

# **Marinus Link 2025–30 Supplementary Draft Decision Predetermination conference**

11 December 2025

# Acknowledgement of Country

Kate Symons  
AER Board Member

# AER welcome and introductions

Kate Symons  
AER Board Member

# Agenda

Topic	Speaker	Duration
Welcome and Acknowledgment of country	Kate Symons AER Board member	5 min
Our Supplementary Draft Decision	Dr Kris Funston Executive General Manager	15 min
Marinus Link – next steps and reflections	Stephanie McGregor Chief Executive Officer  Prajit Parameswar Chief Commercial Officer	10 min
Facilitated Discussion	Dr Kris Funston Executive General Manager	25 min
Closing remarks and next steps	Kate Symons AER Board member	5 min

# Supplementary Draft Decision

Kris Funston

Executive General Manager – Network Regulation

# Supplementary Draft Decision - summary

Category	Key elements
<b>Capital expenditure</b> (\$2023)	<p>\$3,316.9 million - \$174.4 million less than proposal, this includes pre-period expenditure of \$145.6 million</p> <ul style="list-style-type: none"> <li>- Accept balance of works \$909.1 million</li> <li>- Alternative risk allowance of \$198.7 million (\$162.8 million less than proposal)</li> <li>- Alternative support activities of \$523.8 million (\$15.5 million less than proposal)</li> <li>- Includes enabling works for the second cable</li> </ul>
<b>Regulatory Asset Base</b> (RAB) (\$nominal)	<p>Opening (July 2025): \$400.6 million</p> <p>Closing (June 2030): \$4,721.1 million</p>
<b>Capital expenditure sharing scheme</b>	<p>Apply the CESS: 30:70 sharing ratio up to 10% over or under spend; and then an incremental 10:90 sharing ratio</p>
<b>Cost pass through</b>	<p>To accept:</p> <ul style="list-style-type: none"> <li>- Insurance coverage event, terrorism event, natural disaster event, insurer credit risk event</li> </ul> <p>To not accept</p> <ul style="list-style-type: none"> <li>- Contractor force majeure event, biodiversity event, unavoidable contract variations event, contractor insolvency event</li> </ul>

## Marinus Link capital expenditure (\$m real 2023)

Category	Pre-period	2025–26	2026–27	2027–28	2028–29	2029–30	Total
Converter station design and equipment supply	120.7	84.9	339.4	95.6	80.1	56.5	776.7
HVDC Cable System – Submarine and Land Cables	24.9	121.0	114.6	135.4	364.8	147.8	908.6
Balance of Works	-	107.3	340.5	357.9	71.2	32.2	909.1
Support activities	-	147.6	111.0	104.3	81.8	79.1	523.8
Risk allowance	-	25.9	65.5	58.3	33.3	15.6	198.7
<b>Total expenditure</b>							<b>3,316.9</b>

# Marinus Link proposed capital expenditure

- Our Supplementary Draft Decision does not accept MLPL's proposed capital expenditure (capex) of \$3,495.3 million.
- An alternative estimate of \$3,316.9 million, 5.1% lower than MLPL's proposal
- Accept the balance of works costs of \$909.1 million (\$2023) and updated costs following the Initial Draft Decision for converter stations, \$776.7 million (\$2023), and high voltage direct current (HVDC) cables, \$908.6 million (\$2023)
  - We are satisfied that the forecast capital expenditure is prudent and efficient based on our observation of MLPL's tendering process
- Do not accept MLPL's proposed risk allowance of \$361.5 million (\$2023); apply an alternative allowance of \$198.7 million (\$2023)
  - We consider MLPL has not sufficiently justified or supported that its proposed risk allowance is prudent and efficient.
- Do not accept MLPL's proposed support activity costs of \$539.3 million (\$2023) and instead apply an alternative allowance of \$523.8 million (\$2023)
  - In our alternate forecast, we exclude expenditure for roles that we consider MLPL have not sufficiently justified



