Response to Risk Allowance Assessment

AER Supplementary Draft Decision for Marinus Link Stage 1, Part B (Construction costs)

Client: Marinus Link Pty Ltd

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E3 Advisory

MARINUS LINK

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Executive Summary

On 28 November 2025 the Australian Energy Regulator (AER) published its Supplementary Draft Decision in response to Marinus Link Pty Ltd's (MLPL's) revised Revenue Proposal Stage 1 – Part B (Construction costs).

Informed by advice from its consultant, EMCa, the AER reduced MLPL's proposed risk allowance from $361.5 million to $198.7 million (Real $2023). The AER concluded that:

- Certain individual risks identified by MLPL were not supported by sufficient context and evidence to demonstrate the reasonableness of the associated probabilities or impacts.
- E3 Advisory's analysis exhibits an upward bias, resulting in a P50 risk allowance that it considers to be higher than appropriate.

Purpose of this report

This report has been prepared by E3 Advisory and responds to these observations by:

- Providing additional context of the risk event and justification of the prudency and efficiency for individual risks, including for pass through events that have not been accepted by the AER.
- Updating the risk model to incorporate the most recent risk information available to the project, and determining an updated proposed risk allowance.
- Identifying a comparable set of projects to undertake top-down benchmarking and providing confirmation of the suitability of the updated proposed risk allowance.
- Presenting further rationale and evidence to support E3 Advisory's methodology, which aligns with the AER's guidance and accepted industry practice, and demonstrating that it does not have an upward bias.
- Highlighting instances where we believe EMCa's report contains errors or misinterpretations that materially affect the nature or outcome of the assessment by EMCa and/or the AER.

We have provided additional context and evidence for individual risks

Following our detailed review of EMCa's assessment of individual risks and through further engagement with MLPL SMEs (SMEs), we have refined the risk event scenario and collated project information and external reference information to support the inclusion of individual risks. In addition, we have provided confirmation that these risks are independent and provided justification on the probability values and three-point consequence estimates.

This is discussed further in Section 2 of the report.

We have updated MLPL's risk model to incorporate the most recent risk information

Following our detailed review of EMCa's report and further engagement with MLPL SMEs, we have updated MLPL's risk model from October 2025 to reflect the latest information on individual risks.

December 2025:

- Removal of one risk (Risk ID 36), as the risk is closed following the completion of BOW negotiations; and
- Inclusion of two additional risks that were excluded as pass through events in the AER Supplementary Draft Decision: Risk ID 123 Biodiversity Event and Risk ID 125 Contractor Insolvency Event.

The updated proposed risk allowance is $364.9 million ($real 2023).

Scenario:

- Inclusion of two pass through events that are being proposed in response to the AER Supplementary Draft Decision and further justification provided for inclusion: unavoidable contractor variations (Risk ID 124) and contractor force majeure (Risk ID 126). These risk events are outside of MLPL's control and a residual risk remains, and should be captured within the risk allowance if not considered as pass-throughs.

An additional risk allowance of $[redacted] ($real 2023) would be required under this scenario. This is discussed further in Section 3 of the report.

Top-down benchmarking supports the bottom-up assessment of MLPL's proposed risk allowance

E3 Advisory has identified five similar projects that are genuinely comparable to Marinus Link in scale, market and delivery context, and therefore provide an appropriate basis for benchmarking of the risk allowance. Across these five projects, the risk allowance as a percentage of total project cost is in the range of 8.7% to 10.5% of total project cost.

The alternative risk allowance in the AER Supplementary Draft Decision is 6% of the total project cost and lies materially below this comparable benchmark.

MLPL's updated proposed risk allowance, incorporating the updates identified in this report, is approximately 10.4% of the total project cost. This aligns well with our benchmarking of comparable projects and provides further comfort to stakeholders that MLPL's proposed risk allowance is prudent and efficient. Marinus Link has the most similar characteristics to the highest benchmark project of North Sea Link, including spanning multiple jurisdictions, scale and complexity, multiple principal contractors, limited precedent projects, and distance of onshore cable.

E3 Advisory's methodology is sound and based on accepted industry practice

E3 Advisory has reviewed the methodology used to determine the risk allowance and confirms it is compliant with AER's guidance and aligned with accepted industry practice. This is detailed in Section 3 of our Risk and Contingency Report for Marinus Link which formed Attachment 7 to MLPL's revised Revenue Proposal and is summarised in Section 5 of this report.

The methodology included:

- **Risk identification** over an 18-month period engaging numerous SMEs and experienced external advisors.
- **Risk controls and treatments** were fully documented, with additional treatments proposed to reduce risk likelihood and consequence, having regard to feasibility, cost-effectiveness and industry best practice.
- **Risk quantification** using expert elicitation through a structured interview and workshop approach (including the Delphi technique) to reduce bias, calibration of probability and three-point consequence estimates (best case, most likely and worst case) using industry benchmarks (where published data is available) or detailed modelling using raw data, and independent review and assurance.
- **Probabilistic modelling** employed using Monte-Carlo simulations through a specialist software (@Risk) to generate a probability distribution curve to determine the P50 risk allowance.

In reviewing the assessment by EMCa, E3 Advisory noted several instances where the methods used do not align with best industry practice. For example, EMCa used a mathematically invalid approach to conclude that MLPL's delay-based risk costs are overestimated. Similarly, EMCa's deterministic analysis has mischaracterised MLPL's estimates as having an 'upward bias' whereas the data presented is a natural

outcome of probabilistic modelling of asymmetric risks. EMCa has drawn on these incorrect findings to remove or reduce many of MLPL's individual risk provisions. We explain this further in Sections 5 and 6 of this report.

1 Introduction

1.1 Purpose

On 28 November 2025 the Australian Energy Regulator (AER) published its Supplementary Draft Decision in response to Marinus Link Pty Ltd's (MLPL's) revised Revenue Proposal Stage 1 – Part B (Construction costs).

The Supplementary Draft Decision, supported by a consultant report by EMCa[1], assessed MLPL's proposed risk allowance of $361.5 million ($2023), and set out a preliminary position to substitute an allowance of $198.7 million ($2023), on the basis that the proposed allowance has not been demonstrated to be prudent and efficient under the National Electricity Rules (NER).

E3 Advisory Pty Ltd (E3 Advisory) has undertaken a detailed review of the AER's Supplementary Draft Decision, EMCa's report and the information provided in MLPL's submissions and notes the following key AER findings:

- Certain individual risks identified by MLPL were not supported by sufficient context and evidence to demonstrate the reasonableness of the associated probabilities or impacts.
- E3 Advisory's analysis exhibits an upward bias, resulting in a P50 risk allowance that it considers to be higher than appropriate.

This report has been prepared by E3 Advisory and responds to these observations by:

- Providing additional context of the risk event and justification of the prudency and efficiency for individual risks, including for pass through events that have not been accepted by the AER.
- Updating the risk model to incorporate the most recent risk information available to the project and determining an updated proposed risk allowance.
- Identifying a comparable set of projects to undertake top-down benchmarking and confirming suitability of the updated proposed risk allowance.
- Presenting further rationale and evidence to support E3 Advisory's methodology, which aligns with the AER's guidance and accepted industry practice and demonstrate that it does not have an upward bias.
- Highlighting instances where we believe EMCa's report contains errors or misinterpretations that materially affect the nature or outcome of the assessment by EMCa and/or the AER.

1.2 Risk Model

EMCa's report refers to the risk model provided with MLPL's July 2025 submission. This report refers to risk model information provided with MLPL's October 2025 submission.

1.3 E3 Advisory's Risk Expertise

E3 Advisory is an infrastructure advisory firm which was established in 2014 by a group of senior infrastructure industry leaders. We have been engaged by over 100 clients and delivered on over 800 advisory engagements, in both the public and private sectors.

Our senior personnel have an extensive background in the development and delivery of infrastructure megaprojects across the energy, transport, resources and social infrastructure sectors.

[1] EMCa, Marinus Link project: Assessment of proposed risk allowance expenditure for Stage 1, October 2025

A core service of E3 Advisory is risk quantification, and we have multiple recognised risk practitioners with expertise in qualitative and quantitative risk assessment for cost and schedule. These risk practitioners are highly skilled in use of probabilistic modelling software including @Risk and Safran.

During delivery of infrastructure projects, we are also frequently engaged to provide cost, schedule or risk expert advice as part of expert witness, in alternative dispute resolution, contractual claims or project reviews. This experience on mega-projects has provided us with detailed understanding on:

- The range of impacts for risk events that occur on projects of similar scale and complexity to Marinus Link;
- The compounding impact of multiple risks, including how cause events can impact multiple risks and interface risk between construction contractors; and
- The effectiveness of contractual mechanisms in mitigating risk across different forms of contract, including incentivised target cost, D&C and EPC.

We apply this understanding in our approach to developing risk models that also considers lessons learned as well as realistic impacts.

2 Additional Justification for Assessment of Specific Risks

2.1 Top 30 residual risks

A summary of the adjustments made by EMCa in its assessment of the top 30 risks is included in Table†1.

Table†1: EMCa Adjustment Summary ($m nominal)

Assessment Category	MLPL P50 Approximate	EMCa Scenario A	EMCa Scenario B
Retain	109	109	109
Overstated	235	108	171
Removed	61	0	0
Total	**405**	**217**	**280**

Risks that have been removed by EMCa

EMCa has provided rationale for the basis of removal of 7 risks, which are considered to be within the control of the TNSP, should be modelled as a symmetrical risk or were insufficiently justified. E3 Advisory has reviewed the basis for these risks, re-engaged with the SMEs using the latest project information, and has confirmed that they should all be retained with the exception of Risk ID 36 (Changes to executed contracts, resulting from changes in scope and design during negotiations phase with preferred Balance of Works Contractor). This risk is now closed following the completion of the negotiation phase of the Balance of Works Contactor.

Additional justification to support the prudent and efficient inclusion of the remaining 6 risks at the values included in the October 2025 submission is detailed in the updated December 2025 risk model, with supporting project information provided.

Risks that have been reduced by EMCa

The largest reductions are for risks accepted by EMCa, but where it has re-estimated the risk allowance by applying a factor to reduce the P50 approximate value under two scenarios. EMCa have applied this reduction where it is of the opinion that either the probability or consequence have been overstated, there is overlap with other risks, or there is insufficient consideration of contractual mechanisms that would reduce the consequence impact. E3 Advisory has reviewed the basis for these reductions, re-engaged with the SMEs using the latest project information, and considers that the probability and three-point consequence values that were stated in the October 2025 remain valid. Additional justification to support the prudent and efficient valuation of the probability and consequence of these risks is detailed in Appendix A and the updated December 2025 risk model. This justification includes providing further detail on:

- The risk scenario event and how it is independent of other risks;
- How contractual mechanisms were considered within the risk model;
- Why the risk is asymmetrical;
- The appropriateness of rates which have been used to value the consequences; and
- Relevant project information or external material used in valuation of the consequences.

Table†2 below provides a summary of the E3 Advisory response to EMCa's review, with details provided in Appendix A.

Table†2: E3 Advisory Summary Response to EMCa's Assessment of Top 30 risks ($millions nominal)

ID	Risk Title	Oct-25 P50 Approx	EMCa Assessment	EMCa Comments	EMCa A	EMCa B	E3 Advisory Summary Response	Dec-25 P50 Approx
[redacted]	[redacted]	[redacted]	Overstated	The risk allowance is overstated given the controls that MLPL has stated that it has or will have in place, and an overstated consequence based on its estimate of time delay costs.	[redacted]	[redacted]	Risk event scenario further detailed to confirm [redacted]	[redacted]
66	Loss or damage to the asset, the works, goods/materials or contract documentation	28.6	Overstated	Overstated consequence assumptions given that it is only for costs that cannot be recovered from the party at fault (noting that each of them must maintain insurance).	7.1	17.9	Risk event scenario further detailed identifying the impact is the deductible on delay start-up (DSU) insurance. Additional justification provided to support consequence of delays exceeding DSU policy limits.	28.6
[redacted]	[redacted]	[redacted]	Overstated	Consequences are overstated given the progress to date and the controls MLPL has identified, including [redacted]	[redacted]	[redacted]	Risk event scenario further detailed on current status [redacted]	[redacted]
50	Changes in AEMO expectations and unclear guidance in an evolving industry	21.1	Retain	This is an acceptable risk for inclusion.	21.1	21.1	n/a	21.1
52	MLPL receives more onerous environment	21.3	Overstated	Insufficient consideration of project float and contingency	10.3	15.5	Risk event scenario further detailed to identify contractual	21.3

ID	Risk Title	Oct-25 P50 Approx	EMCa Assessment	EMCa Comments	EMCa A	EMCa B	E3 Advisory Summary Response	Dec-25 P50 Approx
	and planning approval conditions than anticipated in baseline conditions			allowances, and of the scale of impact of this risk to the scope of works.			cost and time relief. Additional justification provided to support consequence impact using full BoW contract delay rate.	
[redacted]	[redacted]	[redacted]	Retain	This is an acceptable risk for inclusion.	[redacted]	[redacted]	n/a	[redacted]
3C	Design changes not communicated / coordinated between contractors	18.7	Overstated	The risk allowance is overstated given (i) the controls that MLPL has identified and should have in place, and (ii) overlap with related risk events that have not been adequately accounted for.	9.5	14.2	Risk event scenario further detailed to confirm independency from other interface risks of 3A and 3B. Additional justification provided to support probability and consequence from large number of design interfaces.	18.7
65	Shortage of skilled labour resources impacting construction activities	18.3	Retain	This is an acceptable risk for inclusion.	18.3	18.3	n/a	18.3
25	Missed cable manufacturing slots	18.0	Retain	This is an acceptable risk for inclusion.	18	18	n/a	18.0
[redacted]	[redacted]	[redacted]	Overstated	Overstated risk, as it aggregates full exposure [redacted]	[redacted]	[redacted]	Risk event scenario further detailed [redacted]	[redacted]

ID	Risk Title	Oct-25 P50 Approx	EMCa Assessment	EMCa Comments	EMCa A	EMCa B	E3 Advisory Summary Response	Dec-25 P50 Approx
				[redacted]			[redacted]	
[redacted]	[redacted]	[redacted]	Removed	Not sufficiently justified, and if present should be symmetrical [redacted]	0	0	Confirmation provided that estimate based on symmetrical risk [redacted] Risk event scenario further detailed [redacted]	[redacted]
[redacted]	[redacted]	[redacted]	Overstated	Probability is overstated when paired with the consequence scenario, controls [redacted]	[redacted]	[redacted]	Risk event scenario further detailed [redacted] Additional justification provided to support consequence impact [redacted] on mega projects over long durations.	[redacted]
15	Inclement weather greater than allowance	13.9	Overstated	Whilst weather impacts beyond the contractual allowances are	1.4	7.5	Further information provided on the weather modelling undertaken	13.9

ID	Risk Title	Oct-25 P50 Approx	EMCa Assessment	EMCa Comments	EMCa A	EMCa B	E3 Advisory Summary Response	Dec-25 P50 Approx
	impacting construction contractors' activities			possible, costs are overstated based on MLPL's assumption of delay to all contracts and has not sufficiently taken account of contractual provisions to share costs.			by MLPL. Additional justification provided to support probability and consequence, including confirmation that impact is above contractual allowances.	
3A	Interface scope gaps and/or overlaps between contractors	12.4	Removed	Considered to be within TNSP control and MLPL has included costs for support activities to manage interface risks.	0	0	Risk event scenario further detailed to confirm that outside control of TNSP and independency from other interface risks of 3B and 3C.	12.4
122	Additional Tipping amounts and Topsoil for access track reinstatement dependent on landholder requirements	12.1	Overstated	Probability is overstated when paired with the consequence scenarios assumed.	8	10.1	Risk event scenario further detailed to confirm current status of landholder discussion and potential for higher level of landholder requirements.	12.1
100	Repeated failure of a testing or commissioning requirement (Project)	10.7	Overstated	Risk is overstated, as it is largely a contractor risk, with insufficient consideration by MLPL of cost recovery from the causal party, schedule float, and contingency in schedule.	4.8	7.7	Risk event scenario further detailed to identify aspects of testing failure risk that cannot be transferred to the contractor.	10.7
3G	Delayed or inaccurate inputs from third parties (externals) such as AEMO, Ausnet Services and TasNetworks	10.2	Retain	This is an acceptable risk for inclusion.	10.2	10.2	n/a	10.2

