



Caboolture – New Depot Development

Business Case

31 January 2024

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1 EXECUTIVE SUMMARY

Title	Caboolture Depot – New Depot Development							
DNSP	Energex							
Expenditure category	<input type="checkbox"/> Replacement <input type="checkbox"/> Augmentation <input type="checkbox"/> Connections <input type="checkbox"/> Tools and Equipment <input type="checkbox"/> ICT <input checked="" type="checkbox"/> Property <input type="checkbox"/> Fleet							
Identified need (select all applicable)	<input type="checkbox"/> Legislation <input type="checkbox"/> Regulatory compliance <input checked="" type="checkbox"/> Reliability <input type="checkbox"/> CECV <input checked="" type="checkbox"/> Safety <input type="checkbox"/> Environment <input checked="" type="checkbox"/> Financial <input checked="" type="checkbox"/> Other <p>Caboolture and the surrounding suburbs have experienced considerable growth (35%) over the last decade and it is the fastest growing part of the Moreton Bay area. This community growth is mirrored in growth at the Caboolture depot which is averaging 9% p.a. since 2016/17 and forecast to increase a further 4% p.a. up to 2029/30. Caboolture Depot has two permanent buildings on site, both built in 1973 and have surpassed their useful life (40 years). Both buildings have a series of major and minor defects that need rectification, with the buildings requiring full refurbishments within the next 3-4 years. The site is also positioned on 14 residential lots, amongst a residential area of Caboolture. Growth at the site has led to heavy vehicles being parked on the street overnight, increasing the security and safety risk to EQL and the community.</p> <p>Why now?</p> <p>The current site is heavily constrained now for office and storage functions and is unable to handle the 2029/30 forecast growth. Furthermore, the buildings are at end-of-life and require investment to manage defects and replace within the next 4 years.</p>							
Summary of preferred option	Option A – Construct new depot at 29 Nolan Drive, Morayfield.							
Capital Expenditure (\$Real)	Year	Previous period	2025-26	2026-27	2027-28	2028-29	2029-30	2025-30
	\$m, direct 2022-23	█	█	█	█	█	█	█
	The capital expenditure forecast above sourced from the NPV model is provided in \$m, 2022-23. See Appendix 2 for a conversion table which shows how this forecast is represented in the capex model and reset RIN.							
NPV	+\$1.5m (compared to counterfactual)							
Benefits	<p>Addresses capacity constraints of current site while allowing for future growth.</p> <p>Efficient fit-for-purpose site due to optimised layout at a greenfield site.</p> <p>New site replaces end of life assets at current site. Located in an industrial zone, easier access to the highway.</p>							
Customer importance	At the residential customer focus session held in August, we tested with a focus group of customers their thoughts around the location of our depots and the benefits and drawbacks of having depots located in residential or industrial areas. Our customers told us that they generally favoured industrial areas over residential sites while recognising that there are a range of considerations in assessing site suitability or redeveloping an existing site. Customers also told us they were interested in maximising customer value.							

2 OVERVIEW

2.1 Purpose and scope

This is a preliminary business case describing the required investment to proceed with the replacement of the Caboolture depot which has reached full capacity and asset is at end of life.

The purpose of this document is to provide a forecast of the investment required in coordination with the Australian Energy Regulator (AER). Prior to investment, a Gate 3 business case will be prepared with further detail to be assessed in accordance with the established Energy Queensland investment governance processes.

2.2 Background

2.2.1 Site Summary

The Caboolture depot is located at 63-75 Wallace Street North, Caboolture and was originally constructed in 1973. Key functions delivered at this site include:

- Field Delivery
- Substation Operations
- Design and Delivery Standards
- Procurement and Supply
- Technical Training

In 2019, a project was undertaken to safely remove most of the asbestos containing material within the internals of building A & B. Over 1,000sqm of ACM was removed as part of EQL's commitment to being asbestos-free. This project also provided an opportunity to make minor adjustments to the office layout. The number of workstations in the office increased from 27 to 40, by improving the utilisation of the existing floor space. However, these additional workstations are all now fully utilised and the site is again over 100% capacity, with 73 staff currently based on site.

In November 2019 in response to persisting capacity constraints, a thorough site selection process was conducted, ultimately leading to the acquisition of a 2.42Ha parcel of land located at 29 Nolan Drive, Morayfield for \$2.65 million as part of the Energex minor works program. This decision was made with the objective of replacing the Caboolture depot in the near future, effectively resolving the capacity limitations.



