

## Special Condition 4.8 Major Projects output delivery incentive (MPIt)

### Part A: Formulae for calculating the Major Projects ODI-F term (MPIt)

4.8.4 The value of the term MPIt is derived in accordance with the following formula:

$$MPI_t = \sum_{n=1}^n MPI_{n,t}$$

where:

$$MPI_{n,t} = AnnualPenalty_{n,t} + AnnualReward_{n,t} + LumpSum_{n,t}$$

where:

$$AnnualPenalty_{n,t} =$$

$$-\frac{F_n}{2} \cdot \min \left[ \max[\text{Start Day of year}(t+1) - \text{CalcDD}_n, 0], \text{days in year } t, -\min \left[ \frac{\text{CappedODI}_n - \sum_{2026/27}^{t-1} AnnualPenalty_{n,t}}{\frac{F_n}{2}}, 0 \right] \right]$$

and

$$AnnualReward_{n,t} =$$

$$F_n \cdot \min \left[ \max[\text{Start Day of year}(t+1) - DD_n, 0], \text{days in year } t, \max \left[ \frac{\text{CappedODI}_n - \sum_{2026/27}^{t-1} AnnualReward_{n,t}}{F_n}, 0 \right] \right]$$

and

$$LumpSum_{n,t} = \begin{cases} PotentialLS_n & \text{if } DD_n \leq TDD_n \text{ and if } DD_n \text{ falls in year } t; \\ 0 & \text{otherwise} \end{cases}$$

where:

$$F_n = \begin{cases} DayRate_n & \text{if } DayRate_n \neq \text{nil and } ODD_n \leq P50n; \\ (ProjectTotex_n \times 1\%) / 365 & \text{if } ODD_n > P50n; \\ (ProjectTotex_n \times 2\%) / 365 & \text{otherwise} \end{cases}$$

and

$$CappedODI_n = \begin{cases} \max(\min(UncappedODI_n, Cap_n - PotentialLS_n), -Cap_n) & \text{if } ODD_n > P50n; \\ \max\left(\min(UncappedODI_n, Cap_n - PotentialLS_n), -\frac{Cap_n}{2}\right) & \text{otherwise} \end{cases}$$

and

$$UncappedODI_n = \begin{cases} \min\left(-\frac{F_n}{2} \times (D_n - PE_n), 0\right) & \text{if } D_n > 0; \\ -F_n \times D_n, & \text{if } D_n \leq 0 \end{cases}$$

and

$$Cap_n =$$

$$\begin{cases} \min(20\% \text{ of } ProjectTotex_n, ((P50_n - ODD_n) \times F_n) + PotentialLS_n) & \text{if } ODD_n \leq P50_n; \\ ProjectTotex_n \times 10\% & \text{if no } ODD_n \text{ is determined;} \\ ProjectTotex_n \times 1\% & \text{otherwise} \end{cases}$$

where:

CalcDD <sub>n</sub>	equals (TDD <sub>n</sub> + PE <sub>n</sub> );
DD <sub>n</sub>	means the Major Projects ODI-F Delivered Date for project n;
D <sub>n</sub>	equals (DD <sub>n</sub> – TDD <sub>n</sub> );
DayRate <sub>n</sub>	means the daily amount associated with 30% of constraint costs associated with one year of delay (within 2-5% of ProjectTotex <sub>n</sub> ), or nil if constraint costs are unknown, as listed in Appendix X.
n	represents a project with a Major Projects ODI-F incentive, as listed in Appendix X and Appendix X;
ODD <sub>n</sub>	means the Optimal Delivery Date for project n, as listed in Appendix X;
P50 <sub>n</sub>	means the P50 Delivery Date for project n, as listed in Appendix X;
PE <sub>n</sub>	means the Major Projects ODI-F Penalty Exemption Period in days for project n as set out in Appendix X or Appendix X;
PotentialLS <sub>n</sub>	represents the potential maximum Major Projects ODI-F lump sum reward available for project n, given as 1% of ProjectTotex <sub>n</sub> , as set out in Appendix 1 or Appendix 2;
ProjectTotex <sub>n</sub>	mean the total expenditure for each project n, as listed in Appendix X;
t	represents the Regulatory Year; and
TDD <sub>n</sub>	represents the Major Projects ODI-F Target Delivery Date for project n, equal to P50 <sub>n</sub> , or ODD <sub>n</sub> where ODD <sub>n</sub> > P50 <sub>n</sub> ;