ID	Risk Title	Oct-25 P50 Approx	EMCa Assessment	EMCa Comments	EMCa A	EMCa B	E3 Advisory Summary Response	Dec-25 P50 Approx
57	A Critical Electronic Component Market Event occurs, incurring additional cost of electronic components	8.7	Retain	This is an acceptable risk for inclusion.	8.7	8.7	n/a	8.7
56	Uncertainty regarding future Operations and Maintenance contractor's requirements results in changes during the design and construction phase of the project	8.1	Removed	Considered to be within TNSP control.	0	0	Risk event scenario further detailed to identify the procurement strategy for O&M function and residual risk to MLPL.	8.1
3B	Misalignment between contractors in coordinating on-site and construction activity	8.2	Overstated	This is a reasonable risk to account for because of the interface complexities. However, the consequences are overstated given the stated controls and potential duplication with other risk allowances.	4.2	6.1	Risk event scenario further detailed to confirm the independency from other interface risks of 3A and 3C. Additional justification provided to support consequence impact due to reduction in float buffers between interface milestones.	8.2
112	Unidentified flora and fauna during construction	8.1	Overstated	Assumed probability of delay from discovery of unknown sensitive flora or fauna is reasonable, however the consequence is overstated (i.e. when paired with the probability).	3.9	5.9	Risk event scenario further detailed to identify that impacts various unidentified flora and fauna may exist across the whole project site. Additional justification provided to support consequence impact which uses the full BoW contract delay rate,	8.1

ID	Risk Title	Oct-25 P50 Approx	EMCa Assessment	EMCa Comments	EMCa A	EMCa B	E3 Advisory Summary Response	Dec-25 P50 Approx
							rather than delay rate for specific site .	
11	The proposed burial depth of the cable may need to be increased to satisfy the insurer's requirements	7.3	Overstated	Given the quality of controls including expert advice and insurer's requirements, the probability is overstated.	0.7	4	Additional justification provided to support probability and consequence based on precedent projects.	7.3
[redacted]	[redacted]	[redacted]	Removed	This risk has not been sufficiently justified, including that MLPL has already taken account of this risk in other risk IDs.	0	0	Risk event scenario further detailed to confirm independency from ID65. Additional justification provided to support consequence of [redacted]	[redacted]
[redacted]	[redacted]	[redacted]	Retain	This is an acceptable risk for inclusion.	[redacted]	[redacted]	[redacted]	[redacted]
90	Land cable civil installation works are incorrectly constructed leading to damage of the cable system	6.2	Removed	Risk has not been sufficiently justified, including why this risk should not be the sole technical and commercial responsibility of the Contractor.	0	0	Risk event scenario further detailed to identify potential for liability gaps between the commercial responsibility of each contractor.	6.2
13	Unforeseen contamination at the Tasmanian converter site	6.0	Overstated	Costs for stated probability have not been sufficiently justified, including the basis for	4.3	5.2	Additional justification provided to support probability and consequence of re-routing 10km	6.0

ID	Risk Title	Oct-25 P50 Approx	EMCa Assessment	EMCa Comments	EMCa A	EMCa B	E3 Advisory Summary Response	Dec-25 P50 Approx
	and/or the land cable Route (impacting to Balance of Works Contract)			additional costs of re-routing 10km of cable due to unforeseen contamination.			given the inability to undertake contamination surveys as the easement acquisition is incomplete.	
29	Replacement of contractor due to reasons outside MLPL control	5.7	Retain	This is an acceptable risk for inclusion.	6	6	n/a	5.7
26	MLPL Service provider costs escalate over time above existing allowances	4.7	Removed	Not sufficiently justified. Assumed to be included as part of supporting activity costs (which are beyond the scope of our review) and within TNSP control.	0	0	Risk event scenario further detailed to identify external factors that impact the cost of professional services.	4.7
32	Unforeseen environmental incident occurs within project area	4.6	Overstated	Insufficient justification of consequences, with a lower likelihood rating more likely than has been assumed. Other more probable consequences are likely attributed to contractors with reduced exposure to MLPL.	2.3	3.5	MLPL SMEs maintain that an incident could occur that results in increased requirements being imposed on all contractors by environmental regulators that reduce productivity and delays the works.	4.6
36	Changes to executed contracts, resulting from changes in scope and design during negotiations phase with preferred Balance of Works Contractor	1.3	Removed	Considered to be within reasonable TNSP control and/or should have been resolved prior to determination of a reasonable estimate of required capex.	0	0	Risk closed, given completion of negotiation phase of the Balance of Works Contract.	0

2.2 Remaining residual risks

MLPL submitted a full description for the remaining 30 risks (additional to top 30) to the AER with the revised Revenue Proposal in October 2025. These descriptions were supplemented by the MLPL Risk Model, which set out in detail for each of these risks: the causes, consequences, existing controls, controlled consequence and likelihood, treatments, post-treated consequence and likelihood, residual probability, basis of residual probability, three-point consequence estimates and the basis for these consequence estimates.

EMCa's report contained minimal information on its assessment of these risks with comments provided only for Risk [redacted] Risk [redacted] Risk ID9 (Cost uncertainty to achieve sustainability goals) and Risk ID64 (The asset control systems established by contractors fail to meet required performance i.e. SCADA and Metering Systems, resulting consequential impacts on MLPL). As a result, E3 Advisory has only been able to partly consider EMCa's analysis for these risks (as included in Appendix A) in addition to the top 30. MLPL subsequently requested from the AER further information on EMCa's analysis, including how it came to its conclusions for these remaining risks. Unfortunately, limited further information was provided.

E3 Advisory has completed a validation review of the risks in addition to the top 30, including the comments from EMCa for the four risks, and consider that all risks remain appropriate. We have not made any adjustment to these risks as part of this update, other than providing further justification for the four risks commented on by EMCa.

3 Revised Proposed Risk Allowance

3.1 Updates from October 2025 Submission

Following our detailed review of EMCa's report and further engagement with MLPL SMEs, we have updated MLPL's risk model from October 2025 to reflect the latest information on individual risks. This included:

- Removal of Risk ID 36 (Changes to executed contracts, resulting from changes in scope and design during negotiations phase with preferred Balance of Works Contractor) as this risk is now closed following the completion of the negotiation phase of the Balance of Works contractor;
- Inclusion of two additional risks that were excluded as pass through events in the AER Supplementary Draft Decision:
  - Risk ID 123 Biodiversity Event; and
  - Risk ID 125 Contractor Insolvency Event; and
- Retaining the probabilities and three-point consequence impacts for remaining risks based on further review by SMEs re-validating the values submitted by MLPL in October 2025.

The detailed quantification of each of these excluded pass-through events has applied the same process as that used for the top 30 risks as detailed in the Risk and Contingency Report. The detailed assessment is included in Appendix B and summarised in Table†3.

Table†3: Summary of Risk Assessment of Two Excluded Pass-Through Events ($million nominal)

No.	Risk Name	Risk Context	Risk Category	Forecast CAPEX impact
123	Biodiversity Event	Decision by a planning authority to change MLPL's biodiversity obligations which requires additional measures be taken to avoid and minimise biodiversity impacts (or to refuse an application based on those impacts).	Environmental	0.4
125	Contractor Insolvency Event	A construction contractor is declared insolvent, requiring MLPL to appoint an alternative construction contractor	Procurement & Commercial	6.0

E3 Advisory has undertaken the Monte Carlo analysis using the @Risk specialist risk modelling software for this updated risk model and the detailed output is included within the risk model.

The result is that total estimated P50 risk allowance associated with the delivery of the Marinus Link Project is $414.3m (nominal). The estimated risk allowance associated with the regulatory period from 1 July 2025 to 30 June 2030 is $411.8m (nominal), which reflects the spend profile of each works package.

The updated proposed risk allowance is $364.9 million ($real 2023).

3.2 Scenario – Pass Through Events

E3 Advisory has added two additional risks that are being proposed as pass through events in response to the AER Supplementary Draft Decision as a scenario to the risk model described in Section 3.1.

The detailed quantification of each of these pass through events has applied the same process as that used for the top 30 risks as detailed in the Risk and Contingency Report. The detailed assessment is included in Appendix B and summarized in Table†4.

Table†4: Summary of Risk Assessment of All Excluded Pass Through Events ($million nominal)

No.	Risk Name	Risk Context	Risk Category	Forecast CAPEX impact
124	Unavoidable Contract Variations	A variation to a contract relating to the construction of Stage 1 of Marinus Link is required to accommodate a change in project design or proposed route that is beyond MLPL's control.	Procurement & Commercial	[redacted]
126	Contractor Force Majeure Event	The material change in construction costs incurred by MLPL due to an unforeseen force majeure event impacting the construction contractor, where the costs are not covered by an existing insurance policy or other pass-through event and the force majeure event is declared in accordance with the terms of the relevant contract.	Procurement & Commercial	[redacted]

E3 Advisory has undertaken the Monte Carlo analysis using the @Risk specialist risk modelling software for this scenario risk model and the detailed output is included within the risk model.

Under this scenario, the total estimated P50 risk allowance associated with the delivery of the Marinus Link Project is $440.7m (nominal). The estimated risk allowance associated with the regulatory period from 1 July 2025 to 30 June 2030 is $437.7m, which reflects the spend profile of each works package.

The proposed risk allowance under this scenario is $387.7 million ($real 2023).

4 Clarification on Comparable Project Benchmarking

4.1 Validation of Benchmarks

E3 Advisory has reviewed the risk allowance benchmarking undertaken by Aurecon and EMCa's review of this benchmarking. Our analysis found that Aurecon calculated the benchmarks based on Ofgem's[2] (or equivalent) Final Project Assessment (FPA) values, mainly expressing the risk allowance as a percentage of the Base Project Costs[3] , whilst EMCa was expressing the risk allowance as a percentage of the Total Project Cost.[4]

E3 Advisory have undertaken a review of the source information for these benchmarks and provides a side-by-side comparison of the two approaches for calculating the percentage risk allowance in Table†5. The basis for assessing whether the project is a comparable benchmark is described in section 4.2.

Table†5: HV Transmission Line Project Benchmarks – Determined Risk Allowance Percentages

Project	% Base Project Costs	% Total Project Costs	Comparable Benchmark
North Sea Link (NSL)	11.8%	10.5%	✓
Marinus Link Project (Proposed Dec-2025)	11.5%	10.4%	
Humelink	10.7%	9.6%	✓
IFA2	10.2%	9.2%	✓
Viking Link	9.7%	8.8%	✓
Celtic Interconnector	9.5%	8.7%	✓
Marinus Link Project (AER Supplementary Draft Decision)	6.4%	6.0%	
Eyre Peninsula	4.8%	4.5%	✗
NeuConnect	3.7%	3.6%	✗
Project EnergyConnect (Electranet)	3.5%	3.4%	✗
Greenlink	3.0%	3.0%	✗
Project EnergyConnect (Transgrid)	2.5%	2.4%	✗

4.2 Appropriateness of Benchmarks

The attributes of the project should be considered in the comparison of projects in any benchmarking.

E3 Advisory has reviewed the relevant attributes of the HV transmission line benchmark projects, including the type and number of construction contracts, jurisdictional environment, project scale (capacity, length) and scope (cable or conductor, marine or land) to determine relevant projects to benchmark the proposed risk allowance for Marinus Link. Details are provided in Appendix , with five projects being identified as suitable benchmarks.

For these five projects, the risk allowance as a percentage of total project cost is in the range of 8.7% to 10.5%. Marinus Link has the most similar characteristics to the highest benchmark project of North Sea

[2] Energy regulator for Great Britain
[3] Base Project Costs = Total Project Costs – Risk Allowance. Total Project Costs excludes development costs, except for Project EnergyConnect and Eyre Peninsula.
[4] Total Project Costs includes Risk Allowance excludes development costs

Link, including spanning multiple jurisdictions, scale and complexity, multiple principal contractors, limited precedent projects, and distance of onshore cable.

5 Validation of E3 Advisory Methodology Against Industry Best Practice and AER Guidance

5.1 EMCa's Claim of Upward Bias Is Incorrect

EMCa's report considers that MLPL's "risk costs estimates were biased upwards" [5] because:

- All three-point estimates are positive (best case, most likely, worst case);
- The estimates are skewed toward the worst case; and
- The P50 approximation exceeds the most likely value.

However, EMCa's claim of upward bias misinterprets standard probabilistic modelling principles. Positive best-case values and skewed distributions are expected for residual risks because:

- The base estimate already reflects efficient delivery under normal conditions; and
- Residual risks represent downside exposures that cannot be fully mitigated.

E3 Advisory's methodology - three-point estimates developed using a structured, SME-led process, combined with BetaPert distributions and Monte Carlo simulation – is specifically designed to overcome cognitive biases such as optimism, anchoring and availability bias. This approach is consistent with AACE Recommended Practice 65R-11, ISO 31000 (2018) and Australian Federal Cost Estimation Guidance (IIP 2023 – GN3A).

Under a BetaPert distribution, if the worst-case estimate is relatively larger than the best-case estimate in relation to the most likely estimate, the mean will naturally exceed the most likely value. This is not an error – it reflects the intended weighting of tail risk and is standard practice for large-scale infrastructure projects. We provide further detail on the prudency and efficiency of worst-case impacts below.

Unlike EMCa's visual inspection of three-point estimates, E3 Advisory used probability weighting and applied Monte Carlo simulation to aggregate risk distributions across all identified risks. This method significantly reduces the influence of extreme worst-case values compared to deterministic summation and is widely recognised as best practice internationally.

5.2 E3 Advisory's Approach Aligns with Industry Best Practice

E3 Advisory's process was structured, evidence-based and designed to ensure rigour and compliance with the AER's guideline and the Rules requirements.

We reconfirm that the approach used to determine the probability and three-point estimates follows industry best practice[6], and which is particularly designed to overcome biases (including optimism, availability, confidence and anchoring biases) that can undermine the realism of a quantitative risk analysis. The approach (as detailed in Section 3 of our Risk and Contingency Report for Marinus Link which formed Attachment 7 to MLPL's revised Revenue Proposal) includes selecting a Subject Matter Expert (SME) team and undertaking a structured process over an 18-month period which included:

1 A structured SME-led assessment process was established, beginning with review of AER guidance to confirm that each risk could not be efficiently transferred, avoided or mitigated (including pass-

[5] EMCa, *Marinus Link project: Assessment of proposed risk allowance expenditure for Stage 1*, October 2025, pp 18–19

[6] Section 5.2 to 5.4 of https://investment.infrastructure.gov.au/sites/default/files/documents/supplementary-guidance-note-3A-probabilistic-cost-estimation-v2.pdf)

through considerations). As identified in industry best practice guidelines[7], a panel of SMEs (refer Appendix C to Risk and Contingency Report) is required as it is not typically possible to obtain data to determine the uncertainty of all the variables within the model.

2 Credible risk scenarios were developed, with SMEs determining the probability of occurrence and defining best-case, most-likely and worst-case impacts, considering all controls, contract mechanisms and available project information.

3 Qualitative risk assessment followed ISO 31000 (2018), with each risk first assessed without controls, then reassessed for residual likelihood and consequence using the MLPL Risk Matrix from the MLPL Risk Management Framework.

4 Controls and future treatments were identified through workshops and interviews, enabling reassessment of Controlled and Post-Treated Likelihoods; this process continued iteratively through monthly updates.

5 Quantitative risk assessment applied the Hollmann Model (AACE RP 65R-11), combining an event-based risk register with Monte Carlo simulation to quantify cost and schedule exposure.

6 Likelihood assessments that reflected both current controls and committed, funded future treatments, consistent with Australian Federal Cost Estimation Guidance (IIP 2023 – GN3A).

7 All probability and impact estimates were informed by historical data, structured expert elicitation (e.g., Delphi), industry benchmarks from international and Australian projects in delivery and completed, case studies or research into performance of projects, formal analytical methods (e.g., weather modelling) and independent assurance review to ensure rigor and alignment with regulatory expectations.

In comparison, the approach used by EMCa to assess the individual risks applied a highly subjective factoring approach to reduce the risk costs from the P50 approximate values in the MLPL risk model (often applying standard reduction factors of 33%, 50% or 75%). Based on the description of the method, EMCa has not used a panel of SMEs to consider risk details and has not used a process to reduce standard biases. The highly subjective factoring approach is further evidenced by the arbitrary process used in EMCa's Scenario B[8], in which all reductions are made 50% lower than the reduction under Scenario A.

A subjective factoring approach would require the person(s) undertaking the assessment to have deep delivery expertise from comparable projects across all the aspects of the risks being assessed.

5.3 Asymmetric Risk Does Not Imply Upward Bias

E3 Advisory has excluded all project risks that are symmetrical around a most likely value of $0 (i.e. equal chance of cost increase or decrease), because these do not affect P50 outcomes – consistent with AER guidance.

E3 Advisory has used an industry best practice process to develop a three-point estimate – some of which are symmetric around the most likely estimate, and some of which have a right skew in which the most likely is closer to the best case.

