



# **Geebung – Site Expansion Strategy**

**Business Case**

31 January 2024

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## 1 EXECUTIVE SUMMARY

Title	Geebung Hub – Site Expansion Strategy																							
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 type="checkbox"/> Safety <input type="checkbox"/> Environment <input checked="" type="checkbox"/> Financial <input checked="" type="checkbox"/> Other <p>The Geebung site was originally established in 1986 as a minor depot. In 2012, two adjacent land parcels were purchased allowing for expansion and redevelopment into the Brisbane North Major Operational Hub, the depot it is today. The 2013 redevelopment enabled the consolidated of multiple teams and functions at other historical sites, including Banyo, Northgate, Zillmere Road and Pinkenba, into a single multi-functional major depot. Today, the Geebung Hub is situated on a 3-hectare site along 524 Bilsen road, Geebung and provides infrastructure to support the most diverse mix of functions of any site across the portfolio. After ten years of constant growth the site is unable to accommodate all of the personnel, vehicles and assets on site safely and efficiently.</p> <p><b>Why Now?</b></p> <p>The current site is heavily constrained with very limited storage, carparking and workshop space. The site is currently operating beyond its capacity for staff, vehicles and yard allowance. Employee growth trends for Geebung are expected to sustain for the foreseeable future, so it is imperative an additional site is sourced to alleviate constraints.</p>																							
Summary of preferred option	<p><b>Option A Purchase [REDACTED] site &amp; Fit-out</b></p> <p>This option involves purchasing the property [REDACTED], completing fit-out modifications to suit the growth of each function and ensuring these modifications are scalable to accommodate future demand.</p>																							
Capital Expenditure (\$real)	<table border="1"> <thead> <tr> <th>Year</th> <th>Previous period</th> <th>2025-26</th> <th>2026-27</th> <th>2027-28</th> <th>2028-29</th> <th>2029-30</th> <th>2025-30</th> </tr> </thead> <tbody> <tr> <td>\$m, direct 2022-23</td> <td>[REDACTED]</td> <td>[REDACTED]</td> <td>[REDACTED]</td> <td>[REDACTED]</td> <td>[REDACTED]</td> <td>[REDACTED]</td> <td>[REDACTED]</td> </tr> </tbody> </table> <p>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.</p>								Year	Previous period	2025-26	2026-27	2027-28	2028-29	2029-30	2025-30	\$m, direct 2022-23	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Year	Previous period	2025-26	2026-27	2027-28	2028-29	2029-30	2025-30																	
\$m, direct 2022-23	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]																	
NPV	+\$25.9m (compared to counterfactual)																							
Benefits	<p>This option provides long term financial sustainability by being the <i>lowest cost option</i> over the 20-year evaluation period.</p> <p>In tandem with the existing Geebung Hub, the acquisition of the new site will fulfill the spatial demands essential for servicing the region's needs over the long term.</p> <p>Provides efficiencies of scale due to its proximity to the current Geebung site.</p> <p>The enlarged hardstand and storage areas allowing for additional carparks, workshop and space for LUEZ areas, will significantly reduce the constraints of the existing site and reduce safety incidents.</p> <p>Provides the least volatility due to consistent cost trends for extended periods allowing for simpler cash-flow management for the long term.</p> <p>This option provides a solution over the minimum requirements as at 2029/30, in line with the project demand by 3034/35.</p>																							

Customer importance	<p>Growth in Brisbane North will drive demand for network services and it is vital that EQL have the ability to meet the demands effectively.</p> <p>At the customer focus session held in August, a focus group of customers provided their thoughts regarding 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.</p> <p>Given the current site and future growth are targeting the Geebung suburb, a robust industrial area, remaining in this location is not expected to cause further challenges with stakeholders.</p>
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## 2 OVERVIEW

### 2.1 Purpose and scope

This is a preliminary business case describing the required investment to proceed with the expansion of the Brisbane North operations, based at the Geebung Major Hub Depot. This site has reached full capacity on several fronts and the site's growth forecasts illustrate a pressing need to ensure our next steps leverage the most cost-effective solution.

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 Geebung site was originally established in 1986 as a minor depot. In 2012, two adjacent land parcels were purchased allowing for expansion and redevelopment into the Brisbane North Operational Hub, the depot it is today. This 2013 redevelopment enabled the consolidated of multiple teams and functions at other historical sites, including Banyo, Northgate, Zillmere Road and Pinkenba, into a single multi-functional major depot. Today, the Geebung Hub is situated on a 3-hectare site along 524 Bilsen road Geebung, and provides infrastructure to support the following functions, amongst others:

- Field Delivery
- Substation Operations
- Design & Delivery Standards
- Works Program Optimisation
- Fleet Plant Workshop
- Mobile Generation
- Procurement & Supply
- Metering



Figure 1: Geebung Hub Today

The Geebung depot is one the most diverse sites in the Property portfolio from an infrastructure perspective. Like most large depots, the site provides standard office accommodation for white collar and near-blue collar staff who require a standard workstation arrangement, supported by standard amenities, meeting rooms and tea points, generally positioned on the first floor. For the field-based workforce, hot desks and touchdown areas are provisioned, supported by lockers, showering amenities and equipment storage, generally on the ground floor. Additional features unique to Geebung include the Fleet Workshop (ground & first floors), Test Laboratories (first floor) and an automated materials handling systems (ground & first floors), provided by Swisslog. These three functions have non-standard infrastructure requirements and utilise a sizeable portion of the main Geebung (2-floor) building; 1,733m<sup>2</sup>, 1,279m<sup>2</sup> and 880m<sup>2</sup> respectively.

Cost efficiencies continue to be gained from the consolidation of these functions at an operational depot (compared to the previous strategy of 3 separate sites), however due to their unique infrastructure requirements, managing any growth in these functions has become challenging, as simply re-purposing office accommodation or areas assigned as equipment storage does not provide a suitable or cost-efficient option. For example, the Fleet workshop has two 5 tonne cranes that run along the ceiling of the 18m high workshop, which enables the electrical conductivity testing of electrical work platforms (EWPs) at full extension. The Laboratory areas of the site test electrical equipment, such as meters, conduits, transformer components etc. This testing requires power requirements of varying inputs, environmental conditions that simulate wet & extreme heat conditions as well general lab conditions that reduce the conduciveness of this electrical equipment.

## 2.3 Identified Need

### 2.3.1 Growth

Since the redevelopment of the Geebung Hub in 2013/14, staff growth has remained steady at 3.6% p.a., however over 10 years, this equates to 133 additional staff operating from a depot designed and setup to accommodate 373 employees. From an infrastructure perspective, the mix of staff is important as that drives the type of investment and how we must strategically plan for the future needs of the property portfolio in supporting the electricity network.

The staffing growth trend is anticipated to continue due to projected network growth in South-East Queensland (SEQ), influenced in part by the Queensland Energy and Jobs Plan (QEJP) and the 'Climate Positive' 2032 Brisbane Olympics. These strategic initiatives are forecast to elevate network infrastructure capital expenditure and will subsequently influence each depot's capacity to cater to its respective region.

