Issues Paper

Marinus Link - Stage 1, Part B (Construction costs)
Electricity transmission determination 2025–30

March 2025

AUSTRALIAN ENERGY REGULATOR

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1 Introduction

Marinus Link is a component of 'Project Marinus,' a single actionable project under the Australian Energy Market Operator's (AEMO) 2024 Integrated System Plan (ISP) optimal development path.[1] Project Marinus also includes the North West Transmission Development which is currently being progressed by TasNetworks. Stage 1 of Project Marinus will deliver a 750 megawatt (MW) interconnector between Victoria and Tasmania (Cable 1) and associated network upgrades under the North West Transmission Development. Stage 2, which as of 7 March 2025 has not yet been committed to, will provide a second 750 MW interconnector (Cable 2).

The costs of Project Marinus will be recovered through transmission charges levied on Victorian and Tasmanian electricity customers. We have the role of assessing the costs proposed by Marinus Link Pty Ltd (MLPL).

The AER has previously determined to commence a transmission determination process for Marinus Link under the Intending Transmission Network Service Provider (Intending TNSP)[2] provision of the National Electricity Rules (NER) and published a Commencement and Process Paper (CPP) specifying a modified process for making the transmission determination. The CPP sets out a staged approach comprising:

- Stage 1, Part A (Early works), referred to in this paper as the 'early works proposal'. This determined the pre-construction costs that can be included in the opening 'regulatory asset base' (RAB). A decision was published for this stage in December 2023.
- Stage 1, Part B (Construction costs), referred to in this paper as the 'construction costs proposal'. This determines the construction costs that can be included in the opening RAB for the first Marinus Link cable.
- Stage 2 revenues (to be finalised in 2030), referred to in this paper as the 'Stage 2 proposal'. This will determine MLPL's revenues using the RAB determined in the Stage 1 processes.

In December 2024, MLPL provided the Stage 1, Part B (Construction costs) proposal (construction costs proposal) which sets out the proposed construction costs associated with Cable 1. Any construction costs approved by us will form the basis for a subsequent revenue determination which MLPL will lodge in 2029. The process for making our determination on the construction costs proposal is prescribed in our most recent CPP.[3]

The CPP sets out a two-stage approach where an initial draft decision is limited to the market tested costs which are classified as AACE Class 2[4]. These costs pertain to the undersea cable and installation of the cable, and converter station equipment which accounts for

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1 Australian Energy Market Operator (AEMO), *2024 Integrated System Plan*, June 2024, p. 57.

2 Australian Energy Regulator (AER), *Marinus Link – Notice of decision and Commencement and Process Paper,* June 2023.

3 AER, Marinus Link – *Updated Commencement and Process Paper*, December 2024.

4 AACE Class 2 refers to a cost estimate classification provided under the Association for the Advancement of Cost Engineering (AACE) International practice guideline 17R-97. These cost estimate classifications ranges from Class 1 to Class 5 in descending expected accuracy levels.

approximately 46% of the total proposed construction cost expenditure. The initial draft decision will be published on 16 May 2025. The remaining cost elements for the first cable, which includes the construction cost buckets for Balance of Works, support activities and risk allowance are either classified as AACE Class 3 or are untendered. These will not be assessed in the initial draft decision in May 2025.

MLPL will provide updated market tested costings for the remaining (i.e., AACE Class 3) costs in a revised revenue proposal for the first cable in July 2025. We will issue a supplementary draft decision assessing the remaining costs, which will also be open for consultation. A final decision will then be published detailing our final assessment of the total construction costs for the first Marinus Link cable.

1.1 Purpose of this Issues Paper

This Issues Paper sets out our initial observations on the construction costs proposal and some areas in which we are particularly interested to hear from stakeholders. Submissions in response to this Issues Paper will inform our initial draft decision in May 2025. In this Issues Paper, we explore key elements of MLPL's proposed construction costs and the procurement process to date. The next step in our process is a public forum on 3 April 2025.

Following the draft decision, MLPL will have an opportunity to submit a revised proposal incorporating any changes, or addressing any matters, raised by the initial draft decision. Both draft decisions and the revised proposal will be open to consultation before we make our final decision in December 2025.

An indicative timeline for our assessment of, and decision on the proposals, is set out below.

Table 1 Indicative timeline – Marinus Link – Stage 1, Part B (Construction costs) electricity transmission determination

Milestone	Date
AER Issues Paper	21 March 2025
Public forum	3 April 2025
Submissions close	18 April 2025
AER initial draft decision (covering AACE Class 2 costs)	No later than 16 May 2025
First regulatory period commences	1 July 2025
Marinus Link to submit revised proposal	15 July 2025
AER supplementary draft decision (covering costs that are currently at AACE Class 3 or untendered, and subject to further refinement)	10 October 2025
AER final decision on Stage 1, Part B (Construction costs) proposal	19 December 2025 or 6 February 2026*

* Note: The later date of 6 February 2026 would apply under the following conditions:
(a) An uplift of 15% or greater between the initial and revised proposal for the undersea cable and installation and converter station equipment costs, which will be based on AACE Class 2 cost estimates at the initial draft decision, or
(b) A delay for two weeks or more in the submission of the revised proposal from 15 July 2025.

1.2 Have your say

Consumer engagement is a valuable input to our determination. We have set out questions throughout this paper. Stakeholders can assist in our process by providing their views on these or any other aspects of the proposal.

You can contribute to our assessment by:

- Making a written submission on the proposal by close of business, 18 April 2025
- Joining us at an online public forum on 3 April 2025. Registration details are available on our website and through Eventbrite.

Submissions should be sent to: resetcoord@aer.gov.au and addressed to Dr Kris Funston, Executive General Manager, Network Regulation.

Alternatively, you can mail submissions to GPO Box 3131, Canberra ACT 2601.

Written submissions should be sent in an electronic format are in Microsoft Word or another text readable document form.

We prefer that all submissions be publicly available to facilitate an informed and transparent consultative process. We will treat submissions as public documents unless otherwise requested.

We request parties wishing to submit confidential information:

- Clearly identify the information that is the subject of the confidentiality claim.
- Provide a non-confidential version of the submission in a form suitable for publication

All non-confidential submissions will be placed on the AER's website.