Figure 1: Current Caboolture Depot

The selected greenfield site has been chosen to accommodate both the current needs and future growth projections. Furthermore, its strategic positioning adjacent to the Bruce Highway ensures convenient accessibility and favourable connectivity to major transportation routes. By securing this site, EQL has positioned itself to overcome the challenges posed by inadequate capacity and facilitate sustained operational growth.

2.3 Identified Need

2.3.1 End of Life Assets

The Caboolture Depot buildings are aged, contain multiple major and minor defects and have surpassed their useful life, as per the independently produced building condition report. A summary of those findings are as follows:

Table 1: Defect Summary

Site Asset	Major Defects	Minor Defects	Defect Summary
Grounds	0	2	Fencing & encroaching vegetation
Building A Exterior	5	4	Soffits, fascia peeling, gutter & roof corrosion, screens, flashing, no PWD access.
Building A Internals	3	10	Ceiling, joinery, wall linings, plant (only those not resolved in 2019)
Building B Exterior	2	2	Fascia, roof corrosion, gutters & flashing, painting
Building B Interior	2	1	Ceiling, roller door, constrained pole top training
Training Demountable Exterior & Interior	0	9	Fascia, roof corrosion, gutters & flashing, painting, floor finishes, joinery, ceiling, no PWD access



Building A – Roof deterioration



Building A – Roof & gutter flashing & finish



Building A – Movement & cracking to rendered capping

Building A – Continued movement & cracking to wall



Building A – Amenities shared with switchboard, comms board and A/C Plant

Building A – Amenities 1970's vintage



Building A – A/C ducts run internally, noise & dust transfer



Building B - Roof deterioration



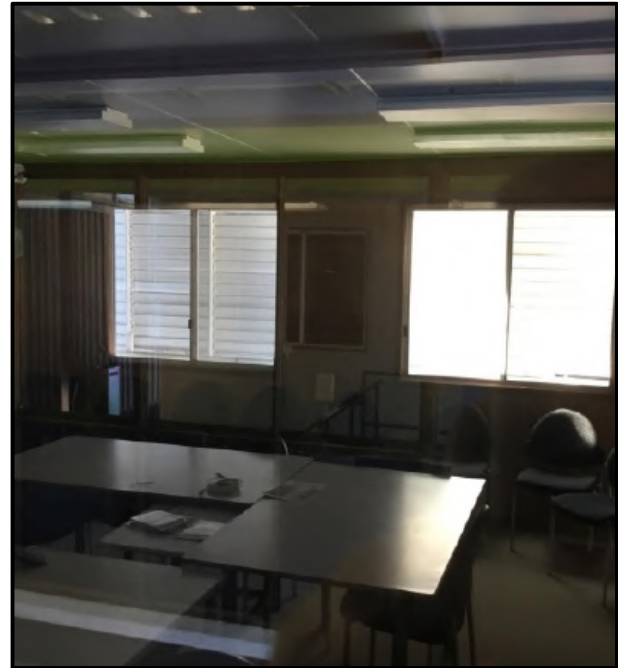
Building B – Pole top training conducted in heavily constrained storage area (out of weather)



Building B – Data/Comms equipment in open warehouse



Training Demountable – Underfloor, plywood on steel frame



Training Demountable – Interior

2.3.2 Capacity

The existing site is approaching its maximum capacity, with limited options for external storage solutions, and the projected functional growth is expected to surpass the site's capacity by 2025.

This expansion in demand is largely driven by a 35% increase in the local population over the course of a 10-year period. As a result, the site is experiencing a surge in service demands to meet the needs of the growing community. This trend is reinforced by assessing the growth in staff numbers observed during the same time frame, currently trending at 9% p.a. since 2016/17. It is evident that the site's current capacity is unable to sustain the current staff numbers as at 2023/24 (Sep 2023), let alone any anticipated growth up to 2029/30.

Table 2: Employee Growth Forecast

Growth Forecast	2016/17	2019/20	2021/22	2022/23	2023/24	2026/27	2029/30
Staffing Type*	Actuals					Forecast**	
Office staff	7	10	11	12	16	18	21
Mixed staff	17	21	22	25	28	30	34
Field Staff	31	33	33	32	47	48	56
Total Staff	56	64	66	69	91	96	111

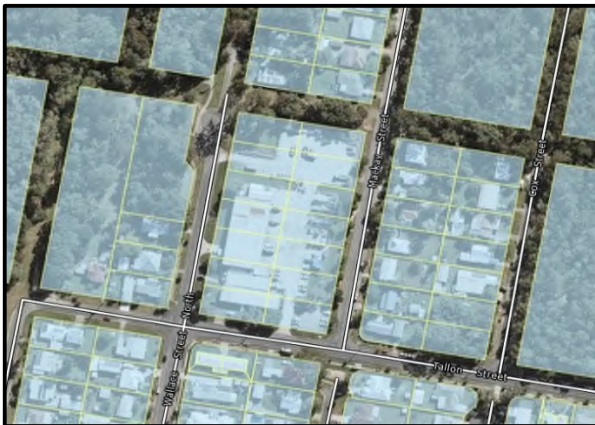
* Office & mixed staff require a permanent workstation. Field staff generally utilise hot desks at 1 per 4 people.