**Table 1: Growth Summary – Geebung Major Hub**

Actuals & Forecast	Design 2013/14 <sup>^</sup>	2017/18	2019/20	2021/22	2022/23	2023/24	2025/26	2029/30
<b>Staffing Type*</b>		<b>Actuals</b>					<b>Forecast</b>	
Office (w)	160	62	81	82	91	94	111	154
Mixed (w)		130	148	146	147	157	168	193
Laboratory (b)	213	75	70	79	75	87	92	102
Workshop (h)		25	29	35	34	34	38	48
Field Delivery (h)		142	145	137	137	134	131	127
<b>Total Staff</b>	<b>373</b>	<b>434</b>	<b>473</b>	<b>479</b>	<b>483</b>	<b>506</b>	<b>540</b>	<b>624</b>
Workstations (w)		166						
Workbenches (b)		41						
Hot desks (h)		48 (+12 makeshift)						

<sup>^</sup> These values represent the metrics used for the redeveloped site's original design & construction in 2013/14. It incorporated current state from 3 sites with minimal growth allowance (<5%).

\* Office & Mixed staff require a permanent standard workstation. Laboratory staff use purpose-built workbenches & workstation mix. Workshop & Field staff generally utilise hot desks at a ratio of 1 per 4 staff.

The number of workstations, workbenches and hot desk have fluctuated slightly over time, as specific desks are converted to meet the needs of an individual, before being converted back. Some additional hot desks have been provisioned over time, utilising lunchroom desks, the tops of cupboards and repurposing meeting rooms, however these are temporary arrangements to meet the immediate needs on site. These three metrics represent the 'as constructed' values in 2012/13 which have generally persisted today.

As a result of the staff growth and the workstations available to staff, utilisation on-site is assessed currently as follows:

Office Workstations: 151% - Overutilised  
Laboratory Workbenches: 212% - Overutilised  
Hotdesks: 88% - Well utilised (with makeshift hotdesks)

The overutilisation of office workstations has come at the detriment of hot desks and non-workstation areas in lunchrooms, meeting rooms and utilising more shared arrangements. These situations are not ideal and occur in contravention to our workstation ergonomics<sup>1</sup>, workplace accommodation manual<sup>2</sup> and the general well-being of our people. Workbench utilisation has been stretched the most, with multiple technicians making use of each testing workbench and a single computer which impedes productivity, creates additional hazards and forces the re-purposing of storerooms and other specialised rooms (temp control areas) for general purpose areas, defeating their purpose.

## Region Growth

Over the past decade, the local population has grown by 12%, and presently, the Geebung Hub services 93,673 properties. Based on current demographic trends, the population is projected to rise by 13% for the decade to 2031. Furthermore, this upward trend is expected to persist until 2041, culminating in a substantial cumulative growth of 26% over two decades<sup>3</sup>.

Given these projections and the capacity constraints already experienced, the accelerated growth in the region will continue to outpace the depot's capability to cater to the increasing service demands. The pace of this growth renders short-term, reactive solutions less viable due to the perpetual adjustments required in response to escalating demands. Initiating proactive measures now is crucial to ensure that a long-term, financially astute solution is implemented. This strategy will not only address immediate needs but will also guarantee the most cost-effective outcome for the foreseeable future.

### 2.3.2 Capacity & Optimisation

The Geebung Hub has significant capacity constraints due to the growth in operational requirements and staff numbers cited as in section 2.3.1.

The site also faces considerable challenges due to the lack of fleet parking and general storage space. Despite the size of the site, the capacity of the depot yard has grown more and more constrained over time. Notably, fleet vehicles are being relegated to parking in the thoroughfares, LUE zones and on-street due to the lack of dedicated parking spaces. This not only disrupts the smooth flow of traffic but also creates safety hazards.

On the worse days, staff on site need to coordinate the movement of as many as 128 heavy vehicles (e.g. EWPs, cranes, borer/lifters) and 343 light vehicles (e.g. work utes, passenger cars,

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<sup>1</sup> *Workstation Ergonomics Self-Assessment F073*

<sup>2</sup> *R336 EQL Accommodation Manual*

<sup>3</sup> *QLD Government Population Growth Projections*



trailers, portable plant) amongst 66 heavy vehicle carparks and 154 light fleet vehicle carparks (see Figure 2). This means on-site utilised is calculated at:

Heavy Carparks: 194% - Overutilised

Light Carparks: 223% - Overutilised

In addition, an employee car park is situated at the rear of the depot close to Zillmere Road, which accommodates 90 passenger vehicles, which is less than 18% of the current on-site workforce (assuming one-to-one relationship). The historical trend of fleet vehicles against the car park allowance is provided here:

**Table 2: Fleet historical summary**

Actuals & Forecast	2017/18	2019/20	2021/22	2022/23	2023/24	2025/26	2029/30
<b>Fleet Type</b>	<b>Actuals</b>					<b>Forecast</b>	
Heavy Vehicles	115	117	119	120	128	133	157
Light Vehicles	307	311	314	316	343	357	424
<b>Total Vehicles</b>	<b>424</b>	<b>428</b>	<b>433</b>	<b>436</b>	<b>471</b>	<b>528</b>	<b>582</b>
Heavy Carparks	66						
Light Carparks	154 (+90 employee)						

To mitigate some of the vehicle traffic & parking challenges at present, the business has installed back-to-back line marking on some of the car parks on the northern side of Building A for its light fleet (see figure 2). This means two cars can park within the one column, with the first of those cars locked in until the second car park leaves (these are already counted as 2 car parks in the above table). This has been instituted with limited success due to the level of coordination needed from employees who have to 'partner' with another co-worker and coordinate both their arrival & departure times, leading to a reasonable amount of lost productivity and general frustration.

The other mitigation action implemented is the temporary lightening of restrictions on the use of overnight garaging of fleet vehicles at home. This has two positive impacts; it reduces the needed carparks overnight when the depot is at its fullest, while also limiting the number of personal vehicles that are brought into the depot during the day. The risk this creates is that it moves light and heavy industrial vehicles like EWP's and their trailers into residential suburbs, creating hazards for the employee's family and their communities.

This decision is not taken lightly as there are established (internal) limits for the overnight garaging of heavy vehicles at residential homes in place by default. The exposure this creates is far from ideal as it places an increased risk on the communities we serve as well as potentially upsetting local Councils if these vehicles are continually parked on-street, impeding normal traffic flow.

Even with these strategies in place, the site remains grossly undersized for the number of fleet and personal vehicles required to be housed on site.

To further illustrate the impact the level of fleet vehicles on site has on key metrics, a summary of recorded incidents since 2019 is provided here:

**Table 3: Health & Safety Incidents**

Incident Category on Site	Total
Illegal Entry/Break-in	5
Vehicle contact with person/asset	38
Inadvertent Fire alarm activation	5
Personal injury	76
Asset Failure/Damage (unknown)	20

The largest category of incidents since 2019 are personal injuries and fleet vehicle contact with assets or personnel. Most of the personal injuries are related to slips, trips, falls & strains while at work, not necessarily related to the infrastructure or assets. The volume of vehicle contact is a significant cause for concern though as these are vehicles striking a person, another vehicle or a stationary asset *while on the Geebung site* (vehicle accidents outside the depot are excluded). A snapshot of some incident descriptions is provided below to provide some examples.