For further information regarding the AER's use and disclosure of information provided to it, see the **ACCC/AER Information Policy.**

2 About Marinus Link

2.1 Overview of proposal

Marinus Link will provide new transmission capacity between Victoria and Tasmania, allowing Hydro Tasmania to provide additional peaking capacity in Victoria. In Tasmania, Marinus Link will provide additional energy security when there are drought conditions or other disruptions to production of hydro power and open up potential for substantial wind farm investments.

The construction costs proposal is for Stage 1, a 750 MW interconnector, with proposed total construction expenditure of $3,534.3 million ($2023). This includes incurred or market tested costs at AACE Class 2 of:

- $204.8 million pre-construction expenditure incurred prior to 1 July 2025 and not included in MLPL's early works determination
- $737.2 million for converter station design and equipment supply
- $895.0 million for the high voltage direct current (HVDC) cable system.

The remaining costs, which are at AACE Class 3 or not market tested, are for what MLPL calls the Balance of Works, support activities, and a risk allowance. The Balance of Works includes land cable civil works such as trenching work to link the converter stations to AusNet's and TasNetworks' transmission network, and the design, construction and installation of a portion of the converter stations. The support activities include a mix of external service providers and in-house resources to assist in the delivery of Marinus Link. These costs have not yet been tendered and remain too uncertain to assess at this point as they do not meet AACE Class 2. MLPL will provide more robust costings on the Balance of Works, support activities and risk allowance in July 2025. We will then publish a supplementary draft decision on these costings, which we will publicly consult on.

Marinus Link will be paid for by electricity consumers in Victoria and Tasmania, with the split between the states yet to be determined. The impact on transmission tariffs in both states is likely to be substantial, though ameliorated by concessional financing provided by the Australian Government.

We will assess the construction costs proposal in accordance with the National Electricity Law (NEL) and NER. Our focus will be on the efficiency and prudency of the forecast construction costs as these costs will be rolled into the RAB and recovered from consumers once MLPL starts providing prescribed transmission services.

We have outlined the key elements of the proposal in section 4 along with questions we have for stakeholders.

2.2 Marinus Link and the RIT-T

To assess the economic benefits of Marinus Link, MLPL must apply the regulatory investment test for transmission (RIT-T). The RIT-T is a cost benefit assessment which identifies the investment option that maximises net economic benefits in the National

Electricity Market (NEM). Only projects with projected positive net benefits can go ahead, unless the project is required to meet reliability requirements of the transmission network.

MLPL undertook a RIT-T assessment in 2021 and published an updated analysis in April 2024. The construction costs proposal raises three issues with the current RIT-T assessment which are discussed in this section:

- The RIT-T includes all costs incurred in constructing and operating Project Marinus. Project Marinus includes the North West Transmission Development and Marinus Link itself.
- There is still considerable cost uncertainty about elements of the proposal as they do not meet AACE Class 2. If costs are materially higher than anticipated, the RIT-T may need to be re-applied. If large enough, the cost increases could eliminate the net benefits or result in a different preferred option.
- MLPL may commit to a second cable during this determination process.

The issues are discussed below.

North West Transmission Development

MLPL is responsible for delivering new cables, converter stations and connections to existing transmission networks. Supporting upgrades, referred to as the North West Transmission Development, are required to the Tasmanian transmission network. TasNetworks is responsible for delivering these upgrades.

TasNetworks will recover costs of the North West Transmission Development component of Project Marinus through an amendment to its existing revenue determination. This requires TasNetworks to submit a contingent project application. The additional efficient and prudent costs will increase the transmission charge to Tasmanian consumers being proposed by MLPL.

Before TasNetworks can submit a contingent project application for the construction costs, it must satisfy the triggers applicable to actionable ISP projects which are specified in the NER. This includes, amongst other things, producing a RIT-T that complies with the NER and our Cost Benefit Analysis Guidelines, and having the AEMO confirm that the project is consistent with the optimal development plan in the latest ISP.[5]

The RIT-T for Project Marinus must take into account all costs and benefits including Marinus Link and the North West Transmission Development costs. TasNetwork's costs have not yet been finalised. We expect that TasNetworks will submit a contingent project application in late 2025.

If MLPL proceeds with a second cable, TasNetworks will need to undertake additional works to those it will propose in 2025. These Stage 2 works will require an additional revenue assessment.

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5 NER, cl. 5.16A.5.

Cost uncertainty

The initial RIT-T for Project Marinus was completed in 2021. It identified that the preferred option is two HVDC 750 MW cables between Burnie in Tasmania and the Latrobe Valley in Victoria. The preferred option was estimated to cost $3,827 million and to provide a scenario weighted net benefit of $2,161 million ($2020). Since the RIT-T was completed, the estimated costs of Marinus Link have increased.

The NER require a RIT-T proponent to assess whether the RIT-T needs to be reapplied in circumstances where there has been a material change in circumstances such that the preferred option is no longer preferred. To assess whether there has been a material change in circumstances in view of the cost increases, MLPL published an updated analysis in April 2024 that captured the cost increases, updated market developments, and incorporated AEMO's latest ISP inputs and assumptions. This updated analysis estimated total costs for Project Marinus to be $6,575 million ($2023),[6] but found that the project still provided positive net economic benefits. The updated analysis concluded that the preferred option remains construction of two 750 MW cables. MLPL stated that it, along with TasNetworks, will continue to refine the cost estimate of the project and provide updated cost information to AEMO.

Table 2 sets out the total cost of Stage 1 of Project Marinus including the North West Transmission Development, which the AER is processing as a contingent project application.

6 Marinus Link Proprietary Limited (MLPL), *Project Marinus RIT-T Update*, 16 April 2024

Table 2 Project Marinus total cost for Stage 1

Project Marinus component	($m Real 2023)
MLPL Revenue proposal for Stage 1[7]	3,534
North West Transmission Development Cost[8]	950
Milestone and commissioning costs[9]	105
Stage 1, Part A (Early works) approved by AER December 2023[10]	129
Adjustments to early works[11]	82
Total	**4,800**
Total estimated costs Project Marinus used in April 2024 RIT-T[12]	4,040
Difference	**760**

MLPL also submitted that approximately 50% of Marinus Link's cost are yet to be finalised (at AACE Class 3 or not market tendered). Revised estimates for these costs will be submitted in July 2025.[13] Similarly the North West Transmission Development Stage 1 construction costs are still being refined and will be submitted at a future date.