** Actual staff growth has trended at 9% p.a over the 7 year period to 2023/24. While Qld population projections forecast the continuation of significant growth in the area (39% in the 10 year period to 2031), forecast staff numbers are based on a more conservative 4% p.a growth rate.

2.3.3 Fit-for-Purpose & Demand

The current site cannot meet the current demand and is not fit-for-purpose to meet the community needs.

- Buildings are nearing end-of-life and will require significant capex to renew e.g., a full roof replacement is required due to corrosion (see images above). Building out into the yard is not possible due to other constraints (below).
- The site is not strategically located. It is situated on 14 individual residential blocks amongst a residential zone of Caboolture. It is in a landlocked position (roads all sides) with no adjacent lots and is surrounded by residential homes (see below).
- Council town planning requirements have specified that the existing 'vegetation areas' (grass and gardens) are to be maintained at the existing levels. This means no further expansive-type development within the existing site can be considered.
- On site pole storage, equipment storage and car parking are insufficient and provides unsafe management and traffic overflow. Four heavy vehicles (EWP's) are being parked on the street each day, and poles are being stored and dressed on the grass to mitigate these issues.



Caboolture Depot – Planning Cadastre zoning of surrounds



Full racks & bins, driving storage placement on ground



Equipment stored behind heavy vehicles. Spoon drain prevents expansion of hardstand/storage along east side.



Pole cutting performed on grass in non-ideal conditions

2.4 Customer importance

At the residential customer focus session held in August, we tested with a focus group of customers their thoughts around the location of our depots and the benefits and drawbacks of having depots located in residential or industrial areas. Our customers told us that they generally favoured industrial areas over residential sites while recognising that there are a range of considerations in assessing site suitability or redeveloping an existing site. Customers also told us they were interested in maximising customer value.

2.5 Compliance

Legislation, Regulation or Code	Obligations	Relevance to Investment
Queensland Work Health and Safety Act 2011 and Work Health and Safety Regulation 2011	<p>We have a duty of care, ensuring so far as is reasonably practicable, the health and safety of our staff and other parties. This includes the suitable provision and maintenance of work environments, premises, plant and structures, such that workers are not exposed to risks to health and safety.</p>	<p>EQL must proactively manage the site daily, given the insufficient site circulation and storage limitations. These factors contribute to heightened safety risks that necessitate diligent attention and proactive measures to mitigate potential hazards and ensure the well-being of the organisation and its personnel.</p>
Safe Work Australia – Managing the Work Environment and Facilities. Code of Practice – Dec 2011	<p>Consistent with the Work Health and Safety Act, this code of practice defined specific safe work obligations relating to:</p> <ul style="list-style-type: none"> • Access and egress • Work areas and workstations • Flooring, lighting and housekeeping • Ventilation, heating and cooling • Provision of worker facilities • Emergency planning 	<p>EQL must proactively manage the site daily, given the insufficient site circulation and storage limitations. These factors contribute to heightened safety risks that necessitate diligent attention and proactive measures to mitigate potential hazards and ensure the well-being of the organisation and its personnel.</p>
The Disability Discrimination Act 1992. Disability (Access to Premises – Buildings) Standards 2010. Design for Access and Mobility AS1428.1-2009 and relevant supplements.	<p>We must comply with the act and the corresponding standard, to ensure that dignified, equitable, cost-effective, and reasonably achievable access to buildings, facilities, and services within buildings, is provided for people with a disability. This includes obligations related to:</p> <ul style="list-style-type: none"> • signage • lighting • emergency management systems • access ways, doorways, passing areas and manoeuvring areas • stairways, handrails and grab rails • toilets and sanitary facilities • lifts and controls • tactile ground surface indicators car parking 	<p>Particular considerations for the Caboolture Depot redevelopment will include:</p> <p>Maintaining suitable disability access to all buildings and providing facilities for people with a disability, while also increasing effectiveness of the site as a training facility.</p> <p>Building A, B & Training demountable are currently non-compliant to this act.</p>

3 OPTIONS ANALYSIS

3.1 Options overview

3.1.1 Options Considered but rejected

Option	Reasons for rejection
Do Nothing	For reasons outlined in section 2.3 Identified Need, both options to either 'Do Nothing' or 'Defer' to a future period are not viable given the current site is already at capacity.
Defer significant investment to RDP2030	These options do not address the current issues, nor do they resolve the increased demands placed on the depot.