A BetaPert distribution with a right skew (most likely is closer to the best case) results in lower P50 value outcomes than if the BetaPert were symmetrical (most likely as the average of best case and worst case). To demonstrate this, we ran a scenario of the October 2025 risk model to have the most likely as

[7] Section 5 of https://investment.infrastructure.gov.au/sites/default/files/documents/guidance-note-3A-probabilistic-cost-estimation-v2.pdf
[8] EMCa, Marinus Link project: Assessment of proposed risk allowance expenditure for Stage 1, October 2025, pp 47

symmetrical between the best case and worst case for all risk inputs and this increased the P50 risk output by [redacted] (nominal).

This demonstrates that asymmetry in risk distributions does not inflate the P50 outcome; in fact, when the most likely value is closer to the best case (as tends to be the case for MLPL's risk allowance), the resulting P50 is lower than under a symmetrical assumption – which is the opposite of an upward bias, and reflects the true probabilistic nature of project risks.

5.4 Prudency and Efficiency of Worst Case Impacts

E3 Advisory considers that the worst case impact for the risk scenario and the probability of the scenario are consistent with incorporating the lessons learned and prudent expectations from outcomes on projects of similar scale of $1billion and over.

Worst-case scenarios are not hypothetical. Recent project experience demonstrates that worst case consequence outcomes have materialised for individual risks on Marinus Link and on other major infrastructure projects, including:

- In July 2025 risk model, MLPL had a risk (Risk ID 1) that insurance costs would increase, which had a probability of 45% and worst case of $900k. The risk eventuated and the actual costs were an increase of $11.1million as an assumed exemption for statutory costs was not accepted.
- Transgrid provided an update[9] that Project EnergyConnect's net project cost has increased from $2.3 billion ($2023 real) to $3.6 billion, identifying that the increase is due to "unforeseeable factors such as COVID-related global supply chain impacts on key equipment and materials, critical labour shortages, record inflation, the impacts of the war in Ukraine, flooding, and the insolvency of Elecnor Australia's construction partner Clough".
- Grattan Institute report[10] identified that almost half of public road and rail projects with an initial estimate of more than A$1billion, overran their estimate by 30% on average. It is standard State and Federal Government practice that the initial estimate includes a P90 risk allowance. Rail and road projects require linear construction methods and share many of the same characteristics as transmission line projects.
- Westgate Tunnel project increased from $5.5billion to over $10billion due to impact of risks, including from a three year delay and dispute over the disposal of contaminated soil, COVID and war in Ukraine impacting global supply chain issues.
- Melbourne Metro project has a multi-billion dollar cost increase due to impact of risks from interfaces, COVID and war in Ukraine impacting global supply chain issues, inflation, and worker shortages.[11]
- Increases in value of incentivised target cost contracts (>$1b) from contract award values, including from impacts of risks such as interfaces and unforeseeable impacts such as COVID and war in Ukraine impacting on global supply chains:
  - Sydney Metro City & Southwest, Central Main Works (complete): 43% increase[12]
  - Sydney Metro City & Southwest, Line-wide Works (complete): 52% increase[13]

[9] https://www.transgrid.com.au/media-publications/news-articles/energyconnect-update/
[10] Grattan Institute, The rise of megaprojects: counting the costs, November 2020 (http://grattan.edu.au/wp-content/uploads/2020/11/The-Rise-of-Megaprojects-Grattan-Report.pdf)
[11] https://www.abc.net.au/news/2024-09-26/melbourne-metro-rail-tunnel-project-budget-blow-out/104400512
[12] https://buy.nsw.gov.au/notices/38D6EDD5-9FD9-EE98-91E3C55D986FE650
[13] https://buy.nsw.gov.au/notices/9354E900-6476-4172-BAA57FF586605D48, https://www.sydneymetro.info/article/1376-billion-line-wide-contract-awarded

- Sydney Metro West, Eastern Tunnelling Package (in progress): 12% increase[14].

MLPL has incorporated the lessons learned from other megaprojects. These examples demonstrate that worst-case impacts for risks materially similar to those faced by Marinus Link do occur and are prudent and efficient to be considered in risk management.

5.5 Risk allowance complies with the AER Guidance

E3 Advisory notes that the proposed risk allowance complies with the AER's March 2021 Guidance Note and recent determinations (e.g. HumeLink Stage 2). The AER's guidance in its determination for Transgrid HumeLink Stage 2 Delivery Contingent Project is reproduced below:

> *Our contingent project determination is not intended to completely de-risk the project, as investment projects are inherently uncertain and financing arrangements account for this. However, it may be prudent to include specific and appropriate contingency costs for asymmetric risks, where the likelihood of programs being over-budget is greater than the likelihood of being underbudget. We only approve the incremental revenue for the expenditure reasonably required for the project by an efficient and prudent operator managing and mitigating the identified risks.'*

In particular:

- MLPL does not have the benefit of undertaking multiple projects to manage project risk on a program or portfolio basis.
- The risk allowance being sought is at a P50 level ("most likely"), noting that MLPL does face significant downside exposure (e.g. P90).

[14] https://buy.nsw.gov.au/notices/9F2A0769-1B80-448C-B751249CD955D346, https://www.sydneymetro.info/article/final-major-tunnelling-contract-awarded-sydney-metro-west

6 Errors or Misinterpretations in EMCa Report

6.1 General

E3 Advisory has undertaken a detailed review of the EMCa report and was unable to understand the methodology applied in several areas of its report that underpins EMCa's conclusions. In some instances, the methodology appears to be flawed and in others largely subjective. We have identified instances where we believe EMCa's report contains errors or misinterpretations that materially affect the nature or outcome of the assessment by EMCa and/or the AER. The key items are set out in this Section 6 and further detailed in Appendix .

6.2 Aggregation approach materially overstates Delay Impact

EMCa's approach of aggregating the identified delay of individual risks (Table 3.6 of the EMCa report) combines delays in a way that is not consistent with standard practice for reviewing schedule impacts and materially overstates the combined delay outcome. The incorrect approach has led to misinterpretation that if the P50 risk cost is realised it will result in an aggregated delay of 475 days and a material delay to the overall project.[15]

Key reasons why it is not appropriate to aggregate probabilistic delays for the most likely scenario of individual risks are:

1 The delay from an individual risk may affect none, one, two, or three of the construction contracts, depending on the risk and the entitlement under the contract.

2 The risk may have a cost entitlement and not delay the project schedule as:

- there is float between activities within a construction contract that will need to be consumed before delaying successor activities;
- there is a buffer between contract milestones that will need to be consumed before a contractor delays a following contractor; or
- the critical path delay does not exceed the allowed MLPL schedule contingency.

Project delay analysis is best undertaken using quantitative schedule risk assessment software which considers the schedule logic used by the construction contractors and MLPL, including float between contract milestones.

E3 Advisory undertook a schedule risk assessment using Safran modelling software which applies the individual risk events to the appropriate activity in the master schedule. The P50 outcome of the schedule risk assessment confirms that the applied MLPL schedule contingency of 141 days is appropriate and there would not be a delay to the overall project from the P50 risk outcome of the 61 risks.

This schedule risk assessment outcome was communicated to EMCa at the onsite-meeting held on 4 September 2025.

[15] EMCa, Marinus Link project: Assessment of proposed risk allowance expenditure for Stage 1, October 2025, pp 20

6.3 Incorrect approach for analysing the Best Case Impact for individual risks

The approach undertaken by EMCa in determining the best-case (or most optimistic) impact of individual risks (as shown in Figure 3.1 of the EMCa report) and combining them to get a combined best-case impact of $169 million is not mathematically correct as:

The best case impact for each risk is that it does not occur, which has a $0 impact. The risk model and Monte Carlo simulation used by E3 Advisory undertakes this probabilistic assessment.

It is only accurate to sum the probability weighted mean values for individual risk costs, and it is not mathematically correct to add the probability weighted best case, most likely, P50 approximate and the worst case of the individual risk costs[16].

The BetaPert shape for the risk model inputs concentrates sampling around most likely values.

The risk model output excludes any shared risk with the Balance of Works contractor.

E3 Advisory has confirmed that the risk model does not have a floor of $[redacted], with the risk model output (1,000,000 iterations) having a minimum of $[redacted] (Dec-25).

[16] Section 4.6, page 15 https://investment.infrastructure.gov.au/sites/default/files/documents/guidance-note-3A-probabilistic-cost-estimation-v2.pdf

Appendices

A	Additional Justification for Top 30 risks
B	Risk Details – Excluded Pass Through Events
C	Project Benchmarking
D	Errors and Misinterpretations in EMCa Report

Appendix A Additional Justification for Top 30 Risks

A-1 Top 30

Risk ID	[redacted]
Risk Title	[redacted]
Risk Description	[redacted] resulting in delays with construction commencement and/or contractor claims
EMCA Report Notes	**Assume Overstated** Table B1: The risk allowance is overstated given the controls that MLPL has stated that it has or will have in place, and an overstated consequence based on its estimate of time delay costs. Paragraph 143: We consider the consequences to be overstated, based on its estimate of time delay costs, given the extensive controls MLPL has in place/proposed (25 in total). We consider that a reasonable estimate of risk cost would be based on a reduced time delay for at least the Best Case and Most Likely scenarios to align the consequences with the probability of the delay and other costs being incurred.
Risk Scenario Additional Detail	This risk has been assessed at probability of 50%, with the most likely consequence impact [redacted]. This assessment by the MLPL SMEs considered the controls and the potential impact of delays in [redacted] on Marinus Link. Specifically, given the outstanding planning issues, a [redacted] delay is considered modest, and hence it is appropriate to pair this limited delay with a 50% probability of occurrence. [redacted]

Risk ID	[redacted]
Risk Title	[redacted]
	[redacted] [redacted] The number of controls (25) is based on experience [redacted] over several years of Design & Approvals Phase. [redacted] [redacted]
Further justification / evidence for probability and consequence valuation	[redacted] [redacted] [redacted] [redacted]

Risk ID	[redacted]
Risk Title	[redacted]
	[redacted]

Risk ID	[redacted]
Risk Title	[redacted]
	[redacted] In summary, MLPL confirms that the assessment of consequence and probability as determined by the SMEs are appropriate given the potential for delays [redacted].
Additional Supporting Documents	In addition to the explanation provided above, we are also providing the following additional supporting documents that are relevant to the assessment of this risk and its impact: [redacted]

Risk ID	[redacted]
Risk Title	[redacted]
	• MLPL Project Risk Model (AER Submission) – December 2025.xlsx

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
EMCA Report Notes	**Assume Overstated** Table B1: Overstated consequence assumptions given that it is only for costs that cannot be recovered from the party at fault (noting that each of them must maintain insurance
Risk Scenario Additional Detail	This risk has been assessed at a probability of 20%, with the most likely consequence relating to project delay as a result of significant damage to either a converter station or the cable. The risk assessment, which has been undertaken by SMEs, also considers the insurances that are in place and excludes cost consequences that are insured. Therefore, the reasons provided by EMCa for the consequences being overstated are not valid. In particular, MLPL acknowledges and accepts that the cost may be covered by delay start-up (DSU) or contract works insurance that has been procured by MLPL and that the deductible may be paid by the contractor or by MLPL and recovered from the contractor for a range of damage events. However, the scenario for this risk does <u>not</u> relate to the cost of the damage, instead it considers the uninsured delay impact on the project. This assessment takes account of delay start-up insurance, noting: • The 90-day deductible under the provisions of the delay start-up insurance • The policy limit under delay start-up insurance is 2 years coverage • Requirement to extend insurance at a higher rate Furthermore, where damage occurs from a third party (e.g. landholder, farmer, ship dropping anchor, environmental activist, etc.) the insurer will seek recovery, however, MLPL will bear the deductible (90 days for DSU event) if unrecoverable. It should be noted that contactor deductibles are recoverable through liquidated damages, and if these are exhausted at the time of a claim event this will present further challenges to recoveries for MLPL.
Further justification / evidence for probability and	<u>Justification of consequence impact</u> Best case: Damage to part of a converter station that needs to be manufactured. 30 days delay impact (this is within the 90 days deductible of the DSU). This is costed at the additional work rate due to

Risk ID	#66
Risk Title	**Loss or damage to the asset, the works, goods/materials or contract documentation**
consequence valuation	exposure when uninsured during testing and commissioning for Cable Contractor and CDSE Contractor. Most Likely: Loss of cable, having a 2 year and 60 days delay impact. The DSU insurance provides only a 2 year coverage. The total impact is costed as 60 days additional work rate for Cable Contractor and CDSE Contractor and the 90 days deductible. Worst Case: Loss of cable with a delay for 2.5 years due to constrained manufacturing slot. DSU insurance provides 2 year coverage and the deductible is a 90 day delay impact. The 180 days additional work rate for Cable Contractor and CDSE Contractor is over uninsured period and the 90 days deductible. In summary, EMCa conclusion that this risk is overstated reflects an incorrect assumption that the assessment includes costs that are insured. As explained above, the cost consequences assessed by the SMEs are appropriate, as the assessment specifically excludes any cost that are insured.
Additional Supporting Documents	In addition to the explanation provided above, we are also providing the following additional supporting documents which are relevant to the assessment of this risk and its cost impacts: Policy Wordings: • LMPL - MACCD2504734 - Marinus Link - Marine Cargo & DSU - Policy Wording & Slip - All Signed.pdf • Marinus Link - Offshore CAR - DSU Energy Construction - Final (Fully Agreed LDN).pdf • MLPL - ENCAS2500634 - Marinus Link - $100m PPL - Policy Wording & Slip - Arch WRB AXA Signed.pdf • MLPL - Offshore CAR - DSU Energy Construction - LDN Fully Signed.pd Confirmation of Insurance: • MLPL - Marine Cargo & DSU - COI - LCA Signed.pdf • MLPL - Offshore CAR & DSU - COI - LCA Signed.pdf • MLPL - Onshore & Offshore TPL - COI - LCA Signed.pdf • MLPL - Onshore CAR & DSU - COI - LCA Signed.pdf Other:

Risk ID	**#66**
Risk Title	**Loss or damage to the asset, the works, goods/materials or contract documentation**
	• MLPL Project Risk Model (AER Submission) – December 2025.xlsx

Risk ID	[redacted]
Risk Title	[redacted]
Risk Description	[redacted]
EMCA Report Notes	**Assume Overstated** [redacted]
Risk Scenario Additional Detail	[redacted]

Risk ID	[redacted]
Risk Title	[redacted]
	[redacted]
Further justification / evidence for probability and consequence valuation	[redacted]

[redacted]

Risk ID	[redacted]
Risk Title	[redacted]
	[redacted]

Risk ID	[redacted]
Risk Title	[redacted]
	[redacted]
Additional Supporting Documents	[redacted]

Risk ID	[redacted]
Risk Title	[redacted]
	• MLPL Project Risk Model (AER Submission) – December 2025.xlsx

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.
EMCA Report Notes	**Assume Overstated** Table B1: Insufficient consideration of project float and contingency allowances, and of the scale of impact of this risk to the scope of works. Paragraph 164 - 166: We understand there is significant schedule float for BoW works and which could provide for 30 days to 180 days delay. The bulk of the works for the BoW on the Tasmania side relates to the converter station, whereas the delay rates that MLPL has applied cover both packages of work including works occurring on the Victorian side. We do not consider this to be a reasonable basis for estimating the impact, leading to an overstatement of the consequences. A more reasonable estimate of this risk would consider the impact of the Tasmanian works, rather than the complete package, or based on the assessment of probability for the entire project (as it relates to the BoW contract) a more reasonable, lower, estimate of time delay.
Risk Scenario Additional Detail	This risk assessment conducted by SMEs has adopted a probability of 40% and most likely consequence of a 30 day delay to Balance of Works contractor and additional consultant costs. Both the probability of more onerous planning and environmental conditions and the impact are considered reasonable when considered in the context of other major projects, and the current extent of outstanding approvals. In contrast to EMCa's view that the bulk of the works is limited to the Tasmanian side, MLPL's SMEs in planning approval confirm that there remains outstanding approvals on the Victorian side as well as the Tasmanian side, which have potential to be subjected to more onerous planning conditions. In contrast to EMCa's view that there is significant float to mitigate time relief, MLPL's project delivery and commercial SMEs confirm that the BoW contract (refer Clause 6) provides both cost and time relief where the actual conditions are different to the conditions for the following approvals (treated as a scope variation): • LUPA Development Approval (DA) and EMPC EIS Assessment (Tas) – Heybridge; • CHMP - Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) (Vic) - Vic Route North; • CHMP - First Peoples – State Relations (FPSR) - Non-RAP CHMP; and