We expect MLPL to update the economic analysis used in its RIT-T once the total costs of the Project Marinus have been finalised, consistent with the expectations set out in the CPP, to demonstrate that the project continues to be the preferred option. This updated economic analysis should be provided to stakeholders and completed before MLPL submits its revised revenue proposal for the construction costs of Stage 1 and before TasNetworks submits its contingent project application for the construction costs of Stage 1 for the North West Transmission Development. We consider this, and AEMO feedback loop confirmation, are necessary steps before we can make final determinations covering MLPL and TasNetworks.

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7 MLPL, *Marinus Link - ML-B-002 MLPL Revenue Proposal Stage 1 - Part B (Construction) - December 2024*, December 2024, p.47.

8 MLPL, *Project Marinus RIT-T Update*, 16 April 2024, p 2.

9 MLPL, *Marinus Link - ML-B-002 MLPL Revenue Proposal Stage 1 - Part B (Construction) - December 2024*, December 2024, p.ix. The expenditure forecasts exclude final milestone payments and commissioning costs, which will occur during the financial year commencing 1 July 2030. The milestone payments and commissioning costs are estimated to be $105 million.

10 AER – *Revenue Determination – Marinus Link - Stage 1, Part A (Early works) – December 2023*, p 5.

11 MLPL, *ML-B-002 MLPL Revenue Proposal Stage 1 - Part B (Construction) – December 2024*, December 2024, p. 56. Adjustments to Stage 1 - Part A (Early works) ($2025) $30.4m additional actual and forecast early works, ($2025) $52.4m equity raising costs on construction and pre-construction expenditure, ($2025) $8.6m allowed rate of return to account for the return on forecast construction expenditure prior to 30 June 2025, including pre-construction expenditure.

12 MLPL, *Project Marinus RIT-T Update*, April 2024, p 2.

13 MLPL, *ML-B002 MLPL Revenue Proposal Stage 1 – Part B (Construction) – December 2024*, December 2024.,

Questions on cost uncertainty

1) What level of cost certainty is appropriate before updated RIT-T assessments are finalised?

2) If there are residual cost uncertainties at the time MLPL revisits the RIT-T analysis, how should this analysis account for the uncertainties? For example, should MLPL undertake additional sensitivity analysis.

A second cable

In this revenue proposal, MLPL seeks to recover costs for a single 750 MW cable. In future it may seek to recover costs for the second 750 MW cable at an estimated cost of $2.2 billion. Whether the second cable goes ahead, and the timing of the second cable, will be informed by future ISPs.

MLPL proposes to include the second cable as a contingent project in its revenue proposal. This would allow MLPL to re-open its revenue determination to include the costs of the second cable. We would assess and consult on the additional revenues proposed at the time of the contingent project application.

MLPL's proposed trigger event for the contingent project is that:

- AEMO's 2026 ISP or 2028 ISP confirms that early works in relation to the second cable should proceed as soon as practicable;
- MLPL updates the RIT-T analysis to confirm that the second cable should proceed; and
- MLPL completes the feedback loop for the second cable in accordance with 5.16A(b) of the Rules.

However, Project Marinus was included in the 2024 ISP as an actionable ISP project. This means that MLPL may already be eligible to submit a contingent project application for Stage 2, if the trigger event specified in the NER has been satisfied.[10] This trigger event reflects, amongst other things, considerations similar to those outlined above. As Marinus Link is part of the Project Marinus, and a RIT-T for Project Marinus has been successfully completed, MLPL already has the ability to submit a contingent project, without the need to include a separate contingent project in its revenue determination.

In both cases, MLPL would be required to provide analysis to support their opinion on whether a material change in circumstances has occurred or why the preferred option remains a project that includes a second cable. If the material change in circumstances analysis shows that the preferred option is no longer preferred, the RIT-T proponent will be required to reapply the RIT-T. This new RIT-T would then identify all credible options and compare their net economic benefit in the economic conditions at that time and applying the latest version of the NER and Cost Benefit Analysis Guidelines.

In making a decision on a contingent project application, the AER would check that the conclusions from any such analysis were not unreasonable. Accordingly, the AER would assess the robustness of any analysis and publish it for consultation alongside the revised proposal.

Questions on cable 2 contingent project

3) What are your views on the issues raised with respect to the contingent project approach or trigger events?

3 Consumer engagement

Our framework for considering consumer engagement in network revenue determinations is set out in the Better Resets Handbook and looks at three elements:

- the nature of engagement;
- the breadth and depth of engagement; and
- clearly evidenced impact from this engagement.

Outcomes of the engagement activities undertaken by a business assist us in assessing prudency and efficiency of proposals and the reasonableness of demand and cost forecasts.

MLPL began consumer engagement in July 2018 to provide general information and raise awareness of Project Marinus and its process. This was followed by targeted engagement with landowners, local communities and Traditional Owners in Victoria and Tasmania from early 2020 to date as MLPL progressed Marinus Link. The targeted engagement includes the establishment of focus groups such as the Aboriginal Advisory Group, First Peoples Advisory Group and the Gippsland Stakeholder Liaison Group. MLPL noted three broad key themes have been identified through the engagement with these stakeholders which are economic development, landholder impacts and environmental impacts.

MLPL established a Consumer Advisory Panel in April 2022, which provides a forum for MLPL to consult, inform and involve consumer representatives on Marinus Link and revenue proposals. The panel consists of eight energy consumer representatives across the NEM, including the Small Business Association of Australia, Rural Business Tasmania, Council of Small Business Organisations of Australia, Saint Vincent de Paul, Tasmanian Minerals, Manufacturing and Energy Council, University of Tasmania (Tasmania Policy Exchange), the Energy Users Association of Australia, Council of the Ageing Tasmania, and the Gippsland Climate Change Network.

The construction costs proposal has a narrower scope than a standard revenue proposal with certain elements to be addressed in the later Stage 2 revenue proposal, for example, pricing methodology and forecast operating expenditure. Furthermore, construction costs associated with the Balance of Works, support activities cost and risk allowance, are yet to be market tested and finalised. We are not assessing the costs that are at AACE Class 3 or have not been market tested as part of our initial draft decision on 15 May 2025. We will seek feedback after MLPL has provided further details in July this year. Nevertheless, consumer engagement on the revenue proposal itself remains a critical aspect as MLPL progresses. We expect MLPL to continue to engage with stakeholders in developing the regulatory proposal (including the revised proposal and Stage 2 proposal).