**Table 4: Example incidents**

INC-128188	[REDACTED]
INC-36280	[REDACTED]
INC-126731	[REDACTED]
INC-128377	[REDACTED]
INC-128592	[REDACTED]

A total of 10 vehicle accidents on site per year represents one of the highest rates of on-site accidents across the property portfolio. For comparison, the Rocklea Training Centre which has 8,059 visitors per year (34 per day), averages 6 vehicle accidents per annum on site. While a root cause analysis (as part of an ICAM process) hasn't been conducted for most of these incidents (due to their low-level consequence), it paints a clear picture of a continuing trend that would only worsen if more vehicles are brought onto site, into the already heavily congested area.

These constraints underline the pressing need for improved strategic planning and timely investment. Addressing the capacity challenges is crucial, not just for the efficient functioning of the depot but also for ensuring the safety and well-being of its staff and surrounding community as the SEQ depots attempt to meet the needs of the growing region.

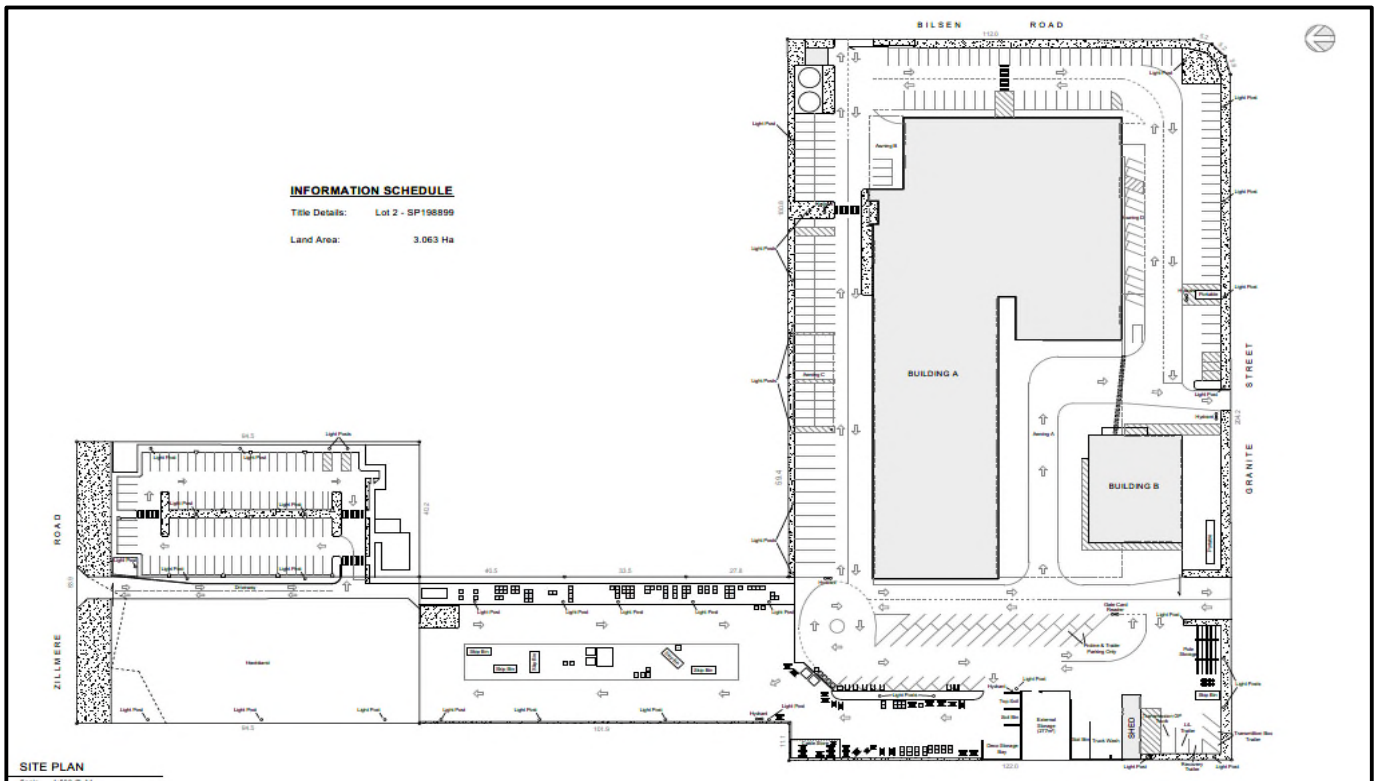


Figure 2: Geebung Site Plan 2020 – Note some storage space at Northern end is now being used as car parking

## 2.4 Customer importance

Growth in Brisbane North will drive demand for network services and it is vital that EQL have the ability to meet the demands effectively.

At the customer focus session held in August, a focus group of customers provided their thoughts regarding 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.

Given the current site and future growth are targeting the Geebung suburb, a robust industrial area, remaining in this location is not expected to cause further challenges with stakeholders.

## 2.5 Compliance

Legislation, Regulation or Code	Obligations	Relevance to Investment
<b>Queensland Work Health and Safety Act 2011 and Work Health and Safety Regulation 2011</b>	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	In light of the concerns outlined, EQL must adopt a heightened level of scrutiny in the management of this site due to insufficient site circulation and parking limitations. These factors

Legislation, Regulation or Code	Obligations	Relevance to Investment
	structures, such that workers are not exposed to risks to health and safety.	
<b>Safe Work Australia – Managing the Work Environment and Facilities. Code of Practice – Dec 2011</b>	Consistent with the Work Health and Safety Act, this code of practice defined specific safe work obligations relating to: <ul style="list-style-type: none"> <li>• Access and egress</li> <li>• Work areas and workstations</li> <li>• Flooring, lighting and housekeeping</li> <li>• Ventilation, heating and cooling</li> <li>• Provision of worker facilities</li> <li>• Emergency planning</li> </ul>	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.
<b>Car Parking Standards AS/NZS 2890. Part 1 &amp; 2 (2004) and Part 6 (2009)</b>	We must comply with standards regarding the provision of car parking.  We must similarly meet the car parking obligations for each site as defined through the site development approvals with Council which also align with AS/NZS 2890.	