Risk ID	**#52**
Risk Title	**MLPL receives more onerous environment and planning approval conditions than anticipated in baseline conditions**
	• CHMP - First Peoples – State Relations (FPSR) - Non-RAP Shore Crossing CHMP.
Further justification/evidence for probability and consequence valuation	<u>Justification for consequence valuation</u> There remain outstanding approvals that impact the full scope under the Balance of Works contract both in Victoria and Tasmania. The cost consequence is not solely driven by changes from the conditions of approval. There is also contractual entitlement risk including from disruption, resequencing, extended preliminaries and loss of productivity. Even where physical works are deferred into available float, contractors may still be entitled to claim for standing time, inefficiencies, demobilisation / remobilisation and management overheads where approval or access assumptions underpinning the contract are invalidated. In addition, the management of addressing unexpected / onerous conditions may result in additional consultants / specialists, assurance activities and regulatory engagement. Onerous approval conditions to date 1. As an example of conditions being more onerous that anticipated being mandated to date, the Tasmanian EPA has issued the Environmental Protection Notice No.11254/1 which requires all Management Plans (as per the conditions) be submitted to the Director for approval at least three months prior to the planned commencement of construction of each stage. MLPL has several plans to develop for approval prior to construction on 17 June 2026). 2. P&E Act approval (PSA, Incorporated Document and EMF): Mitigation measures linked to the Minister's Assessment with a potential impact of circa $2.0m. https://www.planning.vic.gov.au/__data/assets/pdf_file/0033/747438/Marinus-Link-Project-Ministers-assessment-under-the-Environment-Effects-Act-1987-Appendix-A-Environmental-Performance-Requirements2-1.pdf • CHMPs: New management condition extending survey requirements from the easement (36m) to the full 2km AoD, resulting in ELA survey costs of $0.3m plus project management and strategic heritage advice, CHMP reporting updates, and Traditional Owner Fieldwork totalling approximately $880k. • EPA EMPC Act – Shore Crossing and Converter Station assessment: Additional conditions relating to EMF, operational marine fauna

Risk ID	**#52**
Risk Title	**MLPL receives more onerous environment and planning approval conditions than anticipated in baseline conditions**
	monitoring, PFAS and groundwater monitoring, with likely additional costs of approximately 650K. 3. EPBC Act approval: Amended clearing limits and requirements for additional surveys (refer to EPBC Statement of Reasons). In summary, MLPL confirms that the probability and consequence assessment are appropriate given: (1) the current status of outstanding approvals for Commonwealth, Victorian and Tasmanian jurisdictions; (2), the contracts provide cost and time relief for conditions of approval more onerous the baseline; and (3) more onerous conditions have occurred on Marinus Link and other transmission projects.
Additional Supporting Documents	In addition to the explanation provided above, we are also uploading the following additional supporting documents for consideration: • EPBC Statement of Reasons (Commonwealth).pdf • Quote for Marinus heritage fieldwork Nov25 Filed 19 Nov 2025 1050.msg • EPN Conditions - Quote for works.msg • FW_ Marinus Link cultural heritage fee estimate.msg • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

Risk ID	**#3C**
Risk Title	**Design changes not communicated / coordinated between contractors**
Risk Description	Design changes required are not shared between contractors
EMCA Report Notes	**Assume Overstated** Table B1: The risk allowance is overstated given (i) the controls that MLPL has identified and should have in place, and (ii) overlap with related risk events that have not been adequately accounted for. Paragraph 144: The risk allowance appears to be duplicative or otherwise overlaps with the provisions under a related risk, including 3F.
Risk Scenario Additional Detail	This risk assessment combines a probability of 60% with a most likely consequence of a 2 week delay to Balance of Works contractor, additional design by CDSE Contractor and additional construction scope. The SMEs considered this combination to be reasonable, having regard the potential for design coordination issues due to the high number of design and technical interfaces. The risk has been realised on other projects applying best practice interface management, and the SMEs considered the controls that MLPL has in place to manage the interface risks in making their assessment. This risk arises primarily from staggered contractor engagement as a result of the procurement strategy (refer Section 4 of the Revenue Proposal), with execution of the BoW Delivery Deed in December 2025. With approximately 200 design and technical interfaces identified to date, even with a strong control processes established, the scale, complexity and multi-disciplinary nature of the project significantly increases the risk of missed or late changes, particularly where third-party suppliers propose alternative solutions, innovation or refinements. MLPL notes that as design development progresses and interface alignment meetings are held following award of BoW Contractor, the design and technical interfaces are increasing in number. This is likely to result in a potential misalignment of interface specification requirements within each contract and misalignment of design development with potential for: • Rework, where one contractor completes design and commences procurement before another contractor's design is finalised. • Changes that are not fully or timely communicated across interfaces. • Procurement proceeding on reference or preliminary designs rather than issued for construction designs. Given the complexity involved, even with extensive controls in place, it is reasonable to assume that some misalignment will occur.

Risk ID	#3C
Risk Title	**Design changes not communicated / coordinated between contractors**
	It is also noted that the interface risks are independent of one another, noting that problems may arise at different stages of the project and have different impacts.
Further justification/ evidence for probability and consequence valuation	Examples of design-related risks that could materially impact cost or schedule include: • Changes to the building envelope by Hitachi driven by electrical interference clearance studies that are not yet finalised, where BoW pricing has already been agreed. • Changes to LV/MV power requirements driven by heating and cooling loads, subsystem design evolution or final equipment procurement, affecting the other party's design and costs. • BoW designs being based on Hitachi reference designs, rather than IFC designs, which remain subject to change. • Constructability reviews not being finalised until BoW design completion, by which time Hitachi procurement may have already commenced. Given the number of interfaces, it is expected there will be hundreds of design changes across disciplines. There is a credible risk that subtle changes by one party may be missed by another, resulting in cost and schedule impacts to MLPL. **Examples of High-Impact Design Changes** Design changes that, if not properly communicated or coordinated, could have material consequences include: • Electrical clearances • Prysmian test equipment setup and space requirements • Valve cooling system changes • Conduit routing • Mechanical installation instructions • Foundation plans • Transformer final supplier design • Diesel generator sizing and layout **Precedent from Comparable Projects** Comparable large-scale infrastructure projects have experienced material cost and schedule impacts arising from similar multi-contractor design integration risks, including Melbourne Metro Tunnel project, Snowy Hydro and North East Link (Melbourne).

Risk ID	#3C
Risk Title	Design changes not communicated / coordinated between contractors
	Contractual and Regulatory Drivers Schedule 33 of the BoW Contract sets out the change management framework for managing technical change from the agreed baseline. However, recent examples demonstrate that regulatory-driven design changes can still arise post-baseline. One such example already emerging is the requirement for additional EMF-related equipment driven by environmental approvals. Similar EMF-related impacts occurred on the Melbourne Metro project, where health equipment interference issues at the Peter MacCallum Cancer Centre required rectification design and contingency drawdown. <u>Land Access and Parallel Design Risk</u> Due to certain land route property parcels being inaccessible as landholders refuse consent, site investigations have not been possible in all areas. To maintain delivery programs, design is progressing in parallel with land access activities (including compulsory acquisition). Once access is obtained, site investigations may identify conditions requiring design changes, with resulting costs passed to MLPL through BoW Contract mechanisms where baseline route assumptions are invalidated. <u>Overlap with Other Risks</u> Contrary to EMCa's comments regarding overlapping risks, we have taken care to ensure that risks are defined to avoid any duplication or overlap. For example, this risk relates to the consequence of design changes within delivery whereas the other interface risks relate to project milestones (3F), or construction site coordination and sequencing (3B) or the existence of scope gaps or overlaps between the construction contracts (3A). In summary, MLPL confirms that the probability and consequence assessment is appropriate as even with strong controls there is a potential for significant impact due to the high number of design and technical interfaces. Interface design risks have been realised on other large scale projects which have applied best practice interface management. MLPL confirms that this risk does not overlap with the other interface risks of 3A, 3B and 3F.
Additional Supporting Documents	In addition to the explanation provided above, the following additional supporting documents are provided which were considered by MLPL's SMEs in their assessment of this risk:

Risk ID	**#3C**
Risk Title	**Design changes not communicated / coordinated between contractors**
	• Technical Interface Specification Cable System Converter Design and Supply Equipment Balance of Works. • MLPL Interface Register • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

Risk ID	[redacted]
Risk Title	[redacted]
Risk Description	[redacted]
EMCA Report Notes	**Assume Overstated** [redacted]
Risk Scenario Additional Detail	[redacted]

Risk ID	[redacted]
Risk Title	[redacted]
	[redacted]
Further justification/ evidence for probability and consequence valuation	[redacted]

Risk ID	[redacted]
Risk Title	[redacted]
	[redacted]
Additional Supporting Documents	In addition to the explanation provided above, we are also providing the further additional information that is relevant to this risk assessment: [redacted] • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

Risk ID	[redacted]
Risk Title	[redacted]
Risk Description	[redacted]
EMCA Report Notes	**Assume Removed** [redacted]
Risk Scenario Additional Detail	[redacted]

Further justification/ evidence for probability and consequence valuation	Justification for Probability [redacted] Justification for Consequence [redacted]
Additional Supporting Documents	In addition to the explanation provided above, we are also providing the following additional supporting documents that are relevant to this risk assessment: [redacted]

Risk ID	[redacted]
Risk Title	[redacted]
Risk Description	[redacted]
EMCA Report Notes	**Assume Overstated** [redacted]
Risk Scenario Additional Detail	[redacted]
Further justification/evidence for probability and	[redacted]

consequence valuation	[redacted]
Additional supporting documents	In addition to the material provided above, we are also providing the following additional information which was also considered by the SMEs in their assessment: [redacted] • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

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
EMCA Report Notes	**Assume Overstated** Table B1: Whilst inclement weather beyond contractual allowances is possible, the consequences are overstated due to MLPL's assumption that delays and associated costs would apply across all contracts. Paragraph 136: Contractual provisions limit MLPL's residual exposure, with cost relief for inclement weather applying only under specific contracts and subject to cost-sharing arrangements. As a result, estimating the consequence based on delay rates across all contractors overstates the residual risk cost. Our understanding is that cost relief is limited to the CBS contract in a cost sharing arrangement, and therefore to estimate the cost based on delay rates in all contracts overstates the risk.
Risk Scenario Additional Detail	This risk is assessed at probability of 55%, with the most likely consequence of 30 days is based on a detailed probabilistic weather model using historical Bureau of Meteorology information. The assessment takes account of the contractual arrangement to ensure that the risk assessment is fully aligned with the contractual terms and conditions.. In contrast to EMCa's view that delay will be limited to the cable contract, MLPL's SMEs in project delivery confirm that high rainfall and flooding has the potential to create delay impacts that extend across all contracts, such as impact to access tracks delaying trenching or works at the convertor stations and delays to cable pulling activities. MLPL note that there is direct contractual relief for inclement weather in cable and convertor contracts. There is also residual risk exposure for MLPL under the reimbursable cost mechanism of the BoW contract. Cable contract: There is contractual cost and time relief for inclement weather exceeding an allowance of: • 840 hours for the PPL scope. The measure is wind speed and wave height compared to the operational limit for the approved vessel.

	• Zero for adverse offshore weather for Landfall Horizontal Directional Drilling scope. Converter Contract: There is contractual cost and time relief for inclement weather (Exceptional Adverse Weather Event) exceeding 10 days (in aggregate). The definition of Exceptional Adverse Weather Event relates to where unsafe to work or access to site prevented. Balance of Work contract: The contract does not include a target adjustment event for inclement weather. However, as the contract payment model is fully reimbursable with a pain-share regime, there exists a residual risk to MLPL for inclement weather exceeding the allowance in the Balance of Works schedule. MLPL's modelling of historical information indicates that there is a probability of exceeding the contractor allowance.
Further justification/evidence for probability and consequence valuation	<u>Example of Projects impacted by weather</u> Wonthaggi Desalination Plant project, which is in similar geographic area, landscape and climate to Marinus Link, was severely impacted by weather: • 'As total losses for firms building the plant approach $1 billion, the state government has been served with claims by the AquaSure consortium for the loss of 70 days of production due to cyclonic weather at Wonthaggi as well as large losses from industrial action.' • https://www.theage.com.au/national/victoria/a-year-late-and-a-financial-disaster-desal-companies-come-clean-20111027-1mm7k.html <u>Justification of probability – weather model</u> MLPL has developed a detailed probabilistic weather model using historical Bureau of Meteorology data from the Fish Creek weather station (Victoria) and the Burnie Park Grove weather Station (Tasmania). Rainfall and wave height were identified as the main inclement weather-related disruptions to model. Rainfall was mapped using the Contractor's weather calendars as a general guide against weather exposed activities, particularly those involving earthworks, concrete placement, crane operations, or other weather-sensitive tasks. Wave height weather risk was mapped on activities related to offshore marine works.

	The contractors have allowed for various activities and calendars to include deterministic allowances for inclement weather. In order to model inclement weather risk using a probabilistic Monte Carlo modelling approach (to consider impact of different seasonal weather patterns), and these deterministic allowances are removed to ensure that there is no duplication of risk: • BoW contract: Allowance of 3 months per year in calendars (days blocked out) for activities related to LCC works • Cable contract: Specific activities for inclement weather allowance for marine works • Convertor contract: Specific activities for inclement weather allowance <u>Justification of consequence – weather model</u> Extended poor weather periods cause delay to critical activities (e.g. marine, foundation or civil works). Historical average from probabilistic model indicates 16 days delay (greater than contractual allowances, including shared risk mechanisms) + cumulative 14 days delay in dealing with >1 significant weather event over the span of the project. A total of 30 days is costed for the most likely case at relevant contractor delay rates <u>Cable Contract – delay rate:</u> Beyond the 840 hours for the PPL scope, any adverse offshore weather becomes a compensation event (time and cost). The daily cap for delay costs for PPL at this stage of the contract is 219,000 Euro per day* 50% as per Clause 15.4(b). The measure is wind speed and wave height compared to the operational limit for the approved vessel. Any adverse offshore weather becomes a compensation event (time and cost). The daily cap for delay costs for Landfall Horizontal Directional Drilling at this stage of the contract is $119,331 per day plus margin (14.9%). The risk model includes delay rate of $160,504, which is less than these maximum contractual entitlements. <u>CDSE Contract – delay rate:</u> Delay rates from Section 5 of Schedule 2 of the contract have been used.

	<u>BoW Contract – delay rate</u> The reimbursable cost is calculated based on delay rates and would be additional cost payable by MLPL less the pain-share amount owed by the BoW Contractor under the cost incentive regime. The risk model includes a pain-share regime to account for reimbursable costs increases above the target cost that are shared by the Contractor. In summary, MLPL confirms the appropriateness of probability and consequence given it uses a P50 outcome of weather from a detailed probabilistic weather model that applies historical weather data. The assessment takes account of the contractual arrangements, and appropriately recognises that the impact can extend across contracts (eg. flooding may impact access tracks, which has the potential to affect all contractors).
Additional Supporting Documents	In addition to the material provided above, we are also providing the following supporting information which was also considered by SMEs in their risk assessment: • E3 Schedule Risk Assessment Report • Basis of Schedule • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

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.
EMCA Report Notes	**Assume Removed** Table B1: The risk is considered to be within the reasonable control of MLPL as the TNSP and should not be included as a separate risk allowance. Paragraph 144: The risk allowance appears to be duplicative or otherwise overlaps with the provisions under a related risk, including 3F.
Risk Scenario Additional Detail	This risk is assessed at probability of 25%, with the most likely consequence being 4 additional weeks work for the BoW contractor and 2 weeks delay to CDSE contractor. The risk assessment assumes that best practice interface management arrangements have been adopted, but also recognises the very high number of interfaces that will result in some residual risk. In addition to assessing these factors, SMEs also ensured that this risk is independent of risks 3B, 3C and 3F. It is important to recognise that with approximately 300 total interfaces identified to date between the three contractor, there is a residual risk of an interface scope gap or overlap. As maturity progresses on contractor engineering, interface understanding will mature where gaps which were difficult to define within the precontracts phase will present themselves. The Balance of Works technical requirements could not be developed pre-contract with complete maturity to all interfaces with the Cable Contractor and Converter Contractor. These scope gaps may not be identified until construction or installation activities commence with potential for claims from the construction contractors where scope is to be transferred or added. This risk is different in nature to other interface risks which are related to other issues such as design changes (technical requirements, rather than scope), and construction interface issues.
Further evidence or justification supports the inclusion of this risk	<u>Justification for probability</u> Whilst the major scope items have been resolved through the development of interface specifications, there is residual risk of scope items being identified through design development. Likely areas for scope gap/overlap: • Land Cable works: The way which the contractor packaging structure was required to be developed meant that the BoW Contractor will