Overall, MLPL has taken positive steps in establishing the Consumer Advisory Panel and consultation with other parties. However, engagement on the construction costs proposal has been narrower, and appears to be limited to just the Consumer Advisory Panel rather than the broader stakeholders. Further, apart from the capital expenditure sharing scheme (CESS), we have not seen clear evidence the consultation process has had an impact on MLPL's proposal.

3.1 Nature of engagement

The nature of engagement is about *how* networks engage with their consumers. Our expectation is that network businesses will sincerely partner with consumers and equip them to effectively engage in the development of their proposals.

MLPL's stakeholder engagement provided the community and stakeholders with information on Marinus Link and discussed key issues such as environmental impacts, landowner concerns and ongoing developments.

Based on the engagement program described in the construction costs proposal[14], stakeholder engagement on the construction costs proposal to date has been limited to the Consumer Advisory Panel. MLPL has had nine sessions with the Consumer Advisory Panel since 23 October 2023.

We observe that engagement on critical matters such as environmental impacts, addressing landowner concerns and updates is a required element to support the construction and delivery of Marinus Link and its social licence. However, we have not observed significant engagement with consumers on the construction costs proposal itself. MLPL's last recorded consultation with the Consumer Advisory Panel before lodgement of the proposal was on 22 April 2024. We also have not observed consultation on the revenue proposal with other stakeholder groups. We expect MLPL to provide evidence of genuine consumer engagement on their construction costs proposal, including explaining why the program is required and the cost to consumers in accordance with the Better Resets Handbook.

3.2 Breadth and depth of engagement

Breadth and depth relate to the *scope* of engagement with consumers and the level of detail at which network businesses engage on issues. The breadth and depth of engagement also covers the variety of avenues used to engage with consumers.

MLPL reports that they produced an engagement program with targeted engagement with Traditional Owners and groups, ongoing meetings with landowners and local communities on matters such as Marinus Link's impact on economic development, landholder and environmental impacts and the construction costs proposal with the Consumer Advisory Panel.

MLPL's proposal noted key feedback themes that were engaged with the Consumer Advisory Panel include:

- MLPL's stakeholder engagement program scope, including Traditional Owner engagement, landowner engagement, community benefit sharing and consumers' willingness to pay for community benefit sharing and other initiatives.
- Procurement strategy and local content. The Consumer Advisory Panel noted their support for Australian industry participation but are concerned with potential negative

[14] MLPL, *ML-B002 MLPL Revenue Proposal Stage 1 – Part B (Construction) – December 2024*, December 2024, p.14-22.

impacts from Marinus Link such as local housing shortages and noted careful management is required.

- Cost allocation, noting this has not been resolved yet as MLPL will not recover any revenue from electricity consumers until 2030–35.
- The Infrastructure Sustainability Rating Scheme, focusing on steps MLPL can take during the design phase to minimise emissions and other environmental impacts. The Consumer Advisory Panel recommended that MLPL adopt the Silver rating for design and construction with an option to upgrade to the Gold rating in the future[15].
- The incentive mechanisms, focusing on how the CESS should apply to Marinus Link. Options include a default application of the CESS, not applying the CESS, and a modified CESS (with diluted rewards and penalties on the business compared to the default 30/70 sharing ratio).
  - The default application of the CESS applies a 30/70 sharing ratio. If the network service provider (NSP) spends less (more) than the approved forecasted capital expenditure the NSP retains approximately 30% of the net present value of the underspend (overspend), while consumers retain 70% of the underspend (overspend).[16]

We encourage MLPL to continue its engagement with the Consumer Advisory Panel and extend the engagement to other stakeholder groups focusing on aspects of the construction costs proposal.

3.3 Clearly evidenced impact

Clearly evidenced impact is about how a proposal represents and is shown to *represent consumer views*.

While MLPL's consultation process covered a range of issues, our analysis indicates that the only clearly evidenced impact of consultation pertains to the CESS. On 23 April 2024, MLPL sought views on the CESS from its Consumer Advisory Panel. The panel members did not reach a unanimous position on the CESS. MLPL has noted that they have taken into account the different views of the Consumer Advisory Panel and ultimately decided on a cost sharing arrangement of 5/95 where only 5% of the underspend (overspend) will be shared with consumers. We provide further details in section 5 of this paper.

It is not yet apparent, if the other themes explored with the Consumer Advisory Panel or with other stakeholder group, has been reflected in the proposal. In response to the themes engaged with the Consumer Advisory Panel we observe:

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15 The Infrastructure Sustainability Rating Scheme is managed by the Infrastructure Sustainability Council of Australia (ISCA) and provides a common national rating system for evaluating sustainability across different phases of a project including planning, design, construction and operational phases. It evaluates the sustainability performance of these phases against four key categories, governance, economic, environmental and social. Ratings ranges from Bronze to Diamond with a Silver Rating consists of an overall score of 40 to 59.

16 The sharing ratio is reduced to 20/80 if underspending is more than 10% of forecast capex.

- The construction costs proposal noted the community benefit sharing program will be included as part of the support activities costs[17] which has yet to be finalised. We hope to see continued engagement with stakeholders on the program.
- We recognise that MLPL has appointed an independent Consumer Advisory Panel member to be included as an observer in the MLPL procurement process. We will continue to observe how Australian industry participation is considered in the ongoing procurement process.
- As MLPL is still developing its position, it is still too early for us to form a comprehensive conclusion if the Consumer Advisory Panel's recommendation to improve MLPL's Infrastructure Sustainability Rating Scheme has been taken into account.

Overall, due to the lack of information on consumer input beyond the Consumer Advisory Panel's comments on the CESS, we are unable to assess consumers' impact on other components of MLPL's proposal. We encourage MLPL to continue to engage with consumers and stakeholders and to clearly demonstrate how consumer and stakeholder feedback has been incorporated in the revised construction costs proposal.

Questions on consumer engagement and how it has impacted the proposal

4) In what ways has MLPL's engagement on key elements of the proposal been genuine?

5) To what extent do you consider consumers were able to influence the topics MLPL engaged on?

6) What key themes would you like to see MLPL engage on?

[17] MLPL, *Marinus Link - ML-B-002 MLPL Revenue Proposal Stage 1 - Part B (Construction) – December 2024*, December 2024, p. viii.

4 Key elements of the proposal

This section considers three key elements of MLPL's construction costs proposal; the rate of return, proposed capital expenditure, and the RAB. The AER's CPP specifies modifications to the transmission determination process including the matters for determination at each stage.[18] For the construction costs proposal, the CPP notes these three key elements as part of the decision we would make at this current stage. We are seeking stakeholder feedback to inform our decisions on these elements. Other determinants of revenues and tariffs, such as operating expenditure, depreciation, and pricing methodologies, will be considered when MLPL submits its Stage 2 revenue proposal in 2029.