## 3 OPTIONS ANALYSIS

### 3.1 Options overview

#### 3.1.1 Options Considered but rejected

Option	Reasons for rejection
<b>Do Nothing</b>	The population of the surrounding Geebung area increased by 12% over the past decade and has resulted in the depot operating beyond capacity since the redevelopment in 2012/13.
<b>Defer significant investment to RDP2030</b>	Projections indicate this increase will persist into the next decade to 2031 and continue to 2041, making both options to either 'Do Nothing' or 'Defer' to a future period not viable. 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 surplus site to accommodate growth.
- **Option A (Preferred)** – Purchase [REDACTED] modify & fit-out for the required sqm for 2029/30
- **Option B** – Purchase a new stand-alone site, relocate one functional group from Geebung.
- **Option C** – Lease [REDACTED] site, modify & fit-out for the required sqm for 2029/30

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

**Table 5: Business case assumptions**

Assumption	Value	Source
<b>Standard Rates</b>		
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 <sup>4</sup>
Useful Life – Refurbished Buildings	20	EQL standard useful life schedule
Useful Life – Recurring Capex	10	EQL standard useful life schedule (average)
<b>Construction Cost Escalators</b>		
Design Fees	8.00%	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	2.50%	
Supplemental Suppliers/Trades	6.50%	
Material Allowances	4.50%	
Internal Management	3.50%	
Digital Office (IT)	6.00%	

<sup>4</sup> As per ATO Taxation ruling from July 2022:  
<https://www.ato.gov.au/law/view/document?DocID=TXR/TR20221/NAT/ATO/00001>

### 3.1.3 Site Characteristics

#### Current Site

524 Bilsen Road Geebung	Value
Office Employees	94
Mixed-use Employees	157
Laboratory Employees	87
Workshop & Field Employees	168
Heavy Vehicle car parks	66
Light Vehicle car parks	154 + 90
Total Site Area	30,600m <sup>2</sup>
Open Yard Area	16,315m <sup>2</sup>
Yard area assigned to equipment storage	~3,425m <sup>2</sup>
Total Building Floor Area	12,456m <sup>2</sup>

#### Proposed Options

Options	Nominated sites	Land Size m <sup>2</sup>	Building Size m <sup>2</sup>
<b>Counterfactual</b>	524 Bilsen Road	30,600	12,456
	Leased Site – TBD*	11,778	4,794
	<b>Total</b>	<b>42,378</b>	<b>17,250</b>
<b>Option A</b>	524 Bilsen Road	30,600	12,456
	<b>Total</b>		
<b>Option B</b>	524 Bilsen Road	30,600	12,456
	Purchased Site – TBD*	17,043	5,682
	Future Leased Site – TBD*	5,812	2,563
	<b>Total</b>	<b>53,464</b>	<b>20,701</b>
<b>Option C</b>	524 Bilsen Road	30,600	12,456
	Lease – [REDACTED]	27,630	14,529
	<b>Total</b>	<b>58,230</b>	<b>26,985</b>

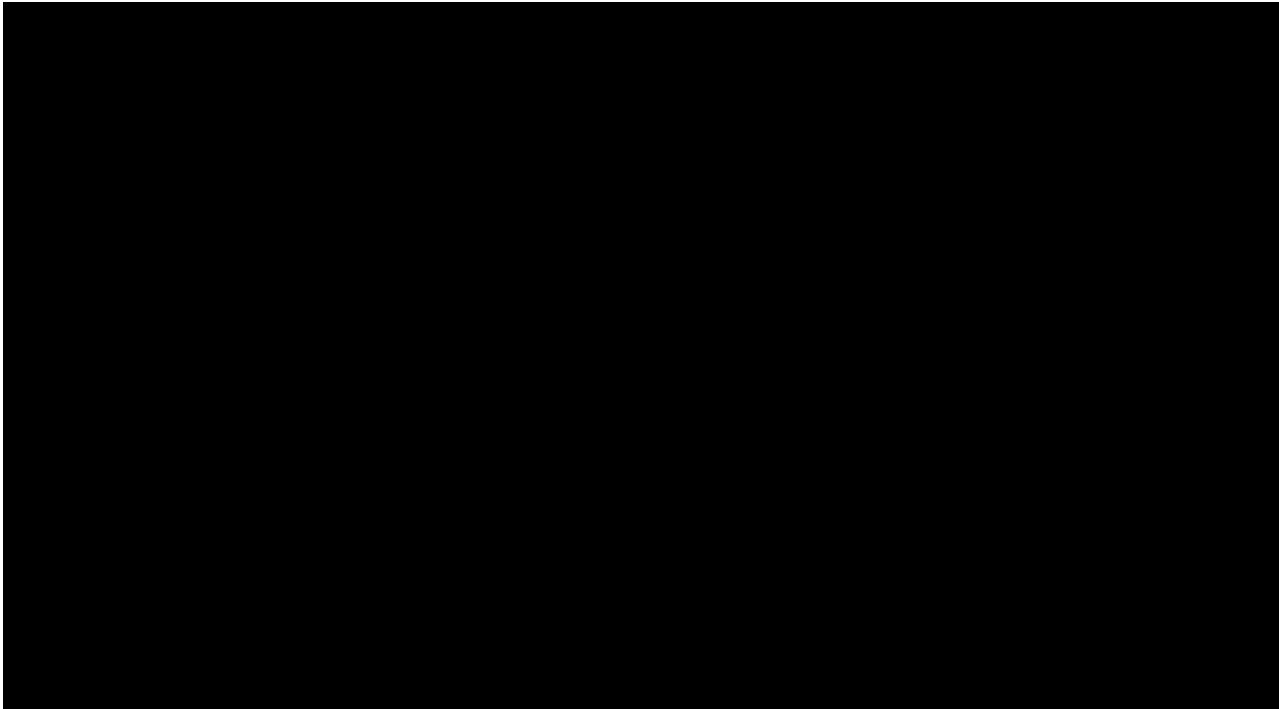
\*Land and building sizes for sites that are proposed are only estimates of the minimum spatial requirements to accommodate future capacity.

### 3.2 Counterfactual analysis (Base Case)

The counterfactual option involves implementing a reactive approach that focuses on a solution that maintains the current site and leases for the market an additional site to alleviate the capacity constraints up to the forecast 2029/30 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 are outlined in the table below.



### 3.2.1 Assumptions/costs

The following assumptions have been made for the counterfactual option<sup>5</sup>:

#### Current Site

- Staff growth rates are based on historical depot growth of 8.6% p.a. for office staff, 3.5% p.a. for mixed staff, 2.7% p.a. for laboratory staff, 6.0% p.a. for workshop staff and -0.9% p.a. for field staff since 2017, validated with local leaders based on identified areas of community & industrial growth.
- Recurring Capex – based on 3-year historical trend of current site.
- Annual Maintenance – based on 3-year historical trend of current site.
- Annual Non-Maintenance (property costs) – based on 3-year historical trend of current site.
- Annual Electricity – based on 3-year historical trend of current site.

#### Additional Site/s

- Site requirements based on calculation of square meter gap in car parking requirements up to 2029/30, the additional non-car parking yard requirements apportioned over the current Geebung site, plus the building requirements based on the staffing demand & type, divided by 2 floors.
- Lease value based on an average of similar properties in Geebung and surrounding suburbs that offer a large industrial site with a warehouse/workshop type improvement.