Risk ID	#3A
Risk Title	**Interface scope gaps and/or overlaps between contractors**
	construct all the access arrangements for the Cable Contractor. The BoW Contractor is a competent civil contractor however has no deep expertise on the specialized access and pulling requirements of a cable pulling contractor. This expertise is very limited in Australia and all major cable suppliers are offshore. • Converter station works: involve highly integrated civil, electrical and mechanical scope interfaces. The works between the Converter Contractor and the BoW Contractor are vertically integrated e.g. there is limited discreet handover between the contractors, they are required to design, construct and commission the converter stations in a highly integrated and sequenced manner which provides a significant number of interfaces which must be managed. Major infrastructure projects with similar contractor interface have incurred material cost and schedule impacts from interface scope gaps despite strong governance and controls, including: • Sydney Metro West • Melbourne Metro Interface contingency is a requirement of any organisation managing multiple delivery packages. Reference engineering in the precontracts phase cannot be developed to a mature enough state to completely mitigate interface risk without significant costs. The costs of reference engineering must be balanced with the eventuation of interface risks so that reference engineering costs remain viable. The Marinus Link project has been developed to provide adequate balance between the design and approvals costs, BoW Contractor costs to manage interface risks and owner interface contingency allowances. In summary, MLPL confirms that the risk should be retained, as even with effective controls there is a residual risk and impact which arises from the high number of interfaces. Interface scope risks have been realised on other large scale projects which have applied best practice interface management. SMEs have confirmed that this risk does not overlap with the other interface risks of 3B, 3C and 3F.
Additional Supporting Documents	In addition to the explanation provided above, we are providing the following additional supporting documents that have also been considered by the SMEs in assessing this risk: • MLPL Interface register

Risk ID	**#3A**
Risk Title	**Interface scope gaps and/or overlaps between contractors**
	• Technical Interface Specification Cable System Converter Design and Supply Equipment Balance of Works. • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

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
EMCA Report Notes	**Assume Overstated** Table B1: Probability is overstated when paired with the consequence scenarios assumed.
Risk Scenario Additional Detail	The risk is assessed at probability of 55%, with the consequence reflecting the SMEs' detailed assessment of the impact from landholders requiring full reinstatement of access tracks, considering average track lengths, drains, joint bay construction pads, and fencing changes. The probability assessment has regard to the significant number of properties that have not executed an option deed and the consequence considers the estimated reinstatement cost in the Balance of Works contract, which reflects a baseline property management plan. In contrast to EMCa's view that the probability is overstated, the SMEs confirm the appropriateness of the probability and consequence based on the current status of landholder agreements, the basis of the cost estimate in the BoW contract and the residual risk to MLPL under the BoW contract. The BoW Contractor's cost estimate is largely based on standard landholder agreements, as not all landholder agreements have been secured. Challenges remain in securing the remaining landholder agreements. The BoW ITC Delivery Deed includes cost and time relief for delays in agreeing landholder agreements and scope under the option deed. In contrast to EMCa's view that probability is overstated, MLPL's SMEs in land access and project delivery confirm that it is reasonable to assume that some landholders will demand remediation and restoration above what has reasonably been allowed for by the BoW and Cable contractors, based on the standard landholder agreements. This is particularly likely for the landholders for which easement acquisition will be via compulsory acquisition.
Further justification/evidence for probability and	<u>Justification for Probability</u> High number of outstanding deeds and challenges to reach agreement is likely to lead to more onerous landholder requirements regarding reinstatement:

Risk ID	#122
Risk Title	**Additional Tipping amounts and Topsoil for access track reinstatement dependent on landholder requirements**
consequence valuation	• 64 Option Deeds are currently unsigned, comprising 55 landholders potentially willing to negotiate, and 7 landholders currently identified as likely to require Compulsory Acquisition (CA). • Of the 64 outstanding landholders, 29 have engaged legal representation. • All landholders have the potential to demand restoration and remediation above what has been allowed for, however it is particularly likely to arise with landholders who are actively pushing back against the project. <u>Justification for Impact</u> • Additional 25km above allowance to reinstate 5m wide access tracks at a rate of $30/m for earthworks and $90/m for topsoil. • Additional 50km of swale drain works either side of access roads above allowance at a rate of $25/m for earthworks and $90/m for topsoil • Additional joint bays that require reinstatement above allowance assuming 3m x 7m joint bays, at a rate of $200/m2 for earthworks and $450/m2 for topsoil. • Additional 50km of fencing works either side of access roads above allowance at $10/m • 187 temporary drainage crossings requiring removal during earthworks above allowance at $15k per crossing removal. • Additional hydroseeding of reinstated access roads, swale drains and joint bays that have topsoil above allowance at $10/m. In summary, MLPL confirms the appropriateness of the probability and consequence given the baseline assumptions in the property management plan; the likely requirements for landholders that are yet to execute option deeds; and landholder sentiment particularly if compulsory acquisition is required to a greater extent than assumed in the base expenditure.
Additional Supporting Documents	In addition to the explanation provided above, we are providing the following additional supporting documents that were also considered by the SMEs in their assessment of this risk: Please refer to Balance of Works contract previously uploaded: • ITC-0-AH-BOW PSDR Part H - Property, Land and Survey Requirements_Rev D.pdf

Risk ID	**#122**
Risk Title	**Additional Tipping amounts and Topsoil for access track reinstatement dependent on landholder requirements**
	• ITC-0-AHC-BOW PSDR Part H Annexure C Hazelwood Property Report Rev B.pdf • ITC-0-AHD-BOW PSDR Part H Annexure D Mardan Property Report Rev B.pdf • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

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.
EMCA Report Notes	**Assume Overstated** Table B1: Risk is overstated, as it is largely a contractor risk, with insufficient consideration by MLPL of cost recovery from the causal party, schedule float, and contingency in schedule.
Risk Scenario Additional Detail	The risk is assessed at probability of 45%, with the most likely consequence being a modest delay of 4 weeks delay and rework costs of $2m. The combined probability and consequence reflects the SMEs' experience and knowledge of significant delays in testing and commissioning for many HVDC and other infrastructure projects. The assessment specifically excludes any entitlement for cost recovery under the contracts, so that only those cost impacts that fall to MLPL are included in the assessment. MLPL acknowledges that the CDSE contractor (Hitachi) bears this risk for many of the risk scenarios for repeated failure of testing and commissioning requirements with cost recovery for additional testing. However, there are additional scenarios in which the risk remains with MLPL as described below.
Further justification/ evidence for probability and consequence valuation	<u>Justification for MLPL retained risks</u> Example of residual risks for MLPL include: **1. Project Delays** In the event of repeated failure of testing and commissioning requirements, MLPL will require additional testing for the relevant contractor, which initially may be the Convertor Contractor (Hitachi). If subsequently there is found to defect is in another part of the interconnector (i.e. cable), MLPL would require additional testing on the cable from the Cable Contractor (Prysmian). Under this event, the delays from additional testing will have contractual entitlement for contractor not at fault and impact MLPL costs for extended project duration. **2. Costs for additional testing** If MLPL instruct Hitachi to carry out additional tests or inspections because MLPL reasonably believe the testing doesn't comply with the contract/standards, or because the contractor hasn't met testing obligations, MLPL could be responsible for costs of additional tests under Clause 9.5 'Cost of additional tests' of the CSDE contract. Additional MLPL resourcing costs for continued support onsite would also be a potential cost impact, in particular if we required external witnessing

	support from Amplitude (our current HVDC subconsultant). Labour and expenses for the additional time would be incurred by MLPL. **3. Misalignment between power system modelling by AEMO and MLPL** Misalignment between Power System Modelling testing results of MLPL and AEMO may cause delays up to 4 weeks (consultants engaged, re-work, further testing, etc.). Under this scenario MLPL would be unable to pass on lost time / costs to contractors undertaking testing and MLPL would be liable for contractor claims. **4. Power availability for testing** In the event that MLPL is unable to obtain the required power from the market for testing, CDSE and Cable contractors are likely to submit claims for failure to achieve testing and commissioning milestones. **5. Sign off on Electric Magnetic Field** In the event of delay to commissioning due to unsatisfied conditions of the EPA requirements and sign off on Electric Magnetic Field (EMF) measurements, CDSE and Cable contractors are likely to submit claims for failure to achieve testing and commissioning milestones. In summary, MLPL confirms the appropriateness of the probability and modest consequence given the residual risks outside the contractual performance risk borne by the CDSE contractor. Under the scenarios identified the contractual entitlements means that program float and contingency do not mitigate risk.
Additional Supporting Documents	In addition to the explanation provided above, we are also providing the following supporting documents that were also considered by SMEs in their assessment of this risk: • Refer to Clause 9.5 'Cost of additional tests' of the CSDE contract, MLPL - IR005 - converters contract - 20240501 – Confidential • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

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.
EMCA Report Notes	**Assume Removed** Table B1: The risk is within MLPL's reasonable control as the TNSP and should not be included as a separate risk allowance.
Risk Scenario Additional Detail	The risk is assessed at probability of 20% and most likely consequence is based on SMEs' assessment of a moderate change to design and 1 week delay to testing and commissioning. The assessment considers experience in relation to other projects where an existing O&M function did not exist. This is a residual risk that arises after applying appropriate controls, including the execution of an O&M strategy, as explained below. MLPL as an intending (future) TNSP and does not have an existing operations and maintenance (O&M) function (currently). MLPL has determined a prudent and efficient strategy to the implementation of the O&M function: • Initially persons from Jacobs and Amplitude, as part of the Integrated Delivery Team, will provide O&M input during the design of the project (effectively a Shadow Operator) • MLPL will subcontract the operations and maintenance (O&M) for the asset following commissioning. At this stage of the project, the engagement of an O&M operator for the sole purpose of informing design would not be prudent and efficient and would not achieve competitive prices from an O&M operator commencing in 5 years.
Further justification/ evidence for probability and consequence valuation	There remains residual risk for this efficient strategy that the O&M operator will require changes to achieve its reliability, availability and maintainability targets, including to establish the O&M function for a new operation that will meet AEMO requirements. Examples of changes an O&M may require are: • maintainability improvements, including for physical access for cable terminations, cooling systems and valve halls, and spatial requirements at convertor stations • additional monitoring systems to locate cable faults

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**
	• additional access points for cable joint bays or relocation for a proposed joint bay • additional ventilation requirements in plant areas • improvements in safe ingress and egress pathways. The Shadow Operator approach has been successfully applied for new operations such as Sydney Metro City & Southwest and West, although residual risk was realised in changes to the design and construction following appointment of the O&M. The cost of the changes were lower than the cost of early engagement of the O&M and the improved competitive pricing for O&M phase. In summary, MLPL confirms that this risk should be retained as it is a residual risk following the execution of a prudent and efficient approach for establishing an O&M function. The consequence estimates are informed by the panel of SMEs that have had similar experiences on other projects.
Additional Supporting Documents	In addition to the explanation provided above, we are also uploading the following additional supporting documents for consideration: • Market Capacity for Electricity Generation and Transmission Project • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

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
EMCA Report Notes	**Assume Overstated** While this is a reasonable risk to identify given the interface complexity of the delivery model, the consequences are overstated. Paragraph 144: The risk allowance appears to be duplicative or otherwise overlaps with the provisions under a related risk, including 3F.
Risk Scenario Additional Detail	The risk is assessed at probability of 25% and most likely consequence is based on SMEs' assessment of 4 weeks delay for the BoW contractor and 4 weeks delay to testing and commissioning. This impact considers that even with strong controls there is potential for construction coordination issues due to the high number of construction interfaces. SMEs have confirmed that this residual risk assumes that best practice controls are in place. SMEs have also confirmed that this risk is independent of risks 3A, 3C and 3F. Section 4 of the Revised Revenue Proposal (Jul-25) describes the prudent and efficient procurement strategy that resulted in three construction contracts being procured which creates construction interfaces and on site coordination challenges. The suite of interface risks has been specifically defined to eliminate overlap and double counting and all can happen independently of each other and / or concurrently. This considers scope gaps (Risk 3A), misalignment of design (Risk 3C) and on-site coordination challenges (this risk). On site coordination challenges have the potential to compound if not adequately addressed. The compounding of this risk may eventuate from the cascading nature that on-site coordination challenges can present e.g. insignificant delay in relation to some contractor activities may in turn cause more significant delays for other contractors. As an example, delay in availability of cranes or site access arrangements, can delay delivery and installation of equipment, which in turn delays completion of building works, cable installation and testing and commissioning.
Further justification/evidence for probability and	<u>Float reduction</u> The program received from CDSE Contractor during BoW negotiations resulted in a significant consumption of the float

consequence valuation	between activities of the BoW and CDSE contractor activities, due to sequential installation of convertor stations. This reduction in float is evident from the movement of the interface milestones as shown in the comparison of the "MCC Plan on a Page" between version of August 2025 and November 2025. There is now only 1 month float between when the enabling works for the buildings are completed by the BoW contractor, and the installation of the valves by the CDSE contractor at each converter station. This float was over 5 months in August 2025. In contrast to EMCa's view that consequences of 4 weeks delay to Balance of Works contactor and 4 weeks delay to systems testing is overstated, MLPL's delivery SMEs confirm that these delays are reasonable given the low probability of occurrence (25%), the high number of construction interfaces (over 50 construction interfaces identified to date) and that the float between contracts has already been significantly reduced. In summary, MLPL confirms that the probability and consequence assessment is appropriate. SMEs note that even with effective controls in place, there is a residual risk that arises due to the high number of construction interfaces. Specifically, interface construction risks have materialised on other large-scale projects, despite applying best practice interface management. SMEs also confirm that this risk does not overlap with the other interface risks of 3A, 3C and 3F.
Additional Supporting Documents	In addition to the explanation provided above, our SMEs considered the following information in assessing this risk: • CDCS Schedule 9 - Dates for Key Milestones Completion.png • CDCS Contractor Interface Milestones.png • Marinus Link_MCC_Plan on a Page_Nov25 – WIP.pdf • Marinus Link_MCC_Plan on a Page_Aug25.pdf • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

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
EMCA Report Notes	**Assume Overstated** Table B1. While the probability of encountering unidentified sensitive flora or fauna is reasonable, the consequences are overstated when paired with the assumed likelihood. Paragraphs 171-172: EMCa found that the cost consequence calculated by MLPL has not been adequately matched to the assessed likelihood ('Low'). The time delay impacts assumed by MLPL of 30 to 90 days (for the scenarios) costed at the total BoW delay rate results in an overstated risk allowance, as time delay to the BoW whilst the work was re-sequenced is unlikely across all sites.
Risk Scenario Additional Detail	The risk is assessed at probability of 20% and most likely consequence is based on SMEs' assessment of an impact of 2 months to the BoW contractor. The assessment considers a detailed assessment of realistic timing impacts from discovery of sensitive flora and fauna, including consideration of stop work and mitigations before work can recommence. The SMEs have considered the sensitive flora and fauna that may be located on the site and confirmed site wide impacts. In contrast to EMCa's view that work is not impacted across all sites, MLPL's environmental management and project delivery SMEs reconfirm that the ability to re-sequence works does not consider the potential for unidentified flora and fauna to impact the project beyond 'stop work'. MLPL's realistic and comprehensive consideration of the project impacts considers that the consequence impact from previously unidentified flora and fauna that are discovered during construction, including: • Stop work • Analyse flora / fauna and its immediate implication to approvals and construction activities • Review the design and determine its feasibility (construction methodology, route selection, seasonal impacts of flora / fauna, etc.) • Develop actions needed to mitigate risk / remedy issue

	• Report to regulatory authority, which is likely to include the appointment of an independent auditor • Update Environmental Management Plans including review cycles (internal and IA) • Obtain offsets required outside original assumptions • BoW forced to re-mobilise, will have a material impact to time / costs (greater if identified during construction) • Secure alternate plant and equipment if the construction methodology requires a change (i.e. open excavation to directional drilling) Given the potential impacts, the SMEs considered that a 2 month delay would be the most likely scenario. Under a worst-case scenario, it is appropriate to recognise that MLPL may be required to change the route significantly and acquire new land / negotiate Option Deeds.
Further justification/ evidence for probability and consequence valuation	<u>Justification of Consequence:</u> On the basis of the information provided above, the cost impact includes: • BoW costs, which will depend on the impact on the contractor, including how easily it is able to re-mobilise to a new location / adapt to new environmental planning conditions, which may include revised construction methods • Further assessments and field surveys • Obtain biodiversity offsets • Ecologist for permit to relocate • Independent Environmental Auditor costs • Legal costs, including and revision to EMPs • Redesign would include further environmental assessments and surveys, acquire land access, redesign work (engineering), new and/or revised land agreements / Option Deeds <u>Justification for site-wide rate - Examples to date:</u> The purpose of the examples below is to show the types of events and impacts that have already occurred, which indicates that occurrence is likely. The probability adopted needs to also consider the consequences that are assumed, which is why a lower probability of 20% has been combined with a cost consequence that considers the full range of impacts listed above. 1. EPBC Advice - Orchids (Vic) In the Gippsland region there are a number of seasonal species, such as orchids, that are unable to be identified at certain times of

	year and may only occur every 2nd or 3rd season. This makes pre-construction surveys limited to what is known at the time of the survey. This combined with a prolonged construction window (4+ years) greatly increases the likelihood of unidentified flora and fauna being identified over the life of the project. Action imposed on MLPL to drill (as opposed to currently planned trenching works) or find alternative route in the event that orchids are encountered. Drilling will require amendments to access track movements, acquisition of HDD equipment, review land parcels (size) and renegotiation or new Option Deeds. Further conditions imposed include additional onsite surveys for 5 orchid species, detailed design to avoid impacts on habitat, offsets required for any residual loss, a Biodiversity Management Plan to include updated mapping, no-go zones, and construction controls, and a maximum clearance limit (EPBC – Statement of Reasons). 2. Tasman Grass-wrack Sea Grass (seaweed) Recently identified (Victoria), unknown extent until surveys conducted - survey unable to proceed until land access is secured, and may require an update to the Marine and Coastal Act application (still pending) and may lead to project delays and additional costs. 3. Scarred Trees A protected native species, which has been identified along the route. Due to limited access for site surveys there remains an increased risk of further discovery. If Scarred Trees are within the area of disturbance during construction phase, conditions from regulatory authorities are likely to be imposed, possibly requiring re-routing of the land cable to avoid disturbance. 4. Eagle Nests Eagle nests have been identified around the Heybridge Converter Site (Tas), which may restrict construction activity based on sightings of eagles. See Fauna Tech Note - Eagle nest management. In summary, MLPL confirm the appropriateness of the probability and consequence given the inability to mitigate by relocating (as suggested by EMCa) for the specific sensitive flora and fauna that are relevant to Marinus Link and that these can delay the full scope of the BoW contractor.

