date	Workshop	Attendees included
12/03/2024	Risk Workshop 2	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
21/03/2024	O&M Risk Workshop	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
6/05/2024	Converter Credible Scenarios for Risk Contingency	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
7/05/2024	Cables Risk Scenarios for Contingent Analysis	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
8/05/2024	Project Description Delay and Change Risk	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
8/05/2024	Cables Risk Scenarios Continued	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
8/05/2024	Connections Credible Scenarios for Risk Contingency	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
9/05/2024	QRA Output Review	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
20/05/2024	Environmental Risk Scenarios	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
21/05/2024	Additional Risk Scenarios - Connections	Risk Coordinator, Head of Program Planning, Head of Governance, Risk and Compliance, Head of Sustainability, Head of Customer Projects, Head of Government Relations, Chief Financial Officer, Head of Finance, Engagement Manager, Jacobs (Advisor)
19/08/2024	Initial Risk Workshop	Risk Coordinator, Head of Governance, Risk and Compliance, TBH (Advisor)

Date	Workshop	Attendees included
28/08/2024	Risk Workshop - Connections	Risk Coordinator, Head of Governance, Risk and Compliance, Head of Connections and Network Planning, TBH (Advisor)
29/08/2024	Risk Workshop - Cables	Risk Coordinator, Head of Governance, Risk and Compliance, Package Manager Cables and Victorian Operations, TBH (Advisor)
29/08/2024	Risk Workshop - Land Access	Risk Coordinator, Head of Governance, Risk and Compliance, Land Access and Acquisitions Manager, TBH (Advisor)
29/08/2024	Risk Workshop - Community Engagement	Risk Coordinator, Head of Governance, Risk and Compliance, Head of Communications and Community Engagement, TBH (Advisor)
29/08/2024	Risk Workshop - BoW LCC	Risk Coordinator, Head of Governance, Risk and Compliance, BoW Implementation Manager, TBH (Advisor)
29/08/2024	Risk Workshop - LCC	Risk Coordinator, Head of Governance, Risk and Compliance, BoW Implementation Manager, TBH (Advisor)
29/08/2024	Risk Workshop - Government Relations	Risk Coordinator, Head of Governance, Risk and Compliance, Head of Communications and Community Engagement, TBH (Advisor)
30/08/2024	Risk Workshop - Environmental	Risk Coordinator, Head of Governance, Risk and Compliance, Head of Environmental & Planning, TBH (Advisor)
2/09/2024	Risk Workshop - Commercial	Risk Coordinator, Head of Governance, Risk and Compliance, Chief Commercial Officer, TBH (Advisor)
2/09/2024	Risk Workshop - Legal	Risk Coordinator, Head of Governance, Risk and Compliance, Executive Manager Governance and Legal, TBH (Advisor)
2/09/2024	Risk Workshop - BoW LCC - Second	Risk Coordinator, Head of Governance, Risk and Compliance, BoW Implementation Manager, TBH (Advisor)
3/09/2024	Risk Workshop - Insurance	Risk Coordinator, Head of Governance, Risk and Compliance, Corporate Finance Manager, TBH (Advisor)
4/09/2024	Risk Workshop - Converters	Risk Coordinator, Head of Governance, Risk and Compliance, Package Manager Converters and Tasmanian Operations, TBH (Advisor)
5/09/2024	DCE Workshop - First	Risk Coordinator, Head of Governance, Risk and Compliance, Head of Program Planning, Chief Commercial Officer, Project Director, Package Manager Cables and Victorian Operations, TBH (Advisor)
10/09/2024	DCE Workshop - Second	Risk Coordinator, Head of Governance, Risk and Compliance, Head of Program Planning, Chief Commercial Officer, Project Director, Package Manager Cables and Victorian Operations, TBH (Advisor)
11/09/2024	DCE Workshop - Third	Risk Coordinator, Head of Governance, Risk and Compliance, Head of Program Planning, Chief Commercial Officer, Project Director, Package Manager Cables and Victorian Operations, TBH (Advisor)
16/09/2024	Risk Workshop - Insurance - Second	Risk Coordinator, Head of Governance, Risk and Compliance, Corporate Finance Manager, TBH (Advisor)

Date	Workshop	Attendees included
17/09/2024	Risk Workshop - Force Majeure	Risk Coordinator, Head of Governance, Risk and Compliance, Package Manager Cables and Victorian Operations, TBH (Advisor)
28/01/2025	Qualitative Risk Workshop – Converters	Risk Coordinator, Project Managers (Converter), E3 Advisory (Advisor)
29/01/2025	Qualitative Risk Workshop – Connections and Network	Risk Coordinator, Head of Connections and Network Planning, Power Systems Integration Manager, E3 Advisory (Advisor)
29/01/2025	Qualitative Risk Workshop – Commercial	Risk Coordinator, Chief Commercial Officer, Commercial Interface Manager, E3 Advisory (Advisor)
31/01/2025	Qualitative Risk Workshop – Cables	Risk Coordinator, Package Manager (Cables), E3 Advisory (Advisor)
04/02/2025	Qualitative Risk Workshop – Land Access	Risk Coordinator, Land Manager, E3 Advisory (Advisor)
05/02/2025	Qualitative Risk Workshop – Project Delivery	Risk Coordinator, Project Director, E3 Advisory (Advisor)
06/02/2025	Qualitative Risk Workshop – Environmental and Planning	Risk Coordinator, Head of Environment &. Planning, Project Managers (Planning and Environment), E3 Advisory (Advisor)
06/02/2025	Qualitative Risk Workshop – Finance	Risk Coordinator, Chief Financial Officer, Head of Corporate Finance & Strategy, Head of Finance, E3 Advisory (Advisor)
07/02/2025	Qualitative Risk Workshop – Insurance	Risk Coordinator, Corporate Finance Manager, E3 Advisory (Advisor)
07/02/2025	Qualitative Risk Workshop – Interfaces	Risk Coordinator, Commercial Interface Manager, E3 Advisory (Advisor)
11/02/2025	Qualitative Risk Workshop – Safety	Risk Coordinator, Head of Safety, E3 Advisory (Advisor)
29/04/2025	iQCSRA Contingent Risk Workshop 1	Risk Coordinator, Director Business Operations, Head of Customer Projects, Head of Environment and Planning, Head of Safety, Land Manager, Supporting Managers, E3 Advisory (Advisor)
30/04/2025	iQCSRA Contingent Risk Workshop – Project Director:	Risk Coordinator, Director Business Operations, Project Director, E3 Advisory (Advisor)
1/05/2025	iQCSRA Contingent Risk Workshop 3:	Risk Coordinator, Director Business Operations, Head of Connections and Network Planning, Commercial Manager, Project Manager (Converters), Supporting Managers, E3 Advisory (Advisor)
1/05/2025	iQCSRA Contingent Risk Workshop 4:	Risk Coordinator, Director Business Operations, Package Manager Cables, Corporate Finance Manager, Commercial Interface Manage, Project Manager (Cables) E3 Advisory (Advisor)

Date	Workshop	Attendees included
5/05/2025	iQCSRA Contingent Risk Workshop 5:	Risk Coordinator, Director Business Operations, Chief Commercial Officer, Chief Financial Officer, General Counsel and Company Secretary, Supporting Managers, E3 Advisory (Advisor)

E3 Advisory

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