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<sup>5</sup> EQL Non-Network NPV Tool – Geebung – Assumptions Sheet

- Leased site fit-out costs based on Rawlinsons handbook pricing of a medium quality office fit-out and a standard warehouse fit-out. Building sqm split 65/35% respectively based on the same proportions for main Geebung building. Workstation costs of medium quality added across building footprint.
- Annual corrective & preventative maintenance – based on 3-year historical trend of current Geebung site apportioned on sqm basis.
- Annual Non-Maintenance – based on 3-year historical trend of current Geebung site apportioned on sqm basis.
- Annual Electricity – based on 3-year historical trend of current Geebung site apportioned on sqm basis.
- Relocation costs based on standard rate per person/workstation averaged from historical projects.
- Cost of additional movement between another site in Geebung based on cost of 32t truck return journey each day, the movement of 12 personnel between the sites return journey and the associated lost productivity. Based on EQL standard labour rates (excl on-costs) and rates per kilometre, assumed over 10 kilometres between sites.

### 3.2.2 Risks

#### Optimisation

The efficiency of work coordination and service delivery faces a substantial risk of decline due to the necessity for personnel to navigate between two distinct locations. This will inevitably lead to increased time requirements and lost productivity for the delivery of services.

#### Market Risk

EQL is exposed to price increases on lease costs imposed by the landlord. Mitigation options remain limited to contract negotiation and while fixed-price agreements can be negotiated it generally includes CPI adjustment and periodic market reviews.

Given the significant projected growth in the area, price could become a risk as the demand for office and warehouse space increases, properties will be offered at a premium.

#### Return on Investment

With significant investment required to suitably fit-out the leased premises to accommodate EQL functions, the importance of securing a long-term lease is paramount. With the useful life of fixtures and fittings between 10-20 years, a lease of 10+ years is vital to ensure a satisfactory ROI is achieved.

This becomes a significant risk given the fast-paced growth in the area and investment must allow for growth in operations and adaptability to meet demands.

#### Site Requirements

EQL's site requirements are based on our growth projections. Finding a site that fits those minimum requirements perfectly, from the market, may be challenging. It is likely that the size of the site and/or building leased will be physically larger, therefore it is expected that the cost of this option is the best-case scenario.

#### Future growth



The counterfactual option only allows for growth up to the forecast 2029/30 figures for staff, fleet vehicles and yard requirements. Additional costs will be incurred if the projected metrics continue to 2034/35 as predicted.

### 3.3 Option A (Preferred): Purchase [REDACTED] & Fit-out

This option involves purchasing the property [REDACTED], completing fit-out modifications to suit the growth of each function and ensuring these modifications are scalable to accommodate future demand.

Given the size of [REDACTED], it is suitable to accommodate the projected growth up to 2034/35, although the site will be fitted out and maintained in phases that align to the needs at the time. This proposal includes the purchase of the site in the 2020-25 regulatory period and fitting it out in the 2025-30 period at a time that resourcing permits. The fit-out will align to the specific sqm rates needed for the project growth of staff, vehicles and yard space. Site modifications will also be made to allow vehicles to traverse between both sites efficiently.

#### 3.3.1 Assumptions/costs

The following assumptions have been made for this option<sup>6</sup>:

##### Current Site

- Site growth aligns to forecast, maintaining the six-year trend for each of the workforce types up to 2029/30 before reverting to a more conservative growth forecast of no more than 3% p.a.
- Recurring Capex – based on 3-year historical trend of current site. Paused for 1 year while the new site fit-out is carried out.
- Annual Maintenance – based on 3-year historical trend of current site.
- Annual Non-Maintenance (property costs) – based on 3-year historical trend of current site.
- Annual Electricity – based on 3-year historical trend of current site.

##### Additional Site/s

[REDACTED]

- Site requirements are based on the offering of [REDACTED]
- Fit-out costs based on Rawlinsons handbook pricing of a medium quality office fit-out and a standard warehouse fit-out. Building sqm split 65/35% respectively based on the same proportions for main Geebung building. Workstation costs of medium quality added across building footprint.

<sup>6</sup> EQL Non-Network NPV Tool – Geebung – Assumptions Sheet

- Remaining portion of building (5,444sqm) will remain in 'as is' condition until required.
- Annual Corrective maintenance – based on 3-year historical trend of current Geebung site apportioned on sqm basis. Non-recurring/applicable corrective costs removed from trend due to new fit-out.
- Annual Preventative maintenance – based on 3-year historical trend of current Geebung site apportioned on sqm basis. 10% saving applied based on economies of scale servicing Geebung sites at same time<sup>7</sup>.
- Annual Non-Maintenance – based on 3-year historical trend of current Geebung site apportioned on sqm basis.
- Annual Electricity – based on 3-year historical trend of current Geebung site apportioned on sqm basis.
- Recurring Capex – based on 3-year historical trend of current site. Commences 10-years post-fitout based on the lowest useful life of the renewed assets.
- Relocation costs based on standard rate per person/workstation averaged from historical projects.

### 3.3.2 Benefits

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

Category	Benefits Identified	Type
<b>Operational Costs</b>	Long-term operational costs are reduced by using a planned strategic approach to purchase a known site of suitable size and fitting it out to meet the current utilisation constraints and future project constraints. The efficiencies of scale gained by having the site next door to the current depot cannot be understated.	Financial & Non-Financial
<b>Lease Cost</b>	Avoided lease cost related to reactive approach regularly leveraged by the business due to short-term planning.	Financial
<b>Organisational Efficiency</b>	<p><b>Site Capacity</b> The new site will significantly expand size the of the current lot thus providing ample space for storage areas, carparking and spatial allowances for growth.</p> <p><b>Fit for Purpose</b> The new site will be fitted-out in line with the specific requirements of Geebung's functional delivery. It will remain a modern, fit-for-purpose Major Hub with the capability of offering increased operating areas and moderate allowances for growth.</p>	Non-Financial
<b>Risk</b>	<p><b>Site Circulation</b> The enlarged hardstand and storage areas allowing for additional carparks, workshop and space for LUEZ areas, will significantly reduce the constraints of the existing site and reduce safety incidents.</p>	Non-Financial

<sup>7</sup> 10% is roughly the labour value of our contractors travel time to our sites as a proportion of their total maintenance fees.

Category	Benefits Identified	Type
Future Growth	This option provides a solution over the minimum requirements as at 2029/30, in line with the project demand by 3034/35. This has the benefit of avoiding future site expansion costs of other options, if this growth is realised.	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. The initial segregation of the two sites means the fit-out can occur without disruption to normal operations.

#### Market Risk

Given the significant growth in area, there's a risk that the site may become unavailable before an investment decision is reached. Should the property become unavailable, a substitute site in close proximity, mirroring similar characteristics and investment prerequisites, will be pursued. This approach is designed to align with the preferred option, ensuring the most appropriate long-term solution is achieved. This possibility is mapped across other options and remains more financially viable than the counterfactual.

## 3.4 Option B Purchase Brownfield Site & Fit-out

This option involves acquisition of a suitable brownfield site from the open market to accommodate one major functional group from the Geebung Hub. This will include comprehensive fit-out modifications to tailor the site to suit the selected function (Substations Group).