Additional Supporting Documents	In addition to the material provided above, we are also providing the following supporting information: • 112_1-3_Fauna_Tech_Note_1_Eagle_nest_management.pdf • EPBC 2021-9053-Statement-of-Reasons.pdf • Aboriginal-scarred-trees-fact-sheet.docx

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.
EMCA Report Notes	**Assume Overstated** Table B1. Given the quality of controls including expert advice and insurer's requirements, the probability is overstated.
Risk Scenario Additional Detail	The risk is assessed at probability of 20% and most likely consequence is based on SMEs' assessment of an impact of 1 month additional scope for Cable contractor and 2 week of standby. The assessment reflects the risks associated with an outstanding burial assessment by independent Marine Warranty Surveyor and feedback from insurers in response to a report provided by MLPL. In contrast to EMCa's view that this issue has been addressed by quality controls and expert advice, MLPL's project delivery and insurance SMEs reconfirm that this is not correct. Whilst a plan has been presented to the insurers regarding proposed burial depth of 1m and no feedback has been received to date. Furthermore, a burial assessment is being conducted by an independent Marine Warranty Surveyor. It is unclear, therefore, whether this risk will crystalise. A completed Burial Assessment study provides an overview of subsea ground risk conditions. • 228km (89%) is 'Good Rating' • 21km (8%) is 'Medium Rating' • Further, this report is sampling and does not guarantee full route conditions. • Given the report, it is expected that the project will encounter some difficulty with burial activities along the route that will likely trigger this risk. • MLPL considers 21km to be at risk of not achieving a min. 1m burial depth, which may require more passes than allowed for (best case scenario) or alternate vessels / equipment (worse case) to meet surveyor / insurer's requirements.

Risk ID	**#11**
Risk Title	**The proposed burial depth of the cable may need to be increased to satisfy the insurer's requirements**
Further justification/ evidence for probability and consequence valuation	Under the Cable contract, if burial depth is not achieved, the risk of additional works and associated costs is retained by MLPL. MLPL notes that Basslink faced similar issues from its insurer (MWS) and were required to incur additional costs, including procuring additional vessels for works (approx. EUR 9M additional cost for Basslink to achieve the required depth of insurance acceptance). In summary, MLPL confirms the appropriateness of low probability and modest impact given potential for requirements from external parties has not yet been established and experience on Basslink, in which these risks crystallised.
Additional Supporting Documents	In addition to the material provided above, we are also providing the following supporting information that have considered by the SMEs: • EPC-4C1-6-CB Cable Burial Risk Assessment_Rev 00 • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

Risk ID	[redacted]
Risk Title	[redacted]
Risk Description	[redacted]
EMCA Report Notes	**Assume Removed** [redacted]
Risk Scenario Additional Detail	[redacted]
Further justification/evidence for probability and consequence valuation	[redacted]

Risk ID	[redacted]
Risk Title	[redacted]
	[redacted]

Risk ID	[redacted]
Risk Title	[redacted]
	[redacted]
Additional Supporting Documents	In addition to the material provided above, we are also providing the following supporting information: [redacted] • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

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.
EMCA Report Notes	**Assume Removed** Table B1: Risk has not been sufficiently justified, including why this risk should not be the sole technical and commercial responsibility of the Contractor
Risk Scenario Additional Detail	The risk is assessed at probability of 45% and most likely consequence is assumed to be a modest allowance of 10% of cable pull length and 2 weeks effort. The assessment is based on SMEs' experience on other projects and gap risk that can exist for buried cable. MLPL acknowledges that for the majority of scenarios where damage is caused to the cable, liability will rest with the contractor responsible. However, there are examples where MLPL retains exposure, as explained below.
Further justification/evidence for probability and consequence valuation	<u>Justification for Inclusion</u> In contrast to EMCa's assessment, there are scenarios in which residual risk remains for MLPL instead of the risk resting with the contractor(s). In this example, the BoW Contractor and Cable contractor will each undertake scope of separate works under their own testing / quality assurance. If the cable is damaged, the BoW Contractor can be expected to cite the cable being not fit for purpose or damaged in the handling / pull through. Likewise, the Cables Contractor will cite the conduit as the reason for the damage. For example, as the conduits are buried, there may be no clear evidence to determine whether cable damage that occurs when it pulled through the conduit is the responsibility of the BoW contractor or cable contractor. As a consequence, MLPL is likely to retain risk in these circumstances. Where the damage can be covered under contract works insurance, the deductibles reside with MLPL. We note that this risk crystallised during construction of the Victorian Desalination Plant. On that project, approximately 23% of the joints were damaged. The interfacing contractors cited each other for the design and workmanship issues. With a lack of clear evidence, the owner was left to cover the associated costs. In summary, MLPL confirms that this risk reflects experience on other projects involving buried cables, where the owner is exposed to residual

Risk ID	**#90**
Risk Title	**Land cable civil installation works are incorrectly constructed leading to damage of the cable system**
	risk even with appropriate contractual arrangements and controls in place.
Additional Supporting Documents	In addition to the material provided above, we are also providing the following supporting information: • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

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 has been identified at the Tasmanian converter site, and testing cannot be undertaken over land cable route, resulting in contamination removal costs above the estimated allowance.
EMCA Report Notes	**Assume Overstated** Table B1: Costs for stated probability have not been sufficiently justified, including the basis for additional costs of re-routing 10km of cable due to unforeseen contamination Paragraph 177: MLPL has not provided sufficient justification for including the additional cost of re-routing up to 10 km of cable in response to contamination, in addition to remediation costs. Assuming contamination would necessitate large-scale route relocation suggests either an overstatement of the consequence or a mismatch between the assumed likelihood and impact, resulting in an inflated residual risk cost.
Risk Scenario Additional Detail	EMCa considers there to be either an overstatement of the consequence of this risk (re-routing the cable) or a mismatch between the assumed likelihood and impact. MLPL's panel of SMEs consider that unforeseen contamination could be encountered along the land cable route and at the Tasmanian converter site, with a residual probability of 25% and a most likely consequence of 10kms additional length of cable, two additional weeks for BoW contractor and additional remediation works at Tasmanian site. The assessment considers the land use and lack of contamination surveys along the land cable route due to inability obtain access, as well as the historical presence of a Tioxide factory at the converter site. The re-routing length takes into account that there are two cables per trench and an efficient jointing length of approximately 1km. In summary, MLPL considers that both the probability and consequence of this risk have been appropriately match considering the available information. <u>Land Cable Route</u> Geophysical and geotechnical testing and surveying has been limited due to access restrictions. <u>Tasmanian Converter Site</u> MLPL expects there to be contamination at the Tasmanian convertor site that will require a variation to Balance of Works contract.

Risk ID	**#13**
Risk Title	**Unforeseen contamination at the Tasmanian converter site and/or the land cable route (impacting to Balance of Works Contract)**
Further justification/ evidence for probability and consequence valuation	Justification for Land Civil Cables MLPL SMEs have determined for this scenario that a most likely case (considering low probability of 25%) would require additional 10km of cable length considers both the existing land use, there are two cables per trench and also the efficient jointing length of a cable of approximately 1km. These factors mean that length of re-route due to contamination could be 2.5-5km or only 3%-5% of the total route. MLPL notes that the cable route traverses private, commercial, and state government land with a high concentration of agricultural activities. Poor agricultural practices such as leakage from underground sources (onsite wastewater systems, waste disposal sites or storage tanks), or unsafe storage of hazardous products can lead to latent conditions and site contamination. The remoteness of the cable route also elevates the risk of encountering illegal dumping on both private and state government land. MLPL will not know the extent of ground conditions including contamination until construction commences as with the majority of the 90km route being trenched it is not prudent or efficient to undertake extensive contamination testing. The ability to undertake this testing is also being constrained by lack of site access with only 32% of properties having executed easement option deeds. It is more cost effective to reroute, rather than excavate the contamination, trace to source, and sample, segregate and dispose of the contamination. Justification Converter Stations Marinus Link Contaminated and Acid Sulphate Soils Impact Assessment - Heybridge Converter Station, Tasmania (2024, Tetra Tech Coffey). • Contamination surveys for both soil and surface water have been conducted on the site as the site used to be a Tioxide factory (shutting down in 1996 and being demolished in 1998). Multiple desktop and site surveys have been conducted to assess the various contaminants that may be present. • The assessment of all previous studies revealed that the site had been under sampled to provide a full picture of contamination; this study further sampled across the northern boundary and in soil stockpiles • Per Section 5.6, sampling of the site as a whole is constrained due to deeper, buried, footings from the tioxide factory and that there is the potential for contamination below these footings that is unknown, as they cannot currently be sampled. This contamination would be

Risk ID	#13
Risk Title	**Unforeseen contamination at the Tasmanian converter site and/or the land cable route (impacting to Balance of Works Contract)**
	assessed through pre-construction surveys, where the contractor would have access to conduct a more thorough sampling program. Due to this the nature of contamination at the site is unknown. • Further to this, based on previous site surveys, contamination levels show that excavation may discover contamination levels that exceed EPA Tasmania's criteria. • Limited Acid Sulphate Soil sampling has been conducted to date, with some samples collected in this study showing exceedance of acidity criteria. • Field testing done in 2022 by Jacobs shows strong evidence ASS is present on site. • Hydrocarbon and heavy metal contamination is also still considered a risk on site during excavation activities given previous lab testing on soil samples. ASS soils are expected to be 0.5m below the ground surface, but spread out heterogeneously. It is recommended further sampling is conducted pre-construction to identify where these may be located. WSP report – Marinus Link Onshore Environmental Desktop Assessment: Heybridge (June 2024) • Section 4.6.2 states that PFAS was detected in three groundwater wells in testing done in 2022 by Jacobs – further information is needed to assess PFAS impact, as these were below the adopted 95% marine ecosystem criteria, however data on sampling is limited. • Further sampling on site will be required to understand if there is PFAS contamination that requires remediation. In summary, MLPL confirm the appropriateness of probability and consequence given it is a low probability and impact is limited to approximately 3-5% of the land cable route and assessment reports of contamination in Tasmania are not definitive on impact.
Supporting Project Information	In addition to the material provided above, we are also providing the following supporting information: • Marinus Link Contaminated and Acid Sulphate Soils Impact Assessment - Heybridge Converter Station, Tasmania (2024, Tetra Tech Coffey) (215878ML_Heybridge_Tasmania_CSASS_RevE.pdf)

Risk ID	**#13**
Risk Title	**Unforeseen contamination at the Tasmanian converter site and/or the land cable route (impacting to Balance of Works Contract)**
	• WSP report – Marinus Link Onshore Environmental Desktop Assessment : Heybridge (June 2024) (PS133809-WSP-MEL-GEO-REP-0019 Rev 0.pdf)

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
EMCA Report Notes	**Assume Removed** Table 3.1: Not sufficiently justified. Assumed to be included as part of supporting activity costs (which are beyond the scope of our review) and within TNSP control.
Risk Scenario Additional Detail	EMCa's assessment considers that this risk forms part of MLPL's forecast support activity costs and is within MLPL's control. In contrast to EMCa's assessment, the risk is not included in MLPL's forecast support activity costs. In accordance with AER guidelines, MLPL has not included allowances for events that may not occur and therefore has not included an allowance in forecast service provider costs for higher than expected inflation. In addition, this risk relates to external factors (outside of MLPL control) such as competing projects or global inflationary pressures result in price escalation for service providers above and beyond normal expected ranges. The residual risk is assessed at a probability of 45% and the most likely consequence is $10million. MLPL note that the service provider budgets have included annual increases based on historical average wage increases and there remains a residual risk to MLPL for high cost increases with forecast energy projects creating high demand from service providers that would result in significant cost increases for MLPL. This risk may arise 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.
Further justification/evidence for probability and consequence valuation	<u>Justification for probability</u> The probability is based upon escalation trends experienced over the previous 10 year period for professional services on transport projects across the east coast Australia, with Sydney Metro, Melbourne Metro, Inland Rail and Westgate Tunnel projects all reporting material increases in advisory, engineering and commercial services costs due to labour market shortages and intensified competition for specialist capability.

Risk ID	**#26**
Risk Title	**MLPL Service provider costs escalate over time above existing allowances**
	These examples demonstrate that professional services cost escalation is a systemic trend, not project-specific. Similar inflation may occur over the next 5 years in the energy sector given the planned energy transition and announced projects including Victoria's Renewable Energy Zones and NSW's Electricity Infrastructure Roadmap implementation. The ability to meet resource demand through overseas resources is limited given the global energy transition. <u>Justification for consequence</u> The valuation of this risk is supported by recent escalation trends across the Australian infrastructure and energy transition sectors. MLPL has already observed 4-11% annual increases in professional services rates over the past 12–18 months. Applied to an estimated ~ $126 million professional services exposure to 2030, even modest compounding of these increases justifies a contingency of this order of magnitude. In summary, MLPL confirms that this risk should be included given that there is a residual risk reflecting realistic market conditions and consistent with cost impacts recently experienced on major Australian infrastructure and energy transition programs.
Additional Supporting Documents	In addition to the material provided above, we are also providing the following supporting information: • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

A-2 Remaining Risks

Risk ID	**#4A**
Risk Title	**Noise level and/or neighbour complaints in Tasmania associated with the project during the development phase**
Risk Description	Noise management levels as agreed with the Environmental Protection Agency (EPA) are exceeded at nearby identified receivers as a result of poor management of noise limits during construction (e.g. construction sequencing, construction methodologies, community notification) and/or in the design and layout of the converter station (e.g. construction materials) resulting in noise complaints causing project delays and increased costs.
EMCA Report Notes	**Assume Overstated** Paragraph 173: note that while complaint-based noise regimes can give rise to residual risk, MLPL has identified design, construction and community engagement controls to manage noise impacts, and noise mitigation is already included within the project scope and support costs. The assumption that noise complaints would result in material project delays, costed using full delay rates, is not sufficiently justified and overstates the residual risk.
Risk Scenario Additional Detail	In contrast to EMCa's assessment, and despite the controls that MLPL has in place, SMEs' assessment is that residual risk arises due to anti-project sentiment within the community. Vexatious noise complaints are a very common disruptive strategy used by community groups / aggrieved stakeholders to interfere with project delivery. Noise complaints can lead to EPA infringement / direction resulting in: • Stop works until matter resolved. • Unable to undertake works with certain plant and equipment. • Reduction in site hours operating hours. • Additional noise monitoring requirements. • Additional notice management controls (i.e. acoustic sheds). • Procurement of alternative plant and equipment (e.g. fully electric substitutes). • Relocation costs for sensitive receivers for the duration of construction. EPA directions of this nature would result in material project delays, and therefore MLPL considers that using full delay rates is justified for valuing this risk.