3.1.2 Options Identified

This section considers the following options analysis:

- Counterfactual option – Reactive response; lease additional site to accommodate growth
- Option A (Preferred) – Construct a new fit-for-purpose depot at the recently purchased Nolan Drive site.
- Option B – Defer new depot construction 5 years, lease to meet interim requirements

These assumptions are considered to be calculated at the point of investment, unless otherwise specified and are applied to all options assessed.

Table 3: Business Case Assumptions

Assumption	Value	Source
Standard Rates		
NPV Escalation Rate	2.75%	Based on EQL Corporate Assumptions
NPV WACC Rate	6.35%	Based on EQL Corporate Assumptions
Useful Life – New Building	40	EQL standard useful life schedule & ATO useful life definitions ¹
Useful Life – Refurbished Buildings	20	EQL standard useful life schedule
Useful Life – Recurring Capex	10	EQL standard useful life schedule (average)
Construction Cost Escalators		
Design Fees	8.0%	Calculated on top of pure construction costs (handbook or QS supplied). Includes all other cost categories common to EQL projects based on historical project sampling using supplied budgets. Not all cost categories are applied to every proposed investment or option considered. Sample reporting provided.
Authority Fees	2.5%	
Supplemental Suppliers/Trades	6.5%	
Material Allowances	4.5%	
Internal Management	3.5%	

¹ As per ATO Taxation ruling from July 2022: <https://www.ato.gov.au/law/view/document?DocID=TXR/TR20221/NAT/ATO/00001>

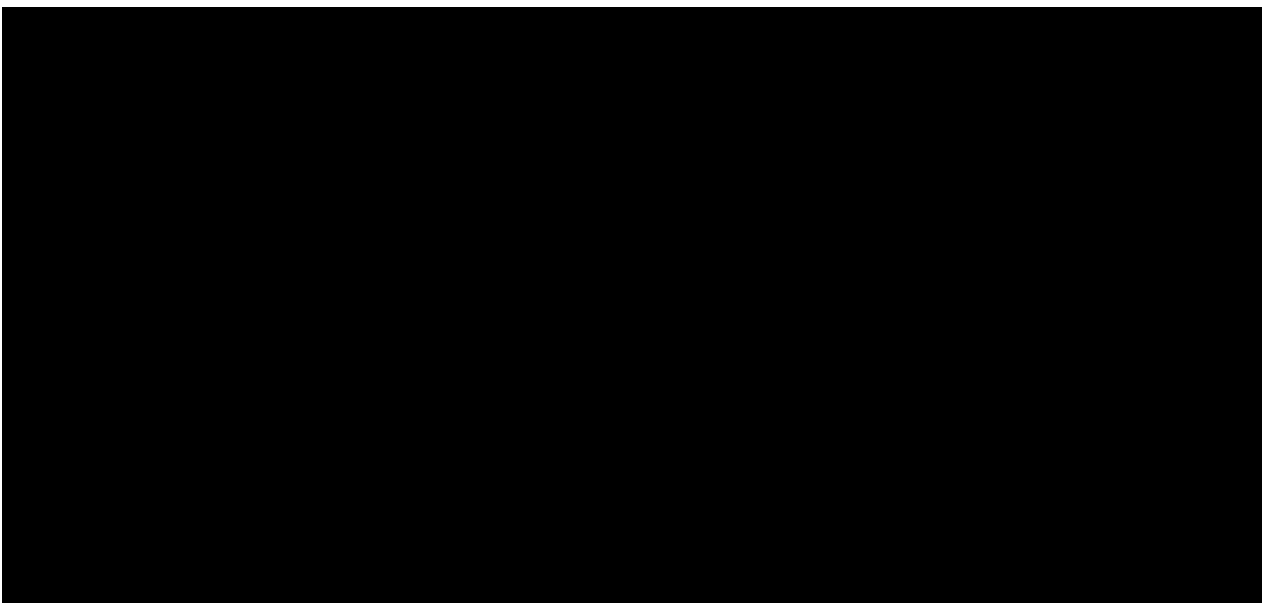
Assumption	Value	Source
Digital Office (IT)	6.0%	
Site Assumptions		
Office Employees	16	HR Staff Listing Sep 2023
Mixed Employees	28	HR Staff Listing Sep 2023
Field Employees	47	HR Staff Listing Sep 2023
Light Vehicles	21	Fleet Vehicle Listing Jun 2023
Heavy Rigid Vehicles	27	Fleet Vehicle Listing Jun 2023