Concurrently, the space vacated by relocating this primary function from the Geebung Hub will undergo refurbishment. This will be designed to effectively accommodate the evolving requirements of the remaining functions, expected to be a combination of additional laboratories, hotdesks and standard office areas.

In addition, due to the dimensions of the selected site in Option A, a leasing option will be leveraged to fill the gap in requirements as forecast up to 2034/35, as this timeframe more closely aligns to our demands requirements that are consistent with the growth potential in-built into Option A.

### 3.4.1 Assumptions/costs

The following assumptions have been made for the counterfactual option<sup>8</sup>:

#### Current Site

- Site growth aligns to forecast, maintaining the six-year trend for each of the workforce types up to 2029/30 before reverting to a more conservative growth forecast of no more than 3% p.a.

<sup>8</sup> EQL Non-Network NPV Tool – Geebung Site Expansion – Assumptions Sheet

- Recurring Capex – based on 3-year historical trend of current site. Paused for 1 year while the new site fit-out is carried out.
- Annual Maintenance – based on 3-year historical trend of current site.
- Annual Non-Maintenance (property costs) – based on 3-year historical trend of current site.
- Annual Electricity – based on 3-year historical trend of current site.
- Fit-out costs for vacant space from transferred team based on sqm rates from Rawlinsons handbook pricing of a medium quality office fit-out and a standard warehouse fit-out.

### **Additional Site/s**

- Site requirements based on calculation of building space needed for the specific group and their requirements up to 2029/30, along with the total gap in yard space needed up to 2029/30.
- Purchase site based on needed site requirements using [REDACTED] improved sqm rates as basis for market cost.
- Purchased site fit-out costs based on Rawlinsons handbook pricing of a medium quality office fit-out and a standard warehouse fit-out. Building sqm split 65/35% respectively based on the same proportions for main Geebung building. Workstation costs of medium quality added across building footprint.
- Annual Corrective maintenance – based on 3-year historical trend of current Geebung site apportioned on sqm basis. Non-recurring/applicable corrective costs removed from trend due to brand new fit-out.
- Annual Preventative maintenance – based on 3-year historical trend of current Geebung site apportioned on sqm basis.
- Annual Non-Maintenance – based on 3-year historical trend of current Geebung site apportioned on sqm basis.
- Annual Electricity – based on 3-year historical trend of current Geebung site apportioned on sqm basis.
- Recurring Capex – based on 3-year historical trend of current site. Commences 10-years post-fitout based on the lowest useful life of the renewed assets.
- Relocation costs based on standard rate per person/workstation averaged from historical projects.
- Cost of additional movement between another site in Geebung based on cost of 32t truck return journey each day, the movement of 12 personnel between the sites return journey and the associated lost productivity. Based on EQL standard labour rates (excl on-costs) and rates per kilometre, assumed over 10 kilometres between sites.
- Leased site needed by 2034/35 based on market rates for the sqm difference between the 2029/30 target and 2034/35 growth forecast. The site is assumed to be ready-to-go in as condition of similar age to current Geebung site.
- Leased site all property costs – based on 3-year historical trend of current Geebung site apportioned on sqm basis.

### 3.4.2 Benefits

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

Category	Benefits Identified	Type
<b>Operational Costs</b>	Long-term operational costs are reduced by leveraging a strategic approach to purchase a site of suitable size and fitting it out to meet the current utilisation constraints up to 2029/30.	Financial
<b>Organisational Efficiency</b>	<p><b>Site Capacity</b> The new sites/s will significantly expand size the of the current lot thus providing ample space for storage areas, carparking and spatial allowances for growth, although not as efficiently as Option A.</p> <p><b>Fit for Purpose</b> The new site will be fitted-out in line with the specific requirements of Geebung's functional delivery requirements.</p>	Non-Financial
<b>Risk</b>	<p><b>Site Circulation</b> The enlarged hardstand and storage areas allow for additional carparks, workshop and space for LUEZ areas, will partially reduce the constraints of the existing site and reduce safety incidents.</p>	Non-Financial
<b>Future Growth</b>	This option provides a solution over the minimum requirements as at 2029/30, but in line with the project demand by 3034/35. This has the benefit of avoiding future site expansion costs of other options, if this growth is realised.	Financial

### 3.4.3 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. The initial segregation of the two sites means the fit-out can occur without disruption to normal operations.

#### Site Risks

Furthermore, specific site risks need to be addressed. These include the challenges of securing the site in preparation for construction and managing the relocation of staff. The process of site preparation and staff relocation presents potential people and culture risks, which are intricately linked to change management. Proactive measures and strategies will be required to effectively navigate these risks and ensure a smooth transition for the staff throughout the construction phase.

#### Site Requirements

EQL's site requirements are based on our growth projections. Finding a site that fits those minimum requirements perfectly, from the market, may be challenging. It is likely that the size of the site and/or building owned & leased will be physically larger, therefore it is expected that the cost of this option is the best-case scenario.

### 3.5 Option C: Lease [REDACTED] & Fit-out

This option is consistent with Option A, however leveraging a leasing approach rather than purchasing. It involves leasing the property [REDACTED], completing fit-out modifications to suit the growth of each function and ensuring these modifications are scalable to accommodate future demand.

Given the size of [REDACTED] property, it is suitable to accommodate the projected growth up to 2034/35, although the site will be fitted out and maintained in phases that align to the needs at the time. This proposal includes the lease and fitting out of the site in the 2025-30 period, at a time that resourcing permits. The fit-out will align to the specific sqm rates needed for the project growth of staff, vehicles and yard space. Site modifications will also be made to allow vehicles to traverse between both sites efficiently.

#### 3.5.1 Assumptions/costs

The following assumptions have been made for this option<sup>9</sup>:

##### Current Site

- Site growth aligns to forecast, maintaining the six-year trend for each of the workforce types up to 2029/30 before reverting to a more conservative growth forecast of no more than 3% p.a.
- Recurring Capex – based on 3-year historical trend of current site. Paused for 1 year while the new site fit-out is carried out.
- Annual Maintenance – based on 3-year historical trend of current site.
- Annual Non-Maintenance (property costs) – based on 3-year historical trend of current site.
- Annual Electricity – based on 3-year historical trend of current site.

##### Additional Site/s

- [REDACTED] is a site currently on the market for lease. It is assumed it will be available for lease at the point it is required.
- Site requirements are based on the offering of [REDACTED]
- Fit-out costs based on Rawlinsons handbook pricing of a medium quality office fit-out and a standard warehouse fit-out. Building sqm split 65/35% respectively based on the same proportions for main Geebung building. Workstation costs of medium quality added across building footprint.
- Remaining portion of building (5,444sqm) will remain in 'as is' condition until required.
- Leased costs based on preliminary discussions with agent, in line with the historical lease costs for the site.
- Annual Corrective maintenance – based on 3-year historical trend of current Geebung site apportioned on sqm basis. Non-recurring/applicable corrective costs removed from trend due to brand new fit-out.
- Annual Preventative maintenance – based on 3-year historical trend of current Geebung site apportioned on sqm basis. 10% saving applied based on economies of scale servicing

<sup>9</sup> EQL Non-Network NPV Tool – Geebung – Assumptions Sheet

Geebung sites at same time. 10% is roughly the labour value of our contractors travel time to our sites as a proportion of their total maintenance fees.