Further justification/evidence for probability and consequence valuation	MLPL notes that the consequence cost for the most likely case includes the impact of stop work order, reduced productivity from restrictions imposed and the need to purchase additional property. The full delay rate for the converter station site is used for the stop work order, as a stop works order from the EPA can occur with limited / no warning following notice, making it very difficult to re-purpose work activities (i.e., other tasks may require different plant and equipment, different materials and equipment not yet available on site).
Additional Supporting Documents	In addition to the material provided above, we are also providing the following supporting information: • FULL EAR Converter Station - section 8.2 Noise and Vibration • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

Risk ID	**#4B**
Risk Title	**Noise level and/or neighbour complaints in Tasmania associated with the project during the delivery phase**
Risk Description	The Tasmanian Environmental Protection Agency (EPA) has a complaints based system for management of noise (e.g. no defined levels). The design and layout of the converter station and/ or switching stations may result in excessive noise during operations leading to neighbour complaints.
EMCA Report Notes	**Assume Overstated** Paragraphs 173: Noise mitigation is included in the design scope, though we accept that because there is a complaints-based system there remains a residual risk that further noise mitigation measures may be required. However, the basis for a time delay to contractors, which is the basis for the proposed cost, is not adequately established by MLPL. Whilst a cost may be incurred, we consider there are likely lower cost alternatives than MLPL has proposed.
Risk Scenario Additional Detail	EMCa considers that the basis for a time delay to contractors in relation to noise complaints has not been adequately established by MLPL and that lower cost alternatives are likely. The Testing & Commissioning (T&C) phase performed by the converter contractor will create operational noise for nearby residents, which EMCa appears to accept. In turn, complaints from nearby residents that are received by Tasmania EPA can lead to intervention orders and stop works. This would lead to design reviews, equipment assessments and additional testing – which would cause time delays for the converter contractor, in contrast to EMCa's assessment. In parallel, it would be expected that noise mitigation measures such as site layout and barriers implemented will need to be reassessed and upgraded, and new noise mitigation considered by the BoW contactors, justifying the need for their presence. As a conservative approach, MLPL has adopted BoW Delay Rates as opposed to the higher BoW Work Rate.
Further justification/evidence for probability and consequence valuation	<u>Justification of consequence</u> Extensive controls and mitigation strategies are already in place (e.g. site layout, converter design). The site location, size, and topography in relation to nearby residents means additional noise mitigation measures are limited beyond what's been adopted to date, and MLPL considers no other options available and that acquiring the nearby land earmarked for residential development is more prudent and efficient. Consequently , EPA imposed conditions may reduce hours of operation, significantly reducing

	the Links availability to be energised at full capacity and limit its revenue earning capacity. For a most likely impact, 56% of the cost is acquisition of property and acoustic treatments. The remainder is productivity loss from constraints being placed on construction activity for the converter and BoW contractors, in particular during T&C phase when the project's operational noise is first experienced by nearby residents.
Additional Supporting Documents	In addition to the material provided above, we are also providing the following supporting information: • FULL EAR Converter Station - section 8.2 Noise and Vibration • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

Risk ID	**#9**
Risk Title	**Cost uncertainty to achieve sustainability goals**
Risk Description	Sustainability goals are evolving with respect to external requirements resulting in uncertain costs for sustainable initiatives.
EMCA Report Notes	**Assume Removed** Paragraph 173: The application of a sustainability rating is not mandatory for the Marinus Link project. Setting and achieving a rating determined by the Infrastructure Sustainability Council (ISC) rating is included in the supporting activities. We consider that the product of this work is within reasonable control of MLPL to determine and therefore is not a reasonable cost to consumers.
Risk Scenario Additional Detail	EMCa's assessment considers this risk should be removed since setting and achieving a rating determined by the ISC is within the reasonable control of MLPL to determine. However, this risk is not in relation to receiving ISC accreditation as suggested by EMCa. Instead, the risk is that the evolving definition of sustainability requirements necessitates adjustments to the project scope, leading to additional project costs.
Further justification/evidence for probability and consequence valuation	The AER have clear expectations regarding MLPL obtaining and maintaining its social license to operate, as such it would be negligent to deliver this ISP actionable project without driving towards sustainability goals in alignment with external requirements and community/stakeholder expectations, including MLPL's Consumer Advisory Panel. Setting and achieving these goals is crucial not only to deliver a sustainable asset but ensure support from local communities who are directly impacted by construction activities. MLPL's sustainability goals were developed through extensive stakeholder engagement, encompassing areas of healthy planet, community prosperity, and trusted organisation. Development of these pillars were considered relevant Commonwealth and State legislation and policy of which MLPL has no control over changing external requirements. Further, the media highlights increased public scrutiny on politicians and organisations who ignore their obligations to the environment. MLPL's panel of SMEs relied upon to assess this risk noted that underestimating the cost to achieve sustainability goals may require additional unplanned investment, cause scope trade-offs, lead to non-compliance risks, and result in reputational damage, affecting overall project cost and timeline. The risk has been valued based on adjustments to design or procurement activities required to deliver sustainability targets as further described in MLPL's Risk Model.

Additional Supporting Documents	In addition to the material provided above, we are also providing the following supporting information: • AEMO | Strategic Corporate Plan • Social licence for electricity transmission projects | Australian Energy Regulator (AER) • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

Risk ID	**#64**
Risk Title	**The asset control systems established by contractors fail to meet required performance i.e. SCADA and Metering Systems, resulting consequential impacts on MLPL**
Risk Description	Asset control systems (such as SCADA and metering systems) fail to meet required performance or function to allow the asset to be operated in the National Electricity Market (NEM) due to design or installed condition
EMCA Report Notes	**Assume Overstated** Paragraphs 180: Controls and cost recovery potential from the relevant contractors have not adequately been accounted for in Risk ID 64
Risk Scenario Additional Detail	EMCa considers that MLPL has overstated this risk because it has not sufficiently accounted for controls and the potential to recover costs from relevant contractors. E3 Advisory notes that MLPL's panel of SMEs have identified multiple controls for this risk, including ongoing design reviews, requirements to adhere to Australian Standards and functional specifications – and a contract in which performance of the asset control systems are the responsibility of the converter contractor. However, residual risk remains due to the complexity of integrating SCADA, metering, and protection systems across multiple contractors and regulatory interfaces. AEMO's Power System Guidelines are complex in nature, alignment of models is unique to each new system and cohesion with external parties is not guaranteed. This risk cannot be fully transferred due to the bespoke nature of system configuration and the evolving requirements from AEMO and TasNetworks during final acceptance testing.
Further justification/evidence for probability and consequence valuation	Asset control systems such as metering systems are subject to AEMO approval, and complications and delays may occur as a result of: • Complex design and diagram information, • Testing the accuracy of metering installation equipment, • Unclear market systems parameters, • Availability of market roles for assignment to the Market Settlement and Transfer Solutions (MSATS) system. System requirements, heavily dependent on external parties, is a risk that cannot be fully transferred and the delays suffered by the

	Converter Contractor will have an entitlement under the contract that is valued at the CDSE Delay Rate. In summary, MLPL considers that the residual probability (20 %) and consequence (three point estimates) are appropriate given the SMEs' experience in similar projects and their understanding of MLPL's particular circumstances. Further detail is provided in the MLPL Risk Model (AER Submission) – December 2025.xlsx.
Additional Supporting Documents	In addition to the explanation provided above, we are also uploading the following additional supporting documents which SMEs considered in assessing this risk: • https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/system-operations • AEMO | System operations • MLPL Project Risk Model (AER Submission) – December 2025.xlsx

Appendix B Risk Details – Excluded Pass Through Events

B-1 New Risk - Biodiversity Event

Risk ID	**#123**
Risk Title	**New Risk - Biodiversity Event**
Risk Description	Decision by a planning authority to change MLPL's biodiversity obligations which requires additional measures be taken to avoid and minimise biodiversity impacts (or to refuse an application based on those impacts).
Residual Risk Rating	**1-Low**
Risk controls in place	1. Biodiversity offset strategy 2. Biodiversity offset estimates within owners' costs allowance 3. Assessment of worst case scenario to understand full environmental impacts 4. Development of the Biodiversity Management Plan 5. Further assessments (e.g. vegetation quality and habitat assessments) to inform final design
Basis of Residual Probability	MLPL has established a biodiversity strategy and is well progressed with its planning applications. However, ongoing design variations as the project matures are likely to have impacts on these applications. Furthermore, there remains some uncertainty regarding the application of conditions in the Environmental Effects Statement. These factors, combined with external events that may impact the regulator's assessment, could lead to changes in the final biodiversity obligations required by State and Commonwealth authorities, and the risk cannot be fully eliminated. For these reasons, MLPL have established a probability of occurrence of 15%.
Potential cost impacts	[redacted]
Basis of cost and time valuation (including assumptions)	**General**: Changes to biodiversity obligations will impact the offset requirements required for the project and could cause changes to route design, construction methods, current biodiversity offset methodology and measures to be taken to avoid and minimise biodiversity impacts. The impact could be increased compliance obligations, reassessment and redesign of construction methodology, project delays, contractor variation claims and increased project costs for the Victorian component. **Best Case**: Change in biodiversity obligations result in a 5% increase to biodiversity costs. **Most Likely Case**: Change in obligations result in a 25% increase to biodiversity costs, plus [redacted] for redesign works with the associated obligations. **Worst Case**: Change in obligations result in a 50% increase to biodiversity costs, plus [redacted] for redesign works with the associated obligations and contractor variation claims.

Risk ID	#123				
Risk Title	New Risk - Biodiversity Event				
Monte Carlo Assessment	Best Case	Most Likely	Worst Case	Cost Basis	Distribution Type
	[redacted]	[redacted]	[redacted]	Biodiversity Provisions	Betapert
Why the risk cannot be efficiently mitigated, transferred or avoided	This risk's impact is driven by external parties, and is out of MLPL's control. MLPL submitted this risk as a pass-through event as part of its revenue proposal and it was not accepted. The residual risk remains and is a valid risk to be included within the assessment of the 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
	✓	✓	✓	✓	✓	✓

B-2 New Risk - Unavoidable Contractor Variations (if not accepted as a Pass-through Event)

Risk ID	#124
Risk Title	**New Risk - Unavoidable Contractor Variations (if not accepted as a Pass-through Event)**
Risk Description	A variation to a contract relating to the construction of Stage 1 of Marinus Link is required to accommodate a change in the project design or proposed route which are outside MLPL's direct control and has a material impact on MLPL's costs of constructing or commissioning Marinus Link.
Residual Risk Rating	**3-High**
Risk controls in place	1. Competitive procurement with clearly defined contract terms, including variation, notice and claim-management provisions. 2. Extensive front-end design development, geotechnical and environmental investigations to reduce baseline uncertainty. 3. Independent constructability, schedule, and cost reviews to validate contract documentation clarity. 4. Ongoing engagement with regulators and key stakeholders to confirm design expectations. 5. Owner's design oversight and rigorous contract administration to minimise discretionary scope changes. 6. Further refinement of design documentation prior to final investment decision and contract award. 7.Implementation of a strengthened change-control protocol across all interfaces. 8.Continued expansion of geotechnical, metocean, environmental and survey datasets to reduce uncertainty. 9.Enhanced stakeholder coordination agreements with TNSPs, port authorities and regulators. 10.Strengthened claims prevention framework and early-warning processes.
Basis of Residual Probability	Despite strong front-end design and procurement controls, residual exposure persists because key drivers sit outside MLPL's reasonable sphere of influence, including: - Unforeseen latent conditions in marine and terrestrial environments that cannot be fully eliminated through pre-works investigations and cause a change in project design. - Regulatory, statutory, and standards-related changes issued after contract establishment. - Third-party interface changes (e.g., TNSP design integration requirements, approvals bodies). This aligns with AER guidance that residual likelihood must reflect the "as at assessment date" view including committed mitigations;

Risk ID	#124
Risk Title	New Risk - Unavoidable Contractor Variations (if not accepted as a Pass-through Event)
	however, some events cannot be efficiently transferred or avoided and therefore retain material probability. Risk causes could include: 1. Incomplete, evolving, or prescriptive regulatory/technical requirements issued after contract establishment. 2. Latent geotechnical, environmental, or marine conditions not reasonably identifiable during pre-contract investigations. 3. Interface changes arising from third-party stakeholders (e.g., network service providers, regulators, port authorities). 4. Errors or ambiguities in standards, codes, or statutory approvals that force scope changes during delivery. These causes could have the following consequences: 1. Additional contractor claims for cost and schedule extensions. 2. Increased owner's contingency drawdown and potential upward pressure on approved budgets. 3. Delay to critical path construction activities, particularly marine installation windows. 4. Reduced delivery efficiency due to re-sequencing, rework, or redesign requirements. 5. Increased commercial management burden and potential for disputes. For these reasons, MLPL have established a probability of occurrence of 20%.
Potential cost impacts	[redacted]
Basis of cost and time valuation (including assumptions)	**General**: The risk has been assessed on the basis of: - Benchmarking against major HVDC, cable-laying and linear infrastructure projects where unavoidable contract variations are a common cost driver. - Historical claims data from comparable marine installation, tunnelling and transmission projects showing variation occurrence rates on most recent major projects. - Expert elicitation workshops indicating that even with enhanced controls, external drivers (regulatory change, latent conditions) maintain a non-negligible likelihood of contractor variations. - Consideration of MLPL's contract strategy: while risk transfer is maximised, certain events cannot be contracted out without disproportionate premium or inefficiency (consistent with AER GN3A guidance). **Best Case**: 2.5% increase in Contract value due to minor, unavoidable variations arising from small adjustments to design due to external requirements, or resolution of low-impact latent conditions. These events require limited rework or scope growth and are resolved

<table>
<tr><td>Risk ID</td><td colspan="5">#124</td></tr>
<tr><td>Risk Title</td><td colspan="5">New Risk - Unavoidable Contractor Variations (if not accepted as a Pass-through Event)</td></tr>
<tr><td></td><td colspan="5">through standard contract mechanisms with minimal program effect.
Most Likely Case: 5% increase in Contract value due to moderate unavoidable variations linked to design requirements, interface changes initiated by third parties (e.g., TNSPs or regulatory authorities), or latent conditions that materially affect project design. These variations typically involve re-sequencing works, modest redesign, or procurement changes and reflect the scale of variation claims commonly observed on comparable transmission and marine infrastructure projects.
Worst Case: 7.5% increase in Contract value due to significant unavoidable variations triggered by major latent ground or marine conditions, substantial regulatory or standards updates, or route changes that necessitate redesign, extended construction windows, and/or specialist rework. These impacts are representative of upper-bound events seen on large, complex infrastructure projects where external, uncontrollable factors drive material scope and cost uplift.</td></tr>
<tr><td rowspan="2">Monte Carlo Assessment</td><td>Best Case</td><td>Most Likely</td><td>Worst Case</td><td>Cost Basis</td><td>Distribution Type</td></tr>
<tr><td>[redacted]</td><td>[redacted]</td><td>[redacted]</td><td>Total Contract Value</td><td>Betapert</td></tr>
<tr><td>Why the risk cannot be efficiently mitigated, transferred or avoided</td><td colspan="5">Due to the nature of unavoidable variations, it is difficult to anticipate the extent and drivers as known risks are captured individually in the register. Whilst good practice controls and treatments are in place to minimise and anticipate contractor variations, there remains a residual risk.
MLPL submitted this risk as a pass-through event and if it is not accepted the risk would remains and would be suitable for inclusion as a residual risk for purposes of determining the risk allowance.</td></tr>
<tr><td rowspan="2">Compliance with AER requirements (refer to section 2.2)</td><td>Risk cannot be reasonably controlled by MLPL</td><td>Risk is not managed by MLPL as part of BAU</td><td>Risk is not symmetrical</td><td>Risk is not covered by contract terms</td><td>Risk is not covered by insurance / recoverable from third party</td><td>Risk is not covered in cost pass through events</td></tr>
<tr><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
</table>

B-3 New Risk - Contractor Insolvency Event

Risk ID	**#125**
Risk Title	**New Risk - Contractor Insolvency Event**
Risk Description	A contractor is declared insolvent, requiring MLPL to appoint an alternative contractor.
Residual Risk Rating	**2-Medium**
Risk controls in place	1. Robust procurement process in selection contractor (financial credentials reviewed) 2. Management and oversight of Major Contractors 3. Management Plans and Systems (e.g. environment, safety, project execution, etc.) 4. Monitor contractor financial status during Manufacturing, Construction and Commission phase.
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. Such incidents are uncommon because most contractors are selected based on financial stability, track record, and performance guarantees. The contractor could experience cashflow issues due to volatile market conditions or other risks. They may become unable to pay staff and suppliers, leading to stopping or slowing project work. If the contractor eventually becomes insolvent, MLPL will need to engage a replacement contractor to finish the works. This could lead to cost increases from negotiation with a new contractor, incurring procurement costs, delays in project completion and consequential losses beyond bank guarantees. Examples of Contractor insolvency impacting projects include Clough's insolvency impacting Snowy Hydro.
Potential cost impacts	[redacted]
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 [redacted]% 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 goes into liquidation, additional cost of [redacted]% 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.