3.2 Counterfactual analysis (Base case)

The counterfactual case assumes the depot will remain at its current location, with alternative solutions implemented immediately to address site constraints and significant defect rectification to partially renew the site.

Current site growth is trending at 9% p.a. since 2016/17. Caboolture Depot staff numbers are expected to increase at a rate of 4% p.a. by the end of the 2025-30 AER period. To resolve the current and future capacity constraints associated with this growth an additional office and warehouse will need to be leased to accommodate additional staff and storage requirements.

The counterfactual in this business cases includes a leasing option to manage current & future growth constraints. This is due to Energy Queensland having established a long-standing practise of leasing or licensing land, buildings or demountables (depending on the situation) at short notice where immediate demands are unable to be met through the existing infrastructure provision. The long-lead times required to establish new infrastructure outcomes is the main driver for this reactive response, coupled with the strategic unknowns of whether peaks in demand/growth will be sustained. As such, the counterfactual leverages this demonstrated BAU practise to assess its cost-effectiveness against other options which target longer-term strategic investments. Some examples where leasing options have been leveraged to manage demand prior to projects being implemented or awaiting future investment, include:



3.2.1 Assumptions/Costs

The following assumptions have been applied to the base case:

Current Site

- Site growth aligns to forecast, reducing from 9% p.a. (current) to 4% p.a. on-going
- Defect rectification costs based on 2018 Building Condition Report, escalated to \$2022/23 for immediate implementation.
- Asset Replacement costs based on 2018 Building Condition Report, escalated to \$2022/23 for planned implementation in 2026/27.
- Recurring Capex – based on 3-year historical trend. Deferred 5 years after asset replacement.
- Annual Maintenance – based on 3-year historical trend. Non-recurring corrective maintenance items reduced post asset-replacement.
- Annual Non-Maintenance (property costs) – based on 3-year historical trend.

Additional Site/s

- Office & Mixed staff require permanent workstations, field staff allocated 4 to each workstation in hot desk arrangement.
- Lease additional office space required based on staff growth forecast as at 2029/30. Office lease costs based on Caboolture suburb profile average advertised price.
- Lease additional building warehouse/storage space required based on growth forecast as at 2029/30. Based on square meters of current stock on ground (506sqm) and not stored correctly. Added 25% for growth allowance up to 2029/30. Warehouse lease costs based on similar advertised property in Caboolture industrial areas.
- Annual maintenance – based on 3-year historical trend of current Caboolture site apportioned on sqm basis.
- Annual Non-Maintenance – based on 3-year historical trend of current Caboolture site apportioned on sqm basis.

3.2.2 Risks

Site Risks

While specific site issues are somewhat addressed by adding leased sites to accommodate growth, the increased functional administration and traveling between three different sites will create inefficiencies for operational delivery. These estimated costs are mapped in the NPV, based

on the expectation of movement of 5 staff per/day return journey along with 1 delivery truck return journey per day.

3.3 Option A: Construct new depot – Nolan Drive (Preferred)

In 2019, a new site was purchased at 29 Nolan Drive Morayfield for the proposed future development and relocation of the Caboolture Depot. This larger greenfield site was chosen to alleviate the capacity constraints and growth of the current site and is strategically located adjacent to the Bruce Highway.

A new office building and warehouse is proposed at the new site with sufficient areas for internal storage and external pole storage, configured to be fit-for-purpose and appropriate site circulation. The 24,000m² site will allow for longer term growth beyond 2029/30 and with its location zoned as an industrial precinct, it is appropriately positioned.