4.1 Rate of return and inflation

The AER's 2022 Rate of Return Instrument (2022 RORI) sets out the approach we will use to estimate the return on debt, the return on equity and the overall rate of return.[19]

The return that each business is to receive on its RAB, known as the 'return on capital', is a key driver of proposed revenues. We calculate the regulated return on capital by applying a rate of return to the value of the RAB.

We estimate the rate of return by combining the returns of two sources of funds for investment: equity and debt. The allowed rate of return provides the business with a return on capital to service the interest rate on its loans and give a return on equity to investors.

MLPL's proposal includes a rate of return of 5.24% for the first year of the 2025–30 period, compared to 3.29% in our decision for the first year of the 2021–25 period (stage 1 part A). The increase in the rate of return is driven by a rise in interest rates since the last decision.

MLPL's proposal includes an inflation estimate over the 2025–30 period.[20] We will update the rate of return inputs (the risk-free rate and the return on debt), and the expected inflation rate, when we finalise our decision.

4.1.1 Concessional finance

MLPL expects to receive concessional finance through the Clean Energy Finance Corporation (CEFC). Should this occur, this would reduce the costs that MLPL would need to recover from its customers.[21]

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18 NER, cl 6A.9.3(c)(1)

19 AER - Rate of Return Instrument (Version 1.2) – March 2024

20 MLPL, *Marinus Link - ML-B-002 MLPL Revenue Proposal Stage 1 - Part B (Construction) - December 2024, December 2024*, p.52.

21 MLPL, *Marinus Link - ML-B-002 MLPL Revenue Proposal Stage 1 - Part B (Construction) - December 2024*, December 2024, p.7.

We understand that the details of the concessional benefits are still being finalised with the CEFC, and a concessional finance agreement has not yet been settled.[22] Consequently, MLPL has not included the details of this agreement in its proposal.

In its proposal, MLPL highlighted that these arrangements may, depending on the terms of the agreement, impact its:[23]

- opening RAB as at 1 July 2025
- opening RAB as at 1 July 2030
- return on capital in the second regulatory period, commencing 1 July 2030.

4.2 Capital expenditure

Capital expenditure (capex) refers to that which is required to build, maintain or improve the physical assets needed to provide transmission services. Generally, these assets have long lives, and a NSP will recover capex from customers over several regulatory control periods. A business's capex forecast contributes to the return of and return on capital building blocks that form part of its total revenue requirement.

MLPL is required to include, in its revenue proposal, the total forecast capex it considers is required to meet or manage expected demand, comply with all applicable regulatory obligations, maintain the safety, reliability, quality and security of its network, or contribute to achieving emissions reduction targets (the capex objectives).[24] We must decide whether we are satisfied that this forecast reasonably reflects the prudent and efficient costs to achieve the capex objectives and a realistic expectation of future demand and cost inputs (the capex criteria), having regard to the capex factors.[25] We must make our decision in a manner that will, or is likely to, contribute to the achievement of the National Electricity Objective (NEO).[26]

MLPL proposed forecast capex of $3,534.3 million ($2024–25), including pre-construction expenditure of $204.9 million undertaken before July 2025, which was not included in the MLPL Stage 1 Part A Early works Final decision. Table 3 shows the breakdown of costings.

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22 MLPL, *Marinus Link - ML-B-002 MLPL Revenue Proposal Stage 1 - Part B (Construction) - December 2024*, December 2024, p.53.

23 MLPL, *Marinus Link - ML-B-002 MLPL Revenue Proposal Stage 1 - Part B (Construction) - December 2024*, December 2024, p.53.

24 NER, cl. 6A.6.7(a).

25 NER, cl. 6A.6.7(c).

26 NEL, ss. 7, 16(1)(a).

Table 3 Proposed construction expenditure ($m Real 2023)[27] [28]

Category	Pre-period[29]	2025–26	2026–27	2027–28	2028–29	2029–30	Total
Converter Station Design and Equipment Supply	143.1	98	372.8	10.1	57	56.2	737.2
HVDC Cable System – Submarine and Land Cables	52.4	99.8	106.4	132.7	365.6	138.1	895
Balance of Works*	[CIC]	[CIC]	[CIC]	[CIC]	[CIC]	[CIC]	[CIC]
Support activities*	[CIC]	[CIC]	[CIC]	[CIC]	[CIC]	[CIC]	[CIC]
Risk Allowance*	[CIC]	[CIC]	[CIC]	[CIC]	[CIC]	[CIC]	[CIC]
Total expenditure	**204.9**	**444.1**	**1069.7**	**870.6**	**657.7**	**287.3**	**3534.3**

*This cost information is commercially sensitive and has been redacted for the purposes of this Revenue Proposal.

Source: MLPL, *ML-B-002 MLPL Revenue Proposal Stage 1 - Part B (Construction)*, December 2024, p. ix.

As part of our review, we will also have regard to how MLPL has performed against the Better Resets Handbook expectations for capex. These expectations guide our assessment and identify which areas we consider may require a more in-depth assessment. These include factors such as:

- Evidence of prudent and efficient decision making on key projects and programs.
- Evidence of alignment with asset and risk management standards.
- Genuine consumer engagement on capital expenditure proposals.

The robustness of costings varies across components of MLPL's proposal. MLPL has tendered for the undersea cable, cable installation and converter station equipment. These costs are classified as AACE Class 2 and account for 46% of proposed construction costs. AACE class 2 costs are defined as having a cost range of up to 15% lower than estimated, and up to 20% higher.

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27 The expenditure forecasts exclude final milestone payments and commissioning costs, which will occur during the financial year commencing 1 July 2030. The milestone payments and commissioning costs are estimated to be $105 million.

28 MLPL, *ML-B-002 MLPL Revenue Proposal Stage 1 - Part B (Construction) – December 2024*, December 2024

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

However, the Balance of Works (including construction of transmission lines connecting the converter station to existing networks, and civil works for the converter stations) have not been fully market tested and are subject to significant change.[30] MLPL is currently running a tender process for these works.

