

17 October 2025

Matt Garbutt
Chief Executive Officer
Australian Energy Regulator (AER)
Level 17 Casselden, 2 Lonsdale Street
Melbourne VIC 3000

Dear Mr Garbutt,

Update to Marinus Link's Revised Revenue Proposal Stage 1 – Part B (Construction costs)

I am pleased to provide you with an update of the revised Revenue Proposal – Part B (Construction costs) for Stage 1 of Marinus Link, in accordance with the AER's timeframes for its revenue determination. This update, which is attached to this letter and covers the 2025-30 regulatory period, accounts for the final stage of the competitive tender process for the Balance of Works contract, which is the Development Phase Offer (**DPO**) from the preferred service provider, TasVic Greenlink.

The overall impact of the latest information is to reduce our total capital expenditure requirements for Stage 1 of Marinus Link by \$39.2 million, with \$29.6 million of the reduction in the construction costs occurring within the forthcoming regulatory period to 30 June 2030.

In addition to providing the attached update, on Friday 10 October Marinus Link Pty Ltd (**MLPL**) also provided the AER with a substantially less redacted version of the revised Revenue Proposal for publication on the AER's website. We consider that the provision of this information will enable stakeholders to better understand our revised proposal in detail and provide feedback during the AER's consultation process. We can release this further information now that the Balance of Works tender process has progressed to the DPO phase.

We remain committed to effective engagement with stakeholders, landholders and the communities that we rely upon to deliver Marinus Link. In this regard, we stand ready to provide briefings to consumer representatives and other stakeholders on any aspect of our revised Revenue Proposal and the updated expenditure forecasts.

In providing this updated cost information, we would like to take this opportunity to highlight the importance of Marinus Link to electricity consumers and the broader National Electricity Market, as Australia transitions to net zero. Specifically, Marinus Link will provide substantial net benefits by optimising the use of Tasmania's natural advantages in wind generation and deep storage capacity. Furthermore, these benefits are provided at discounted network prices to consumers as concessional finance and equity are expected to reduce MLPL's revenue requirements by approximately 45% or \$884 million (\$nominal) in the 2030-35 regulatory period alone. We have worked hard to secure these concessional benefits for consumers.

Our approach during the 'Early works' phase of the project has focused on developing and executing a best practice competitive procurement strategy, which maximises competition between service providers to achieve the best outcome for consumers. An important aspect of this strategy has been to assess and mitigate delivery risks, including the interface risks between our three principal contractors for cable systems, converter station equipment and Balance of Works. To manage the interface and project delivery risks effectively, we have sought expert advice from E3 Advisory regarding alternative delivery models. As explained in our revised Revenue Proposal, based on this advice, the MLPL Board concluded that Jacobs should be engaged as our Independent Delivery Partner to assist MLPL to achieve the best outcome for consumers.

MLPL's procurement strategy and delivery model were explained in our revised Revenue Proposal, which we submitted in July 2025. In that submission, we also explained that our expenditure forecasts had been subject to extensive internal reviews by MLPL's executive team and Board, and an external independent assessment by Aurecon, which formed part of our submission. E3 Advisory also provided expert assistance in scoping and reviewing our expenditure requirements. MLPL's executive team and Board are confident that the forecasts submitted in July 2025 reflected the prudent and efficient expenditure requirements to deliver Stage 1 of Marinus Link at that time.

In our revised Revenue Proposal, we noted that modest changes to expenditure forecasts were likely once the DPO became available in October. We noted the linkages between the Balance of Works tender, MLPL's support activities and the risk allowance. In particular, we recognise the importance of ensuring the various cost and risk elements are captured appropriately in our expenditure forecasts, without duplication or omission.

Equally, however, these linkages and the scope of the Balance of Works tender were well-understood at the time of our revised Revenue Proposal, and we did not expect any material changes arising from the DPO.

To assist MLPL in preparing the update to our forecast expenditure, we asked E3 Advisory to assess the implications of the DPO and conduct a verification process to ensure that MLPL's updated capital expenditure forecasts continue to satisfy the prudence and efficiency requirements in the National Electricity Rules. E3 Advisory's report is provided as Appendix 1 to the attached update.

As already noted, and as detailed in E3 Advisory's report, the overall impact of the updated forecast is to reduce our total capital expenditure requirements for the construction costs of Stage 1 of Marinus Link by \$29.6 million during the forthcoming regulatory period, which is approximately 1% of the forecast total capital expenditure for the 2025-30 period. This net reduction comprises higher insurance costs, which are more than offset by a reduction in hedging and Balance of Works costs. The report also identified minor consequential reductions in the risk allowance that we are pleased to incorporate in our updated forecasts. E3 Advisory confirmed that our resource requirements for the Support Activities remain appropriate.

We also asked Aurecon to provide further advice on the steps it undertook to assess the prudence and efficiency of MLPL's expenditure forecasts in July 2025. A copy of Aurecon's further advice is provided as Appendix 2 to the attached update.

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Our expenditure forecasts are substantially unchanged from those submitted in our revised Revenue Proposal in July 2025, and Stage 1 of Marinus Link is on track to deliver significant benefits to consumers. MLPL's concessional finance arrangements will provide further benefits to customers through significantly lower network charges than would otherwise be the case. Our revenue, which will only feed through to network charges from 1 July 2030 onwards, will be more than offset by wholesale generation costs which will be lower with Marinus Link.

The modest reduction in our forecast capital expenditure in the attached update confirms the views expressed by MLPL's executive team and Board that the information presented in our revised Revenue Proposal in July 2025 reflected the prudent and efficient costs of delivering Stage 1 of Marinus Link.

We appreciate the constructive approach taken by the AER Board and staff to its revenue determination process for Stage 1 of Marinus Link. We look forward to continuing this constructive engagement with the AER as it works towards publishing its Supplementary Draft Decision in November 2025. In the meantime, if you have any queries on this letter or attachment, please contact Prajit.Parameswar@marinuslink.com.au in the first instance at your earliest convenience.

Yours sincerely,

Signed by:


Stephanie McGregor
Chief Executive Officer

Attachments:

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