3.3.1 Assumptions/Costs

The following assumptions have been applied to Option A:

- All site functions and requirements based on the detailed Masterplan for a Minor Hub (Regional) as described and costed in the *Energy Qld Depot Master Plans Full Estimate Summary*.
- Construction and fit-out costs have been estimated by a Quantity Surveyor and applying internal cost allocations (as per table in section 3.1 Options Analysis).
- Recurring Capex – based on 3-year historical trend of current Caboolture depot, apportioned by sqm difference.
 - Post-investment this is deferred 10 years to align with a brand-new site housing new assets with a minimum useful life of 10 years
- Annual maintenance – based on 3-year historical review of maintenance for the current Caboolture depot, apportioned by sqm difference. Non-recurring corrective maintenance removed from trend post-redevelopment.
- Annual non-maintenance (property costs) – based on existing land tax, rates and other ancillary costs for the current Caboolture depot (3-year historical trend). Electricity costs are reduced by the consumption portion to reflect the installation of 40kwh Solar Panel system to offset usage.
- Relocation costs based on standard rate from historical projects to move an employee between two nearby locations.
- Make Good costs based on standard rate from historical projects to complete minor clean up, patch-work and achieve sale ready state.
- The current Caboolture depot will be sold via a traditional market process. Value of improved site based on the insurable value.

3.3.2 Benefits

The following benefits will be realised if Option A is selected over the counterfactual.

Category	Benefits Identified	Type
Operational Costs	Reduction in operational and maintenance costs (on sqm basis) as a result of new, modern, and efficient buildings.	Financial
Asset Lifecycle Costs	Significant reduction in the cost to maintain the portfolio moving out of a depot that has surpassed its useful life (40 years for permanent building) and avoiding more expensive leased properties to supplement the Caboolture demand.	Financial
Organisational Efficiency	<p>Fit for Purpose The larger site and newly constructed buildings will transform the depot into a modern, fit-for-purpose facility with no site constraints and efficient site circulation.</p> <p>Site Capacity The new office building will be larger than the current site and work plant area increased to meet the current demand. The larger land area 'future proofs' the site beyond 2029/30.</p>	Non-Financial

3.3.3 Risks

Construction Risk

The traditional risks associated with construction will exist including contractor availability, contractual disputes, price variations and construction delays. These issues are generally mitigated through a solid tender process and robust project management.

Risks proceeding with this option are expected to be minimal as the new depot can be built while the existing one operates, and then a direct transfer of depot functions to the new site.

3.4 Option B: Caboolture Depot Development 5-year Deferred

Option B seeks to implement the Caboolture New Depot Development **consistent with Option A** but deferred 5-years to the 2030-35 regulatory control period.

Please see Option A for all detail relevant to this option. The specific changes noted for Option B are:

- The development is delayed 5 years to commence 3031/32 and finish in 3032/33.
- The pressing need for office & storage space now, means the leasing options will need be leveraged for the period of deferral.
- BAU Capex will continue within that 5-year deferral period and then deferred 10 years after construction to reflect brand new building and fitout.
- BAU Opex will continue in line with base case during the 5-year deferral period and then revert to the Option A Opex values.
- Make good costs, relocation costs and revenue from the sale of the existing depot is deferred 5 years in line with the depot development.

3.5 Financial Summary

3.5.1 Expenditure summary 2025-30

Table 5: Capital and operating expenditure summary 2025-30

Capital expenditure (\$m, direct 2022-23)	2025-26	2026-27	2027-28	2028-29	2029-30	Total 2025-30
[REDACTED]	■	■	■	■	■	■
[REDACTED]	■	■	■	■	■	■
[REDACTED]	■	■	■	■	■	■
Operating expenditure (\$m, direct 2022-23)	2025-26	2026-27	2027-28	2028-29	2029-30	Total 2025-30
[REDACTED]	■	■	■	■	■	■
[REDACTED]	■	■	■	■	■	■
[REDACTED]	■	■	■	■	■	■

3.5.2 NPV analysis

The NPV was conducted over a 20-year post-investment time horizon.

The sum result is displayed in the table below, with Option A identified as the least cost to EQL over the 20-year period.

[REDACTED]

Counterfactual vs Options

Option A provides \$1.5m in benefits over the 20-year evaluation period.

Table 7: Counterfactual vs Options

Option	Counterfactual (Base)	Option A – Construct new depot at Nolan Drive site	B – Construct new depot, Deferred 5 years
Financial benefit	0	+\$1.5m	-\$1.5m

Sensitivity analysis

A sensitivity analysis has been conducted, based on category assumptions affecting NPV outcomes of each option. The counterfactual option is assumed to be NPV \$0. Only in situations where the WACC increases by 25% or the capital investment is well underestimated, will the investment not be the most financially prudent option. Given the QS estimate was completed in June 2023, this is not expected to be the case.