MLPL's proposal includes approximately 90 kilometres of underground direct current (DC) cable from the Victorian coastline to Hazelwood. Part of its proposal is to implement double conduits when installing Cable 1, which it considers will lower the cost and timing of installing Cable 2. Clearly, two conduits will increase the costs associated with Cable 1. This may also result in higher costs in the long run if installing Cable 2 is postponed or delayed.[31]

The following section explains the procurement process for the undersea cable, cable installation and converter station equipment. It also explains our approach to the costs that have not yet been market tested.

4.2.1 Procurement process

The MLPL procurement process was conducted in several phases. The initial phase involved research to identify potential service providers for the submarine cables and associated works, and construction and fit out of the converter stations. Registrations of interest were then conducted to identify consortia interested in providing the required services. Evaluations were then conducted to shortlist potential suppliers. The shortlisted firms were then invited to submit tender prices, which were subject to evaluation and executive review.

MLPL established an Evaluation Steering Committee comprising independent industry experts, consultants and MLPL staff to evaluate the tenders. An AER representative and a consumer representative observed the Evaluation Steering Committee meetings. Government representatives also attended when relevant contractual matters were discussed. The evaluation and review processes were conducted by separate panels for the submarine cables and converter stations respectively.

The panels received briefings from expert advisers that evaluated specific elements of each tender, including compliance with the tender requirements for technical, commercial and legal, financial capability, community consultation, indigenous opportunities, and other criteria. All meetings were conducted with a pre-agreed evaluation strategy based on good industry practice for tender evaluations.

Drawing on advice from the expert advisers, panel members scored the tenders. This process was repeated for each subject area. Scoring was revised and debated until a final consensus score was achieved.

The government, AER and consumer representatives each had significant experience in conducting high value public tender processes. To maximise compliance with the expectations of both governments and the AER, the Marinus evaluation and review teams regularly sought feedback from the observers. Each of the observers was satisfied that the process was conducted to a high standard, sustained competitive tension, and was consistent with industry norms and with government procurement requirements.

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30 AER, *Marinus Link Revised Commencement and Process Paper,* November 2024. p. 4-5.

31 MLPL, *Revenue proposal stage 1 – Part B (construction costs)*, November 2024, p. 27.

4.2.2 Untendered costs estimates

The Balance of Works costings which includes land cable civil works and the design, construction and installation of the converter stations, are at the AACE Class 3 level or are untendered. AACE class 3 costs are defined as having a cost range of up to 20% lower than estimated and up to 30% higher. The level of uncertainty in the regulatory proposal for construction costs is greater than similar large transmission projects. For this reason, MLPL proposes to provide updated (market tested) costings for the balance of works as part of its revised revenue proposal in July 2025.

These remaining cost elements are subject to too much uncertainty to meaningfully consult on and assess until they are market tested. For this reason, we will first assess the AACE Class 2 elements (the undersea cable, installation of the cable and converter station equipment) and publish a draft decision about these costs in May 2025. This Initial draft decision will not assess the AACE Class 3 costs elements and will instead include a placeholder for the balance of costs comprising balance of works, support activities and risk allowance, that all could be subject to change.

MLPL will then provide market tested costings on the Balance of Works in its revised proposal in July 2025. We will then assess those costs and publish a supplementary draft decision in October 2025 for stakeholders to comment on. We expect MLPL to complete the AEMO feedback loop process and update its RIT-T assessment prior to submitting the revised proposal. This will provide stakeholders with confidence that Project Marinus remains optimal and will deliver benefits to consumers.

We consider that the additional (supplementary draft decision) step is required to provide stakeholders with an opportunity to comment on the full scope of works and the more accurate costings to be provided in July 2025. The added step increases the opportunity for consumers and other stakeholders provided with detailed and fully developed cost information to inform our final decision.

Questions on forecast capital expenditure

7) What are your views on the proposed capital expenditure, including the prudency and efficiency, of the undersea cable and installation, converter station, and the proposal to prepare and instal conduits for Cable 2 as part of the construction and installation of Cable 1 for the underground section from the Victorian coastline to Hazelwood? Please provide reasons for your answers.

4.3 Regulatory asset base

The RAB is the value of assets used by MLPL to provide transmission network services. The value of the RAB will be a substantial contributor to the price consumers ultimately pay for Marinus Link:

- The return on the RAB (return on capital) applies the rate of return discussed above to the RAB. It is included in regulated revenue to compensate investors for the opportunity cost of funds invested in this business.

- Depreciation of the RAB (return of capital) is included in regulated revenue to allocate the cost of assets making up the RAB over their useful lives. It is the amount provided so capital investors recover their investment over the economic life of the asset.

All else equal, the greater the value of the RAB, the greater will be the return on capital and depreciation components of the revenue determination.

The proposed RAB at 1 July 2030 (once construction has been completed) is $5,051.3 million. This includes:

- The opening regulatory asset base from the AER's Stage 1, Part A (Early works) determination.
- Stage 1, Part B (Construction costs) construction expenditure undertaken in 2023–24 and 2024–25.
- Stage 1, Part B (Construction costs) construction expenditure proposed for the period from 2025–26 and 2029–30.
- Capitalised benchmark debt and equity raising costs. These costs are included in the RAB because no revenue will be recovered until prescribed services commence in 2030.[32]

This does not include any depreciation because Marinus Link is not expected to be commissioned until 1 July 2030.

Table 4 below sets out the components of the proposed opening RAB of $5,051.3 million. MLPL notes the RAB roll forward calculation will be subject to amendment to reflect actual expenditure, inflation and the allowed rates of return determined for the 2025–30 period.[33]

Table 4 Capitalisation of expenditure calculation for the 2025–30 period – Marinus Link Stage 1, Part B (Construction costs) ($m, nominal)

	2025–26	2026–27	2027–28	2028–29	2029–30
Opening RAB	453.1	971.8	2,256.9	3,416.7	4,420.0
Part B Expenditure (Construction costs) net of grant funding	482.2	1,199.1	1,001.9	776.5	346.6
Allowed return on opening RAB[b]	23.7	53.1	128.5	202.4	271.8
Allowed return on annual expenditure and equity raising costs	12.5	32.3	28.1	22.7	10.5
Debt raising costs[c]	0.2	0.5	1.2	1.8	2.4
Closing RAB	**971.8**	**2,256.9**	**3,416.7**	**4,420.0**	**5,051.3**

Source: MLPL, *ML-B-002 MLPL Revenue Proposal Stage 1 - Part B (Construction) – December 2024*, December 2024, pp. 56–57.
(a) Assumed to be in mid-year December terms.