<table>
<tr><td></td><td colspan="5">Worst Case: Prysmian termination before cables start manufacturing (non-insurable), forfeit what has already been paid them [redacted]% of CV, plus additional cost of [redacted]% 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.</td></tr>
<tr><td rowspan="2">Monte Carlo Assessment</td><td>Best Case</td><td>Most Likely</td><td>Worst Case</td><td>Cost Basis</td><td>Distribution Type</td></tr>
<tr><td>[redacted]</td><td>[redacted]</td><td>[redacted]</td><td>BOW Contract Value</td><td>Betapert</td></tr>
<tr><td>Why the risk cannot be efficiently mitigated, transferred or avoided</td><td colspan="5">The risk cannot be efficiently mitigated due to events that are outside of Marinus Link's control such as industry wide pressures or events on other projects that impact the financial circumstances of the contractor which lead to insolvency.
MLPL submitted this risk as a pass-through event as part of its revised Revenue Proposal and it was not accepted. The residual risk remains and is a valid risk to be included within the assessment of the risk allowance.</td></tr>
<tr><td rowspan="2">Compliance with AER requirements (refer to section 2.2)</td><td>Risk cannot be reasonably controlled by MLPL</td><td>Risk is not managed by MLPL as part of BAU</td><td>Risk is not symmetrical</td><td>Risk is not covered by contract terms</td><td>Risk is not covered by insurance / recoverable from third party</td><td>Risk is not covered in cost pass through events</td></tr>
<tr><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
</table>

B-4 New Risk - Contractor Force Majeure Event (if not accepted as a Pass-through Event)

Risk ID	**#126**
Risk Title	**New Risk - Contractor Force Majeure Event (if not accepted as a Pass-Through Event)**
Risk Description	A material change in construction costs incurred by MLPL due to an unforeseen force majeure event impacting the construction contractor, where the costs are not covered by an existing insurance policy or other pass through event and the force majeure event is declared in accordance with the terms of the relevant contract.
Residual Risk Rating	**2-Medium**
Risk controls in place	1. Cost overrun facility (committed equity and debt to cover off additional costs) 2. Engagement and access to debt facilities 3. Engagement with shareholders regarding funding appetite in the event of a force-majeure event
Basis of Residual Probability	This risk is rated as rare (5%) because while Force Majeure events are by nature rare, they are not unprecedented in large infrastructure projects. MLPL has structured cost overrun facilities and contingency to cover typical financial shocks; however, extreme global disruptions—such as those seen during COVID-19 or the impact from Ukraine war on global supply chains —demonstrate that such events can occur with low frequency but high impact.
Potential cost impacts	[redacted]
Basis of cost and time valuation (including assumptions)	**General**: A Force Majeure event during construction may create unrecoverable costs until energisation, resulting in a short-term financing gap that must be covered by committed equity or cost overrun facilities; **Best Case**: A minor, localised event leads to short delays and an increase in costs of [redacted] covered within existing equity margins or insurance or cost overrun / risk allowance facility [cost impact would be interest cost on drawdown]; **Most Likely**: A moderate Force Majeure event results in work suspension for 1–2 months, creating a temporary [redacted] cashflow gap which must be bridged by contingency equity and debt drawdown; **Worst Case**: A significant Force Majeure event (e.g. (e.g. a pandemic, war affecting critical imported goods, unexploded ordinances or munitions at a construction site) causes extensive delay and/or resequencing of activities and increased site management requirement and also results in a [redacted] financing requirement, either an increase to overrun facility by CEFC (1-2month delay) or additional equity from Shareholders required [Cost incurred for administration advisory costs, interest costs] assuming existing Above Target Cost Facilities have been fully utilised.

Risk ID	#126				
Risk Title	New Risk - Contractor Force Majeure Event (if not accepted as a Pass-Through Event)				
Monte Carlo Assessment	Best Case	Most Likely	Worst Case	Cost Basis	Distribution Type
	[redacted]	[redacted]	[redacted]	Estimates agreed with SME	Betapert
Why the risk cannot be efficiently mitigated, transferred or avoided	Due to the nature of a force-majeure event, it is difficult to anticipate when one may occur and of what nature it would be, as they are typically unprecedented. MLPL submitted this risk as a pass-through event and if it is not accepted the risk would remains and would be suitable for inclusion as a residual risk for purposes of determining the 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
	✓	✓	✓	✓	✓	✓

Appendix B **Project Benchmarking**

MARINUS LINK

Table†6: Project Benchmarking

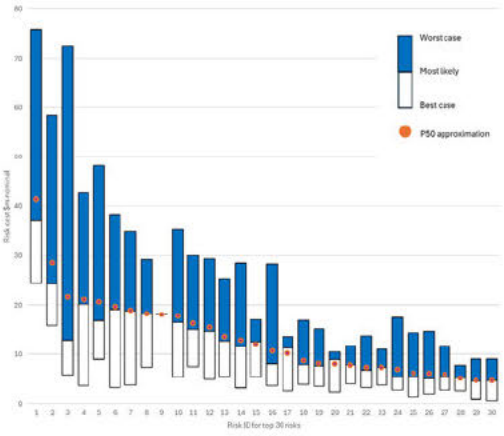
Project	Construction Contracts	Length (km)	Capacity (MW)	Multiple Approval Jurisdictions	HVDC (Marine + Land Cable)	Risk % Total Capex	Relevant Benchmark	Reasoning
North Sea Link	Multiple Lump Sum	720	1,400	✓	✓	10.5%	✓	Large-scale, HVDC marine cable interconnector project involving multiple approval bodies and interfaces.
Marinus Link Project	Multiple Contracts, including Incentivised Target Cost	345	1,500	✓	✓	10.4%		Large-scale, HVDC marine cable interconnector project involving multiple approval bodies and interfaces.
IFA2	Single Lump Sum	240	1,000	✓	✓	9.2%	✓	Large-scale, HVDC marine cable interconnector project involving multiple approval bodies and interfaces.
HumeLink	Multiple Contracts, including Incentivised Target Cost	365	2,200	✗	✗	9.6%	✓	Whilst does not include HVDC or marine cable, is of similar scale, with interfaces and has used an Incentivised Target Cost.
Celtic Interconnector	Multiple Lump Sum	575	700	✓	✓	8.7%	✓	Whilst only 700MW transfer capacity, includes over 400km of HVDC marine cable and a similar length of underground cable to Marinus Link.
Viking Link	Multiple Lump Sum	767	1,400	✓	✓	8.8%	✓	Large-scale, HVDC marine cable project involving multiple approval bodies and interfaces.
Average of Relevant Benchmark Projects						**9.4%**		(excluded Marinus Link)
Eyre Peninsula	Single Lump Sum	270	500	✗	✗	4.5%	✗	Not a HVDC with marine/land cable. Smaller in scale and brownfield project.
NeuConnect	Multiple Lump Sum	725	1,400	✓	✗	3.6%	✗	Large-scale, HVDC marine cable project. Subject to cap and floor regime that guarantees a minimum rate of return. Does not include significant land cable requirements.
Project EnergyConnect (Electranet)	Single Lump Sum	206	800	✗	✗	3.4%	✗	Not a HVDC with marine/land cable. Smaller in scale. .
GreenLink	Single Lump Sum	188	500	✓	✓	6.0%	✗	Smaller in scale. Subject to cap and floor regime that guarantees a minimum return.
Project EnergyConnect (Transgrid)	Single Lump Sum	700	800	✗	✗	2.4%	✗	Not a HVDC with marine/land cable. Subject to very significant cost increases that exceed $1.5 billion, which makes the risk allowance of $43m an unreliable and inappropriate benchmark.

Appendix C Errors and Misinterpretations in EMCa Report

E3 Advisory review of the EMCa report has identified the material errors and misinterpretations as set-out in Table†7.

Table†7: List of Material Errors and Misinterpretations in EMCa report

Paragraph	EMCa Statement	E3 Advisory response
54	*The value of risk cost assigned to LCC and CDCS categories in Table 3.2 represents a large percentage of the BoW contract price for permanent works, excluding other costs, being* [redacted]	The percentages should be undertaken for all costs, not just the permanent works costs, and combined as the BoW contract, being [redacted] Information was provided to EMCa to explain the reasoning [redacted]
63	*In our initial information request we asked for evidence and artefacts relied upon from contract documents (e.g. assumed delay rates), quotations and estimates from third parties and internal business case documents as the basis for included costs and assigned probabilities in deriving the allowances. In the response, MLPL referred only to the cost basis information provided with the risk model.*	EMCa were provided (via the AER) with: • the construction contract documents that include all pricing used for generation of work rates and delay rates • a cost basis spreadsheet which summarised the key elements used to derive these rates and included contract clause references. • Master project schedule and critical path for project schedule • the forecast price indices as advised by Oxford Economics.
69	*Modelling on this basis may not adequately account for underlying uncertainties that affect multiple risks or uncertainties in a similar way, such as market conditions, design detail, weather or project duration*	This statement appears to be referring to correlation between risk events. As described during the onsite meeting on 4 September 2025 and in response to Question 6 for IR6, correlation was considered but not modelled as it typically impacts the extremities of the model output, but not the P50 value.
70	*We observed a potential that the risk cost estimates were biased upwards. To understand this, we plotted the three-point risk estimated for the top 30 risks as shown in Figure 3.1. This does not account for the Monte-Carlo analysis, however, we consider that it highlights the upward bias of the risk cost estimates. We observe that:* • *All three point-estimates result in positive risk costs*	This term "upward bias" is unclear and undefined and not common in risk guidelines and standards. It is also unclear how EMCa arrived at conclusion that the risks are upward biased from plot in Figure 3.1. At a meeting with EMCa and the AER on 9 December 2025, EMCa did not clarify what upward bias means or how arrived at this conclusion. Symmetrical risks that have a most likely of $0 impact have been specifically excluded as they do not have an impact on outcome of risk allowance. A detailed process (refer Section 5.1) has been

Paragraph	EMCa Statement	E3 Advisory response
	• *The estimates are not symmetrical, with a skew towards the worst-case value, and* • *The P50 approximation based on the aggregate of the BetaPert and Uniform distributions used in the assessment is higher than the most likely value*	undertaken to assess each risk and particularly overcome biases. The result is that all three point estimates result in positive risk costs. This does not indicate upward bias. The P50 approximation is not used in the risk model. A BetaPert distribution with a right skew has a lower P50 outcome than a BetaPert distribution that is symmetrical. This does not indicate upward bias.
Figure 3.1		The candlestick graph used in the figure is an inaccurate representation of the risk profile of the Top 30 risks: • The probabilistic impact is incorrectly represented as the best case impact for each risk is that it does not occur, which has a $0 impact. • The distribution shape of each risk is not shown. A BetaPert distribution with a right skew has a lower P50 outcome than a BetaPert distribution that is symmetrical. • The P50 approximation is not used in the risk model • The representation does not include the removal of any risk sharing and the contingency allowed for by the BOW contractor which is included in the risk model.
73	The data indicates that the best-case impact estimate, being the most optimistic case, indicates that the project will incur an additional cost of [redacted]	Mathematically incorrect approach for calculation of Best Case Impact as described in Section 6.3) The "most optimistic case" would be $0million if none of the risks eventuate. Risk Model output (Dec-25) has best case of $[redacted] (1,000,000 iterations), demonstrating that that the risk model does not include a floor of $[redacted]
75 (and also 124 and 125)	*The aggregate of the individual risks totalled 475 days, as shown in Table 3.6.*	Inaccurate approach of aggregating delays from individual risks as discrete delays impact different pathways within the project schedule, as described in Section 6.2. A schedule risk assessment has been undertaken, including these risks within the MLPL master schedule. The P50 output of the schedule risk assessment is 141 days.
Table 3.6	61 risks have a time delay impact	Only 34 risks have a time delay impact

Paragraph	EMCa Statement	E3 Advisory response
78	*However, at a P50 estimate of 475 days, or the equivalent of 1.3 years, when we sum the P50 delay risks individually, it is hard to believe that this would not result in a material delay to the overall project such that it will not achieve June 2030 completion.*	The P50 output of the schedule risk assessment is 141 days, which is less than the contingency allowed for in the MLPL master schedule of 150 days. As such, a P50 outcome for the risks which have a delay component will not result in a delay to the date for commencement of operations.
80 and 138	*For some risk events, we found that the probability of the risk event occurring applied by MLPL was higher than indicated by MLPL's qualitative risk assessment, which was developed through its risk assessment workshops with SMEs.* *For several project delivery risks, MLPL's quantitative probability is higher than the top of the range of probabilities for the assessed Likelihood*	As stated in MLPL's response to Question 6 to IR 6 and the on-site meeting with EMCa and the AER in early September 2025, the probability of the risk was assessed considering both current controls (Controlled Likelihood) and future treatments (Post-Treated Likelihood) that are funded and would reasonably be expected to be implemented when they are required. This means that the probability could be between the Controlled Likelihood and the Post Treated Likelihood. This approach aligns with Australian Federal Cost Estimation Guidance (IIP, 2023 – GN3A), which says risk likelihoods should be based on the "as-at assessment date" including planned mitigations that are committed and funded.
82	*However, MLPL did not acknowledge the implication that costed individual risk-based delays imply some aggregate project delay*	The relationship between risk-based delays and project delay was explained in detail at the on-site meeting of 4 September 2025 and the provided presentation and in response to Question 11 of IR 6.
87	*We have not seen sufficient demonstration that the delay costs assumed by MLPL are a reasonable estimate given the statements that MLPL seeks to control the use of the float*	This statement does not consider entitlement under the contract or to the level of float that exists in the schedule for specific risk events.
93	Aurecon was not provided with additional information, including evidence and artefacts beyond that included in the aforementioned documents, nor did it participate in discussions with MLPL or their advisors in forming the opinion on the risk cost allowance.	Aurecon was provided with additional project information documents to complete their review.
107	*"For excessive inclement weather[38] - there is no residual risk to MLPL under the BOW contract and a combination of time extension and/or cost under the other two contracts, and"*	There is a residual risk to MLPL under the BOW Contract for inclement weather. The BOW contract payment mechanism is cost reimbursable, with a painshare/gainshare cost incentive model against a target cost. Any excessive inclement weather than what was allowed for with the target cost will

Paragraph	EMCa Statement	E3 Advisory response
		result in a cost overrun that is shared between the contractor and MLPL under the painshare regime.
118	*In these instances, we consider that it is not reasonable to propose a high level of owner's cost (captured by labour and indirect cost) and also to retain the proposed a high level of risk-cost.*	The owner's costs include the cost to mitigate and manage risks which result in a reduction in the risk profile of individual risks from the untreated risk rating to the post-treated (or residual) risk rating. The risk allowance is calculated for residual risks based on both current controls (Controlled Likelihood and Consequence) and future treatments (Post-Treated Likelihood and Consequence). Not including such mitigation measures in the owner's cost would increase the probability and consequence of risks leading to a higher level of risk allowance.
121	*Whilst we received some helpful information, in some respects it revealed apparent lack of due consideration of such mitigating provisions – such as for inclement weather.*	In the presentation slides, an overview of the weather modelling process was provided, which showed BOM data and probabilistic modelling techniques. Contractual entitlement for inclement weather, under each of the three contracts, was also explained to EMCa at the onsite meeting of 4 September 2025.
126	*We consider that MLPL has not taken satisfactory account of the AER guidance material available to it, nor has it adequately drawn from AER's interpretation of this guidance in recent determinations regarding matters such as the allowable inclusion of certain risks nor for its estimate of costs associated with these risks*	The detail for each of the top 30 risks explicitly describes how the AER guidance has been considered.
142	*However, we did not see evidence of the quantum MLPL assumed it would recover from contractors through contract provisions in its derivation of MLPL residual risk cost allowance, with the exception of the off-setting R&C Matters Allowance (refer to section 3.3.5). For example, whilst there are contractual caps on liquidated damages in the each of the contracts, we did not see evidence that MLPL took full account of recovery of costs from contractor A to at least partially offset MLPL's exposure to consequential damages to contractors B and C.*	The details of each risk specifically identify the mitigations (controls and treatments), including insurance offset. The quantification of the residual risk is, by definition, considerate of these mitigations. In addition the risk model specifically excludes the BoW contract risk sharing elements of R&C Matters and painshare mechanism. Liquidated damages are where a contractor is late due to its own performance. The individual risks dealing with interface that have a delay element are where a contractor is entitled to relief under the contract and as such liquidated damages would not be applied.

Paragraph	EMCa Statement	E3 Advisory response
145	*The ability for the LCC contractor to mitigate delay(s) by relocating to other parts of the 90km cable route (i.e. unaffected by localised access constraints).*	The ability for the BOW contractor to relocate is specifically identified as a mitigation measure. The risk quantification considers that: • Risk is more likely to occur earlier in project when site access, permits or enabling works incomplete and other areas of the site are not available (i.e.. full 90km is not available) • Productivity impacts from resequencing and relocation are significant, particularly shifting from linear construction and the sequential nature of clearing and grubbing, excavation and then concreting.

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