- Annual Non-Maintenance – based on 3-year historical trend of current Geebung site apportioned on sqm basis.
- Annual Electricity – based on 3-year historical trend of current Geebung site apportioned on sqm basis.
- Recurring Capex – based on 3-year historical trend of current site. Commences 10-years post-fitout based on the lowest useful life of the renewed assets.
- Relocation costs based on standard rate per person/workstation averaged from historical projects.

### 3.5.2 Benefits

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

Category	Benefits Identified	Type
<b>Operational Costs</b>	Long-term operational costs are reduced by using a planned strategic approach to lease and out-work a known site of suitable size and fitting it out to meet the current utilisation constraints and future project constraints. The efficiencies of scale gained by having the site next door to the current depot cannot be understated.	Financial & Non-Financial
<b>Organisational Efficiency</b>	<p><b>Site Capacity</b> The new site will significantly expand size the of the current lot thus providing ample space for storage areas, carparking and spatial allowances for growth.</p> <p><b>Fit for Purpose</b> The new site will be fitted-out in line with the specific requirements of Geebung’s functional delivery. It will remain a modern, fit-for-purpose Major Hub with the capability of offering increased operating areas and moderate allowances for growth.</p>	Non-Financial
<b>Risk</b>	<p><b>Site Circulation</b> The enlarged hardstand and storage areas allowing for additional carparks, workshop and space for LUEZ areas, will significantly reduce the constraints of the existing site and reduce safety incidents.</p>	Non-Financial
<b>Future Growth</b>	This option provides a solution over the minimum requirements as at 2029/30, but inline with the project demand by 3034/35. This has the benefit of avoiding future site expansion costs of other options, if this growth is realised.	Financial

### 3.5.3 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. The initial segregation of the two sites means the fit-out can occur without disruption to normal operations.

### Market Risk

The neighbouring property is currently on the market to lease but may not be at the time of resource availability. Given the significant growth in area, there's a risk that the site may become unavailable before an investment decision is reached. Should the property become unavailable, one of the alternate options will need to be leveraged.

## 3.6 Financial Summary

### 3.6.1 Expenditure summary 2025-30

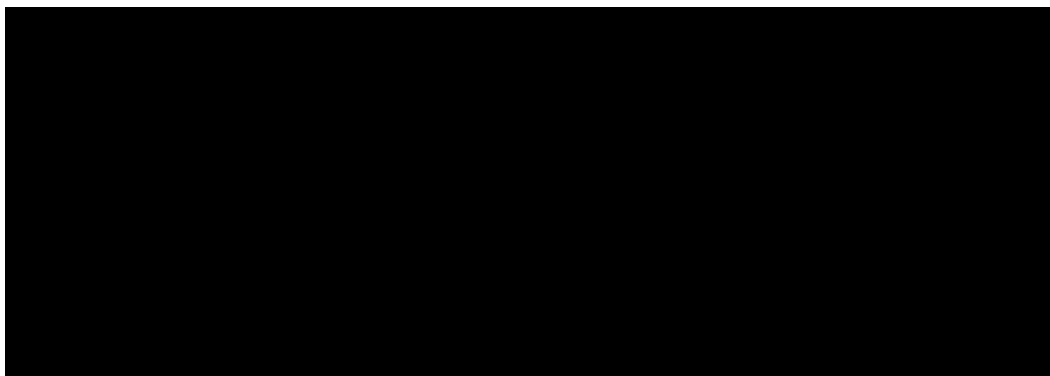
Table 7: Capital and operating expenditure summary 2025-30 (\$m Real)

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

### 3.6.2 NPV analysis

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

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





To simplify analysis, the NPV of the counterfactual option is assumed to be \$0 – with options presented in reference to this:

- A positive (+) figure represents an additional benefit (reduced cost) to the counterfactual option.
- A negative (-) figure represents an additional cost (reduced benefit) to the counterfactual option.

### Counterfactual vs Options

Option	Option A	Option B	Option C
Financial benefit	+\$25.9m	+\$23.3m	+\$22.8m

### Sensitivity Analysis

A sensitivity analysis has been conducted on each option, based on category assumptions affecting NPV outcomes. The counterfactual option is assumed to be NPV \$0.

**Table 8: Broad Sensitivity Analysis**

Options	Discount rate (WACC) $\pm 25\%$		Capital investment $\pm 25\%$	
	4.76%	7.94%	-25%	+25%
Option A - Purchase adjacent site & Fit-out	+\$37.0m	+\$16.3m	+\$36.9m	+\$13.1m
Option B – Purchase Brownfield site & Fit-out, later lease	+\$30.7m	+\$17.8m	+\$31.9m	+\$14.9m
Option C – Lease adjacent site & Fit-out	+\$25.3m	+\$19.7m	+\$26.0m	+\$17.9m

**Option A** remains the preferred option after sensitivity analysis is conducted.

## 4 RECOMMENDATION

**Option A Purchase [REDACTED] Site** – is the recommended option based on the analysis conducted.

- NPV of +\$25.9m compared to counterfactual is the least cost option over 20 years.
- Investment provides additional benefits, including:
  - Efficient fit-for-purpose depot
  - Increased financial sustainability through reduced operating and maintenance costs over the longer term
  - Appropriate spatial allowances for long-term growth
- 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 - Purchase [REDACTED] site & Fit-out	Option B – Purchase Brownfield site & Fit-out, later lease	Option C – Lease [REDACTED] site & Fit-out
Net Present Value (compared to counterfactual)	\$0m	+25.9m	+\$23.3m	+\$22.8m
Investment cost (TCO)*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Advantages	<p>This option provides a resolution to the current site constraints of the Geebung Hub and future requirements up to 2029/30.</p> <p>Allows the fit-out and refurbishment of the new leased site to be optimised and fit-for-purpose for needed functions.</p>	<p>This option provides long term financial sustainability by being the <i>lowest cost option</i> over the 20-year evaluation period.</p> <p>In tandem with the existing Geebung Hub, the acquisition of the new site will fulfill the spatial demands essential for servicing the region's needs over the long term.</p> <p>Provides efficiencies of scale due to its proximity to the current Geebung site.</p> <p>The enlarged hardstand and storage areas allowing for additional carparks, workshop and space for LUEZ areas, will significantly reduce the constraints of the existing site and reduce safety incidents.</p> <p>Provides the least volatility due to consistent cost trends for extended periods allowing for simpler cash-flow management for the long term.</p>	<p>This option provides a resolution to the current site constraints of the Geebung Hub and future requirements up to 2029/30.</p> <p>Allows the fit-out and refurbishment of the new purchased site to be optimised and fit-for-purpose for needed function.</p> <p>This option provides a solution over the minimum requirements as at 2029/30, in line with the project demand by 3034/35.</p>	<p>This option resolves the current site constraints of the Geebung Hub.</p> <p>In tandem with the existing Geebung Hub, the acquisition of the new site will fulfill the spatial demands essential for servicing the region's needs over the long term.</p> <p>Provides efficiencies of scale due to its proximity to the current Geebung site.</p> <p>This option provides a solution over the minimum requirements as at 2029/30, in line with the project demand by 3034/35.</p>