32 AER, *Revenue Determination – Marinus Link – Stage 1, Part A (Early works)*, December 2023, p. 16.

33 MLPL, *ML-B-002 MLPL Revenue Proposal Stage 1 - Part B (Construction) – December 2024*, December 2024, p. 57.

(b) Calculated by multiplying the opening RAB with the proposed WACC as set out in section 4.1 for the 2025–30 period.
(c) Updated debt raising cost to reflect the proposed WACC as set out in section 4.1 for the 2025–30 period.

The approach to calculating the RAB is consistent with standard regulatory practice. However, we will review and consult on the following as part of our revenue determination process:

- The Stage 1, Part B (Construction costs) proposed in this application.
- The proposed rate of return and debt raising costs.
- The updated opening RAB costs (which compromise actual capital expenditure undertaken prior to 1 July 2025).[34]

[34] Marinus Link proposed an opening RAB of $453.1 million ($nominal) as at 1 July 2025. This is $306.4 million higher than the opening RAB of $146.7 million we determined in our revenue determination for Stage 1, Part A (Early works). The difference arises because it includes:

- Updates to Stage 1, Part A (Early works) actual capital expenditure for 2022–25.
- Stage 1, Part B (Construction costs) pre-construction expenditure for 2023–24 and 2024–25.
- Updates to equity raising costs.

5 Incentive schemes to apply in 2025–30

Incentive schemes form an important part of our regulatory toolkit. They provide financial rewards and penalties to network service providers and complement our approach to assessing costs. They encourage businesses to pursue expenditure efficiencies while still maintaining the reliability and overall performance of their networks.

As MLPL's proposal only covers capital expenditure, only the Capital Expenditure Sharing Scheme (CESS) is relevant. We will consider applying the efficiency benefit sharing scheme (EBSS) and the service target performance incentive scheme (STPIS) as part of our assessment of MLPL's full revenue proposal that will be submitted in 2029.

The CESS plays an important role in incentivising NSPs to undertake efficient capex throughout a regulatory control period. It also encourages better forecasting of capex and incentivises transparent revelation of capex to assist in dealing with the information asymmetry that exists between the AER and the network business. It achieves this by rewarding NSPs that outperform their approved capex forecast and penalising NSPs that spend more than their approved capex forecast on a consistent basis in each year of the regulatory control period. The CESS also provides a mechanism to share efficiency gains and losses between NSPs and consumers.

Our Capital Expenditure Incentive Guideline[35] (Guideline) adopts a sharing ratio of 30/70. This means that if an NSP spends less (more) than forecast, the NSP retains approximately 30% of the net present value (NPV) of the underspend (overspend), while consumers retain 70% of the underspend (overspend).[36]

The Guideline sets out the following factors in determining whether or not to exclude, or vary, the application of the CESS to transmission contingent projects. We consider these factors are also relevant in making a determination for an intending transmission network service provider such as MLPL:

- the TNSP's CESS and capital expenditure proposals
- benefits to consumers from the exemption
- the size of the project
- the degree of capital expenditure forecasting risk
- stakeholder views.

In our final decision on Marinus Link Stage 1, Part A (Early works), we stated that the decision on whether to apply the CESS should be deferred to when we knew more about the full costs and risks of Marinus Link, following submission of the construction costs proposal.

[35] AER, *Capital Expenditure Incentive Guideline*, April 2023

[36] The sharing ratio is reduced to 20/80 if underspending is more than 10% of forecast capex.

We stated that, as per the CESS guideline, our default position is to apply the CESS, and that we would be careful in making exclusions and variations.

MLPL proposes to vary the CESS for the 2025–30 period with a lower powered 5/95 sharing ratio compared to the current 30/70 arrangement described above. This would lead to consumers bearing more risk of cost variations by paying more for cost overruns. However, customers conversely would also retain a larger proportion of the savings if the NSP's actual costs were lower than the approved forecast.

One of MLPL's reasons for proposing a lower powered CESS is that its control over Marinus Link costs is limited because most of the work is outsourced. MLPL has already run a tender process for converter station equipment and cables and signed contracts. MLPL is now running a tender process for the Balance of Works which it will complete in May 2025. MLPL argues that if the difference between forecast costs and outcomes is driven by circumstances outside MLPL's control, then the CESS results in windfall gains or losses for MLPL rather than driving efficiencies.

In addition, MLPL submits further arguments for its lower powered sharing ratio:

- MLPL does not have a portfolio of projects. It submits that overspends on its large transmission project cannot be compensated by underspends on other projects.
- Cost uncertainty means that the CESS will reward/penalise forecasting error rather than efficiency gains and losses.
- MLPL's concessional financing arrangements increase the potential exposure for equity holders from an overspend, because there is a higher expected average level of gearing than the AER's benchmark.

The CESS aims to provide incentives to NSPs to reduce the cost of delivering projects. For NSPs such as MLPL, which outsource most of their construction work, the CESS provides incentives to run effective tendering processes which result in cost effective contracts, and to manage contracts in a way that limits cost increases over the construction period. To the extent that Marinus Link has already been outsourced, the question is what role the CESS can play in encouraging MLPL to manage the contracts and any contract variations in the interests of consumers.

There is a precedent to vary how the CESS is applied. For Transgrid's HumeLink, we modified the CESS having regard to the CESS Guideline factors outlined above. We determined certain exclusions from the CESS and adopted a tiered sharing ratio. HumeLink's tiered sharing ratio provides an incentive for efficiency gains for underspends/overspends up to 10% of its forecast with the standard sharing ratio of 30/70. For underspends/overspends beyond 10% the CESS will be set to the average financing cost or benefit. The reason for the tiered approach was that the CESS could result in significant penalties for Transgrid if actual costs end up being significantly more than forecast. We considered this risk could have deterred Transgrid's investors from committing to HumeLink and ultimately resulted in a worse outcome for consumers.

In considering whether any exclusions or variations to the CESS should apply, we will need to consider the factors set out in the Guideline to the specific circumstances of the Marinus Link project.

Questions on incentive schemes

8) How should the CESS apply in the 2025–30 regulatory control period given that MLPL will have completed tender processes for most of its construction work by the time the regulatory reset period commences?

9) What are your views on the 5/95 cost sharing ratio proposed by MLPL? Will it provide sufficient incentives for MLPL to effectively manage cost increases associated with the contract or contract variations?

10) What specific factors are there in the case of Marinus Link that we should consider in applying any exclusions or variations to the CESS?