## Capital expenditure sharing scheme

- We do not accept MLPL's proposed 10:90 sharing ratio for over or under spends to 10% and 0:100 above 10%
- Our Supplementary Draft Decision is to apply a modified CESS where;
  - A 30:70 sharing ratio will apply for the initial 10% overspend or underspend
  - Any over or underspend exceeding the first 10% will apply a sharing ratio of 10:90
- Change from Initial Draft Decision where we set the sharing ratio for over and under spends in excess of 10% at the financing cost or benefit from the cost of capital
  - The financing benefit exact value would not be known until the next regulatory decision in MLPL's Stage 2 proposal
  - Stakeholder submissions highlighted uncertainty regarding the approach adopted at the Initial Draft Decision

## Cost pass through

- Our Supplementary Draft Decision is to accept the following standard cost pass through events:
  - Insurance coverage event, terrorism event, natural disaster event, insurer credit risk event
- Do not accept the four new nominated pass through events:
  - Contractor force majeure event, biodiversity event, unavoidable contract variations event, contractor insolvency event
- We consider these events are either likely to be covered by another existing category of pass through event or the risks associated with these events should be able to be substantially mitigated or managed by MLPL, and therefore should not be passed through to consumers
- Stakeholder submissions highlighted the importance of balancing risk between consumers and MLPL when considering the application cost pass throughs

# Presentation to AER pre-determination conference

Marinus Link Pty Ltd

11 December 2025



# Acknowledgement of Traditional Owners

We acknowledge the Traditional Owners of the country on which Marinus Link is proposed in Tasmania, across Bass Strait and in Victoria. We recognise First Peoples' continuing connection to land, sea, waterways, sky and culture and pay our respects to all elders past and present.

# Agenda



1

## Overview and benefits of Marinus Link

Stephanie McGregor (Chief Executive Officer)

2

## Our perspective on the AER supplementary draft decision

Prajit Parameswar (Chief Commercial and Financial Officer)

3

## Focus areas for our submission

Prajit Parameswar (Chief Commercial and Financial Officer)

Questions welcome!

# 1. Overview and benefits of Marinus Link

Stephanie McGregor (Chief Executive Officer)

