



Explanation of Capital Expenditure
Requirements
Attachment 3: Balance of Works –
Independent cost estimate

Revenue Proposal
November 2024



Responsibilities

This document is the responsibility of the Marinus Link Team, **Marinus Link Pty Ltd PO Box 606 Moonah Tasmania 7009**, ABN 47 630 194 562 (hereafter referred to as MLPL).

Enquiries regarding this document should be addressed to:

Marinus Link
PO Box 606
Moonah TAS 7009
Email: team@marinuslink.com.au

Executive summary

Marinus Link Pty Ltd (**MLPL**) has prepared this document to support its Revenue Proposal – Part B (Construction costs). This document relates to Balance of Works, which is a package of work that will be subject to competitive tender that is expected to conclude in May 2025. As the tender process is currently on-going the expenditure forecasts presented are estimates that will be updated when MLPL submits its revised Revenue Proposal in July 2025.

This scope of work is described as the 'Balance of Works' because it is the remaining construction work that is required following the awarding of the following contracts:

- This converter station equipment contract, which was awarded to Hitachi Energy on 1 May 2024; and
- The submarine and land cables contract, which was awarded to Prysmian Powerlink on 1 August 2024.

The scope for the 'Balance of Works' includes:

- the land cable civil works (including trenching works, horizontal direct drilling (**HDD**) works and joint bays) and access road; and
- the detailed design, construction and installation of the balance of plant forming part of the converter stations, being the main converter interface transformers and the main converter valves, including supports.

As the Balance of Works scope is subject to a competitive tender process, MLPL engaged Tracey Brunstrom & Hammond Consultants (**TBH**) to provide a bottom up, Class 3 cost estimate for the purposes of this Revenue Proposal. TBH has provided a report on each of the two elements that comprise the Balance of Works scope, and their reports are reproduced in Parts A and B of this attachment. A number of the appendices have been provided as separate files and are available on request. It should also be noted that the cost estimates for Balance of Works are commercially sensitive, as the tender process is on-going, and therefore have been redacted.

Before turning to the detailed reports provided by TBH, the table below summarises the cost estimates for the Balance of Works as prepared by TBH, subject to the following adjustments which were made following the TBH’s analysis:

- TBH’s costs have been adjusted to reflect real June 2023 prices and labour escalations have been applied;
- An allowance for a performance payment linked to Key Performance Indicators to be specified in the contact has been included in the estimated cost; and
- An estimate for inherent risks, which was initially included in the risk allowance estimate, has been assigned to the costs estimate for Balance of Works, as these risks are likely to borne by the contractor and reflected in the contract price.

Table 1: Placeholder expenditure estimates for Balance of Works (\$m real 2023)¹

	Pre-period ²	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	Total
Land cable civil works*							
Converter stations buildings and support works*							
Total*							

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

Aurecon Advisory has reviewed the TBH report and the updated cost estimates, shown above. Aurecon Advisory’s report is provided in Attachment 9 of this Revenue Proposal. It provides a comprehensive review of the estimated costs and highlights various issues and uncertainties that will need to be resolved in the tender process and the subsequent revisions to the risk allowance. Subject to resolving these matters, Aurecon considers the cost estimates to be reasonable.

¹ The placeholder estimates excludes testing and commission expenditure, which is expected to be incurred after 30 June 2030.

² This includes MLPL’s pre-construction costs which were incurred prior to 1 July 2025.