6 Pass throughs

During a regulatory control period, a TNSP can apply to pass through to its customers, in the form of higher or lower network charges, certain material changes in its costs caused by pre-defined exogenous events. These events are called cost pass through events.

The NER include the following pass through events for all transmission determinations: [37]

- a regulatory change event
- a service standard event
- a tax change event
- an insurance event
- an inertia shortfall event.

In addition to these prescribed events, other pass through events may be 'nominated' by a service provider to be specified in a transmission determination as a pass through event for a regulatory control period.[38] Our Final decision must include a decision on the nominated pass through events that are to apply for the regulatory control period.[39] MLPL has proposed the following:

- **Unavoidable contract variations event** – occurs if there is a contract variation that has a material impact (positive or negative) on MLPL's costs of constructing or commissioning as a result of a change in the Marinus Link design or proposed route. The cost of the unavoidable contract variations event may include, but is not limited to, the increase or decrease in the prudent and efficient costs of any civil or building works, environmental and planning approvals; and any plant, equipment, materials and labour costs; and delay costs.
- **Contractor force majeure event** – a material change in construction costs incurred by MLPL due to a force majeure event impacting the construction contractor. The contractor force majeure event includes the additional prudent and efficient construction costs incurred because of an unforeseen force majeure event impacting the contractor, where:

  (i) the costs are not covered by an existing insurance policy or other pass through event; and

  (ii) the force majeure event is declared in accordance with the terms of the relevant contract.
- **Contractor insolvency event** – occurs if a contractor is declared insolvent and as a result of that insolvency there is a material increase in MLPL's costs of constructing or commissioning Marinus Link. The cost may include, but is not limited to, those arising from delays; renegotiation of new contract terms; appointing an alternative contractor; and any increase in the costs of completing construction.

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37 NER r. 6A.7.3(a1)(1)–(4) and (5)–(7)

38 NER, r. 6A.7.3(a1)(5)

39 NER, cl. 6A.14.1(9)

- **Biodiversity event** – occurs if there is a change in biodiversity obligations which results in a cost impact (positive or negative) to achieve compliance, where a change in MLPL's biodiversity obligations means:
  a) a new legislative or regulatory requirement from those that applied at the date of MLPL's Revenue Proposal.
  b) a decision by a planning authority which requires additional measures be taken to avoid and minimise biodiversity impacts (or to refuse an application based on those impacts); or increase or decrease the credit obligations identified by MLPL at the time of its Revenue Proposal.

In determining whether we accept a nominated pass through event, we must take into account the 'nominated pass through event considerations' which are as follows: [40]

a) whether the event proposed is an event covered by a category of pass through event specified in clause 6A7.3(a1)(1) to (4)
b) whether the nature or type of event can be clearly identified at the time the determination is made by the service provider
c) whether a prudent service provider could reasonably prevent an event of that nature or type from occurring or substantially mitigate the cost impact of such an event
d) whether the relevant service provide could insure against the event , having regard to:
   (i) the availability (including the extent of availability in terms of liability limits) of insurance against the event on reasonable commercial terms; or
   (ii) whether the event can be self-insured on the basis that it is possible to calculate the self-insurance premium and the potential costs to the service provider would not have a significant impact on the service provider's ability to provide network services.

Questions on pass throughs

11) What is the case for including or not including the additional pass throughs proposed by MLPL?

12) How could the proposed additional pass through associated with unavoidable contract variations impact the incentives for MLPL and the contractor to mitigate the risks of potential cost overruns on Marinus Link?

13) How could the proposed contractor insolvency pass through impact the incentives for MLPL to engage in prudent and efficient management of construction costs of Marinus Link?

[40] NER, Chapter 10, definition of a nominated pass through event consideration.

7 Summary of questions

Questions on cost uncertainty

1) What level of cost certainty is appropriate before updated RIT-T assessments are finalised?
2) If there are residual cost uncertainties at the time MLPL revisits the RIT-T analysis, how should the analysis account for the uncertainties? For example, should MLPL undertake additional sensitivity analysis?

Cable 2 Contingent Project

3) What are your views on the issues raised with respect to the contingent project approach or trigger events?

Consumer Engagement

4) In what ways has MLPL's engagement on key elements of the proposal been genuine?
5) To what extent do you consider consumers were able to influence the topics MLPL engaged on?
6) What key themes would you like to see MLPL engage on?

Forecast Capital Expenditure

7) What are your views on the proposed capital expenditure, including the prudency and efficiency of the undersea cable and installation, converter station and the proposal to prepare and install conduits for Cable 2 as part of the construction and installation of Cable 1 for the underground section from the Victorian coastline to Hazelwood?

   Please provide reasons for your answers.

Incentive Schemes

8) How should the CESS apply in the 2025–30 regulatory control period given that MLPL will have completed tender processes for most of its construction work by the time the regulatory reset period commences?
9) What are your views on the 5/95 cost sharing ratio proposed by MLPL? Will it provide sufficient incentives for MLPL to effectively manage cost increases associated with the contract or contract variations?
10) What specific factors are there in the case of Marinus Link that we should consider in applying any exclusions or variation to the CESS?

Pass Throughs

11) What is the case for including or not including the additional pass throughs proposed by MLPL?

12) How could the proposed additional pass through associated with unavoidable contract variations impact the incentives for MLPL and the contractor to mitigate the risks of potential cost overruns on Marinus Link?
13) How could the proposed contractor insolvency pass through impact the incentives for MLPL to engage in prudent and efficient management of construction costs of Marinus Link?

Glossary

Term	Definition
AACE	Association for the Advancement of Cost Engineering
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
Capex	Capital expenditure
CEFC	Clean Energy Finance Corporation
CESS	Capital expenditure sharing scheme
CIC	Commercial in confidence
CPP	Commencement and Process Paper
DC	Direct current
EBSS	Efficiency benefit sharing scheme
HVDC	High voltage direct current
Intending TNSP	Intending transmission network service provider
ISP	Integrated System Plan
MLPL	Marinus Link Pty Ltd
MW	Megawatt
NEO	National Electricity Objective
NEL	National Electricity Law
NEM	National Electricity Market
NER	National Electricity Rules
NPV	Net present value
NSP	Network service provider
PACR	Project assessment conclusion report
RAB	Regulatory asset base
RFP	Request for proposal
RIT-T	Regulatory investment test for transmission
STPIS	Service target performance incentive scheme