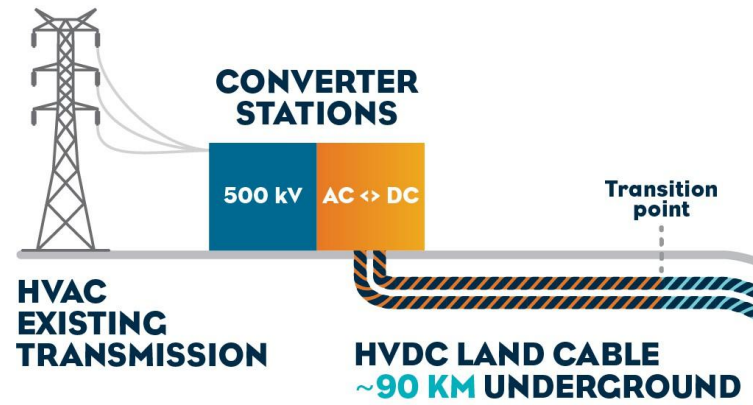


# Marinus Link is a critical part of Australia's renewable energy future



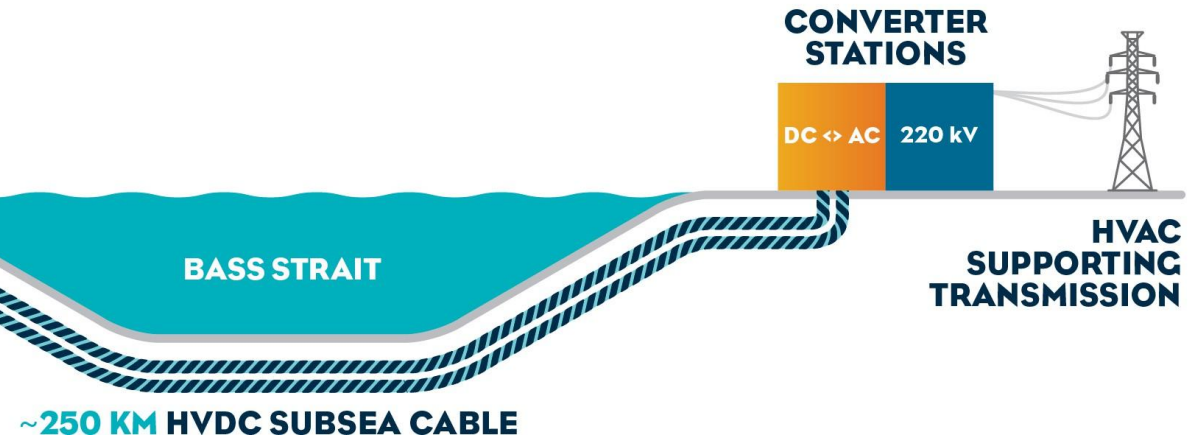
## VICTORIA

CONNECTS IN THE LATROBE VALLEY



## TASMANIA

CONNECTS IN THE BURNIE AREA



- Single actionable ISP project - 1500 MW, delivered in two 750 MW stages (Stage 1 – 2030; Stage 2 – timing tbc)
- Project Marinus provides substantial benefits to consumers and the National Electricity Market
- MLPL's shareholders: Commonwealth (49%), Victorian (33.3%) and Tasmanian Governments (17.7%)
- TasNetworks delivering North West Transmission Developments component of Project Marinus

# We developed our Revenue Proposal to provide the best outcome for customers



- Our preparation of the revised Revenue Proposal has been robust:
  - Engagement with stakeholders to understand their views on key issues
  - Competitive procurement: market-tested costs for the Converter, Cable and Balance of Works
  - Expert advisors, E3A, engaged to develop updated support activities forecast and risk allowance
  - MLPL management and Board review External assurance including an independent verification of MLPL's forecast costs
  - Significant concessional financing benefits passed on to consumers



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## 2. Our perspective on the AER draft decision

Prajit Parameswar (Chief Commercial and Financial Officer)

# Initial observations on the AER's draft decision



- We are grateful for the AER's careful consideration of our revised Revenue Proposal
- We welcome the AER's supplementary Draft Decision, although the AER's proposed risk allowance is an area of concern
- Marinus Link is an important project for customers and the NEM
- Our focus is on delivering it at the lowest cost possible to customers

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## 3. Focus areas for our submission

Prajit Parameswar (Chief Commercial and Financial Officer)

# Focus areas for our response to the AER

We welcome the AER's acceptance of forecast costs for awarded contracts (74% of MLPL's forecast costs)

## Support activities expenditure

- We welcome the AER's scrutiny, and note reductions in the draft decision
- We will provide further evidence to substantiate our forecast costs
- We will not reduce our commitment to stakeholder engagement

## Capital Expenditure Sharing Scheme

- We recognise consumers want Marinus Link to manage its costs, and that incentives matter
- Need to balance - linkages between CESS, risk allowance and pass through events

## Risk allowance

- We acknowledge the AER's request to provide further evidence for our risk allowance
- As a subsea and underground HVDC interconnector across three jurisdictions, there are risks outside our control
- An appropriate risk allowance is important

## Cost pass through events

- We are considering the AER's reasoning in its supplementary Draft Decision
- As per CESS, we recognise consumers want us to manage costs, and that incentives matter
- Cost pass-throughs are preferable to a higher risk allowance, which would be reflected in prices

# Next Steps

- Ongoing stakeholder engagement - we welcome your feedback. Contact us at [team@marinuslink.com.au](mailto:team@marinuslink.com.au)
- Stakeholder submissions due to the AER by 19 December
- Final Determination – 6 February 2026
- MLPL thanks the AER and stakeholders for constructive engagement throughout the revenue determination process



**Delivering low cost,  
reliable & clean energy**

**Find out more:**

[marinuslink.com.au](https://marinuslink.com.au)

**Email the team:**

[team@marinuslink.com.au](mailto:team@marinuslink.com.au)

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# Facilitated Discussion

Kris Funston

Executive General Manager – Network Regulation

# Next Steps



Milestone	Date
AER holds a pre-determination conference	11 December 2025
Submissions on Supplementary Draft Decision close	19 December 2025
AER publishes Final Decision on Stage 1, Part B (Construction costs) proposal	6 February 2026



## Submission details

- We invite interested parties to make submissions on the initial draft decision by **5pm AEST, 19 December 2025**.
- Submissions should be emailed to [marinuslink2025@aer.gov.au](mailto:marinuslink2025@aer.gov.au)