Table 8: Sensitivity analysis

Option	Discount rate (WACC) $\pm 25\%$		Capital Investment of Options	
	4.76%	7.94%	-25%	+25%
A – Construct new depot at Nolan St site	■	■	■	■
B – Construct new depot, Deferred 5 years	■	■	■	■

4 RECOMMENDATION

Option A: Construct a new depot at Nolan Street site – is the recommended option based on the analysis conducted.

- NPV of -\$16.1 over 20 years is the least cost option (+\$1.5m compared to counterfactual)
- It is the best option to provide an efficient and fit-for-purpose site to accommodate current and future demand.
- It provides a site with the appropriate spatial requirements for future growth beyond 2029/30.
- It is aligned with Energy Queensland's property strategic principles (see Appendix 3 for additional details).

Table 9: Options Analysis Scorecard

Criteria	Counterfactual – Reactive Response	Option A – Construct new depot at Nolan St site (Preferred)	B – Construct new depot, Deferred 5 years
Net Present Value (compared to counterfactual)	\$0	+\$1.5m	-\$1.5m
Investment cost (TCO)* 2025-30	██████	██████	██████
Benefits	<p>Maintains the status-quo, limited change management required.</p> <p>No changes to processes, staff at current depot continue to operate from a known location.</p> <p>Additional leased sites may improve disaster response if one of the sites loses power or is cut off from flooding etc.</p>	<p>Provision of an efficient, fit-for-purpose site.</p> <p>Proactive option to address current site issues.</p> <p>New site alleviates constraint issues of current site while still allowing for growth.</p> <p>Lowest cost option over 20 years.</p> <p>Site is located in an industrial zone.</p> <p>Site is strategically located adjacent to the Bruce Highway.</p>	<p>Provision of an efficient, fit-for-purpose site.</p> <p>Proactive option to address current site issues.</p> <p>New site alleviates constraint issues of current site while still allowing for growth.</p> <p>Lowest cost option over 20 years.</p> <p>Site is located in an industrial zone.</p> <p>Site is strategically located adjacent to the Bruce Highway.</p> <p>Future sale value of current Caboolture depot expected to be higher in future.</p>
Risks	<p>Site remains within residential area, utilising heavy vehicles and parking on the street progressively more.</p> <p>Operations will occur over multiple sites in Caboolture, creating financial and continuity risks</p> <p>Buildings will continue to age beyond their useful life. Minor investments will prolong them, but a significant investment will need at a future date. In the interim, assets will decay</p>	<p>Construction risk – external risks such as building approvals, contractor availability and contractual disputes are not anticipated for this project.</p>	<p>Construction risk – external risks such as building approvals, contractor availability and contractual disputes are not anticipated for this project.</p> <p>Site value isn't realised for another five years, meaning leases will be required for a fixed time in the interim.</p> <p>Additional rates & land tax for an unused site.</p>

Criteria	Counterfactual – Reactive Response	Option A – Construct new depot at Nolan St site (Preferred)	B – Construct new depot, Deferred 5 years
	and operate more inefficiently, possibly creating future safety hazards. Existing buildings remain compliant with the laws as at the time they were built (1974) moving them further from current standards.		

*Investment cost is equal to the sum of Capex and Opex costs during the 2025-2030 Regulatory Period

4.1 Deliverability

Internal resourcing is available to deliver this project within the timeframe required. External consultants and contracting partners are also assumed to be available to implement this project scope. See Property Plan 2025-30 for more details.

Preferred Option Milestones	Approximate Commencement
Design New Caboolture Depot	July 2025
Construct New Caboolture Depot	January 2026
Relocation to New Caboolture Depot	April 2027
Make good old Caboolture Depot	May 2027
Sell old Caboolture Depot	June 2027

4.2 Change Impacts

Minimal change impacts are expected given the major works for the new site can occur whilst maintaining the current site. In addition, the new site has already been purchased with minimal preparation required to commence construction.

Proposed change management activities may include:

- Stakeholder engagement,
- Tender process management,
- Relocation of staff to the new site once construction is complete.