Criteria	Counterfactual – Reactive Response	Option A - Purchase [REDACTED] site & Fit-out	Option B – Purchase Brownfield site & Fit-out, later lease	Option C – Lease [REDACTED] site & Fit-out
		<p>This option provides a solution over the minimum requirements as at 2029/30, in line with the project demand by 3034/35.</p>		
<b>Risks</b>	<p>The efficiency of work coordination and service delivery faces a substantial risk of decline due to the necessity for personnel to navigate between two distinct locations.</p> <p>EQL is exposed to price increases on lease costs imposed by the landlord. With significant investment required to suitably fit-out the leased premises to accommodate EQL functions, the importance of securing a long-term lease is paramount. Finding a site that fits the minimum requirements perfectly, from the market, may be challenging. It is likely that the size of the site and/or building leased will be physically larger, therefore it is expected that the cost of this option is the best-case scenario. EQL has encountered considerable difficulties at leased sites due to the limited influence over the management and administration of the leased space.</p> <p>The counterfactual option only allows for growth up to the forecast 2029/30 figures for staff, fleet vehicles and yard requirements. Additional costs will be incurred if the projected metrics continue to 2034/35 as predicted.</p>	<p>The [REDACTED] site may not be made available for sale. [REDACTED]</p> <p>There is a risk that the initial estimates are not accurate and construction time delays or variations will lead to cost over-runs. This can lead to staff location issues while under construction. External risks such as building approvals, contractor availability and contractual disputes are not anticipated for this project.</p>	<p>There is a risk that the initial estimates are not accurate and construction time delays or variations will lead to cost over-runs. This can lead to staff location issues while under construction. The efficiency of work coordination and service delivery faces a substantial risk of decline due to the necessity for personnel to navigate between two distinct locations. Finding a site that fits the minimum requirements perfectly, from the market, may be challenging. It is likely that the size of the site and/or building leased will be physically larger, therefore it is expected that the cost of this option is the best-case scenario.</p>	<p>EQL has encountered considerable difficulties at leased sites due to the limited influence over the management and administration of the leased space. EQL is exposed to price increases on lease costs imposed by the landlord. With significant investment required to suitably fit-out the leased premises to accommodate EQL functions, the importance of securing a long-term lease is paramount.</p>

\*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 detailed below, however the fit-out will be brought forward if possible, to close the gap between purchase and fit-out. 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
Purchase Site	July 2024
Refurbish & Fit-out site	July 2027
Site Modifications	January 2028
Relocation of Geebung functions	April 2028

## 4.2 Change Impacts

Minimal change impacts are expected given the major works for the new site can occur whilst occupying both the current site and the Banyo Workshop till lease expiry.

Proposed change management activities may include:

- Stakeholder engagement,
- Relocation of staff and equipment located at the current site to the new depot.
- Coordinating the exit of the current site and works in preparation for sale.

## 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):	
<p><b>6.5.7 (a) (1)</b> meet or manage the expected demand for standard control services over that period</p>	<p>The preferred investment supports activities at an operational depot in the Geebung 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>
<p><b>6.5.7 (a) (2)</b> comply with all applicable regulatory obligations or requirements associated with the provision of standard control services;</p>	
<p><b>6.5.7 (a) (3)</b> to the extent that there is no applicable regulatory obligation or requirement in relation to:</p> <ul style="list-style-type: none"> <li>(i) the quality, reliability or security of supply of standard control services; or</li> <li>(ii) the reliability or security of the distribution system through the supply of standard control services,</li> </ul> <p>to the relevant extent:</p> <ul style="list-style-type: none"> <li>(iii) maintain the quality, reliability and security of supply of standard control services; and</li> <li>(iv) maintain the reliability and security of the distribution system through the supply of standard control services</li> </ul>	
<p><b>6.5.7 (a) (4)</b> maintain the safety of the distribution system through the supply of standard control services.</p>	
NER capital expenditure criteria	Rationale
The AER must be satisfied that the forecast capital expenditure reflects each of the following:	
<p><b>6.5.7 (c) (1) (i)</b> the efficient costs of achieving the capital expenditure objectives</p>	<p>Costs for the investments have been forecast based on a combination of estimates from independent specialists (Quantity Surveyor), historical data and previous industry experience.</p> <p>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.</p> <p>Energex undertakes competitive market procurement processes to ensure efficiency in capital expenditure.</p> <p>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.</p>
<p><b>6.5.7 (c) (1) (ii)</b> the costs that a prudent operator would require to achieve the capital expenditure objectives</p>	
<p><b>6.5.7 (c) (1) (iii)</b> a realistic expectation of the demand forecast and cost inputs required to achieve the capital expenditure objectives</p>	

## 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	■	■	■	■	■	■
<b>Allocation to DNSP (where applicable)</b>							
DNSP capex (\$m, 2022-23)	Energex	■	■	■	■	■	■
<b>Allocation to SCS capex</b>							
SCS capex (\$m, 2022-23)	Energex	■	■	■	■	■	■
<b>Add escalation adjustments</b>							
Escalation from \$2022-23 (Dec 2022) to \$2024-25 (June 2025)	Energex	■	■	■	■	■	■
<b>Expenditure in AER capex model/ Reset RIN \$m, 2024-25</b>	<b>Energex</b>	<b>■</b>	<b>■</b>	<b>■</b>	<b>■</b>	<b>■</b>	<b>■</b>

## 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
<b>1. We are a critical enabler, delivering property and infrastructure related services to all of Energy Queensland in service of our communities</b>	The Geebung Hub is a regulated site within the Energex DNSP area of operations. Property is responsible for delivering this outcome to the business.	Medium
<b>2. The Property portfolio prioritises the safety of our people, the compliance of our assets and the cost-effectiveness of our solutions</b>	The Geebung Expansion Strategy will reduce long-term operating costs by implementing a planned approach and long-term solution for our people, the assets they use and cost-effectiveness of our functional delivery.	High
<b>3. Portfolio growth is planned and justified while retaining flexibility, thereby reducing the long-term cost impact to our customers.</b>	The significant growth witnessed in the Geebung area has directly influenced the operational demands of the Hub, causing it to operate beyond its capacity. Forecast consistent growth enables EQL to plan for future needs proactively, thereby mitigating long-term impacts on service delivery and costs which will be realised beyond the 20-year evaluation timeline of this Business Case.	High
<b>4. Our infrastructure goals are consistent across the portfolio, but solutions are tailored to meet the unique context of each challenge</b>	This approach integrates the strategic property principles to ensure uniformity across the portfolio. Simultaneously, it recognises and addresses the distinct operational needs presented by the Geebung Hub in servicing the area.	Medium

## Appendix 4: Glossary

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