APPENDICES

Appendix 1: Alignment with the National Electricity Rules

Table 10: Recommended Option's Alignment with the National Electricity Rules

NER capital expenditure objectives	Rationale
A building block proposal must include the total forecast capital expenditure which the DNSP considers is required in order to achieve each of the following (the capital expenditure objectives):	
6.5.7 (a) (1) meet or manage the expected demand for standard control services over that period	<p>The preferred investment supports activities at an operational depot in the Caboolture area required to enable the delivery of expected standard control services over the 2025-30 period.</p> <p>The depot facilities will ensure that Energex is able to adequately perform the functions required to enable safe and reliable electricity supply for the local community.</p>
6.5.7 (a) (2) comply with all applicable regulatory obligations or requirements associated with the provision of standard control services;	
6.5.7 (a) (3) to the extent that there is no applicable regulatory obligation or requirement in relation to: (i) the quality, reliability or security of supply of standard control services; or (ii) the reliability or security of the distribution system through the supply of standard control services, to the relevant extent: (iii) maintain the quality, reliability and security of supply of standard control services; and (iv) maintain the reliability and security of the distribution system through the supply of standard control services	
6.5.7 (a) (4) maintain the safety of the distribution system through the supply of standard control services.	
NER capital expenditure criteria	Rationale
The AER must be satisfied that the forecast capital expenditure reflects each of the following:	
6.5.7 (c) (1) (i) the efficient costs of achieving the capital expenditure objectives	Costs for the investments have been forecast based on a combination of estimates from independent specialists (Quantity Surveyor), historical data and previous industry experience.
6.5.7 (c) (1) (ii) the costs that a prudent operator would require to achieve the capital expenditure objectives	Prior to investment, a Gate 3 business case will be prepared with further details to be assessed in accordance with the established investment governance processes. Energex undertakes competitive market procurement processes to ensure efficiency in capital expenditure.
6.5.7 (c) (1) (iii) a realistic expectation of the demand forecast and cost inputs required to achieve the capital expenditure objectives	The preferred investment has been selected following a detailed assessment of options (including both financial and non-financial considerations). The investment selected is considered the most prudent option to address the identified need.

Appendix 2: Reconciliation Table

Table 11: Reconciliation of business case to AER capex model/Reset RIN

Expenditure	DNSP	2025-26	2026-27	2027-28	2028-29	2029-30	2025-30
Expenditure in business case (\$m, 2022-23)	Energex	■	■	■	■	■	■
Allocation to DNSP (where applicable)							
DNSP capex (\$m, 2022-23)	Energex	■	■	■	■	■	■
Allocation to SCS capex							
SCS capex (\$m, 2022-23)	Energex	■	■	■	■	■	■
Add escalation adjustments							
Escalation from \$2022-23 (Dec 2022) to \$2024-25 (June 2025)	Energex	■	■	■	■	■	■
Expenditure in AER capex model/Reset RIN \$m, 2024-25	Energex	■	■	■	■	■	■

Appendix 3: Alignment to EQL Property Strategy

This investment aligns to the following Strategic Principles as defined in the EQL Property Strategy.

Table 12: Alignment to Property Strategy

Strategic Principles	How this investment contributes	Impact
1. We are a critical enabler, delivering property and infrastructure related services to all of Energy Queensland in service of our communities	Caboolture Depot is a regulated site within the Energex DNSP area of operations. Property is responsible for delivering this outcome to the business.	Medium
2. The Property portfolio prioritises the safety of our people, the compliance of our assets and the cost-effectiveness of our solutions	The Caboolture Depot Development will reduce long-term operating costs and implement a set of modern and compliant buildings. It will remove our presence (and associated noise) from a residential area	High
3. Portfolio growth is planned and justified while retaining flexibility, thereby reducing the long-term cost impact to our customers.	The Caboolture Depot Development is scheduled at the end of the current site's useful life and where demand has reached critical mass, ensuring asset value is optimised. The investment is justified to reduce the long-term cost impact on our customers.	High
4. Our infrastructure goals are consistent across the portfolio, but solutions are tailored to meet the unique context of each challenge	This solution has considered the various requirements, unique & common, to our Operations in the Moreton Bay area. The solution is more fit-for-purpose for the community (located in industrial area) and maintain our ability to service our customers in this region.	Medium

Appendix 4: Glossary

Term	Definition
ACS	Alternate Control Service
AER	Australian Energy Regulator
BCR	Building Condition Report
CEMT	Corporate Emergency Management Team
CPI	Consumer Price Index
DMS	Distribution Management System
DNSP	Distribution Network Service Provider
EQL	Energy Queensland Limited
HV	High Voltage
LCC	Lifecycle Costing
LUEZ	Loading and Unloading Zone
LV	Low Voltage
NetOps	Network Operations
NOC	Network Operations Centre
NPV	Net Present Value
QEJP	Queensland Energy and Jobs Plan
QS	Quantity Surveyor
RIN	Regulatory Information Notice
RTO	Registered Training Organisation
SCADA	Supervisory Control and Data Acquisition
SCS	Standard Control Service
SEQ	South East Queensland
SoCI	Security of Critical Infrastructure
WACC	Weighted Average Cost of Capital