



Rocklea Stage 2 Redevelopment

Business Case

31 January 2024

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1 EXECUTIVE SUMMARY

Title	Rocklea Stage 2 Redevelopment							
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 type="checkbox"/> Financial <input type="checkbox"/> Other <p>The Rocklea Training Facility is the principal training facility in the portfolio, operating since 1951. As EQL is a Registered Training Organisation (RTO), this site provides essential technical training, skill development and access control for employees and contractors to safely work on the Ergon and Energex distribution networks.</p> <p>Eight temporary demountables (Buildings 4B, 7A, 7B, 8, 9A, 9B, 10A and 10B) covering 1,087sqm collectively, have been progressively established to meet the growing needs of the Rocklea site since 1982. These demountables have been independently assessed to contain 26 priority 1 defects, with an additional 5 priority 2 issues that need addressing (as per building condition report).</p> <p>Consequently, having this number of buildings on the one site, presents additional challenges in terms of the site's functionality. It generates an excessive and unnecessary volume of foot traffic throughout the site, further exacerbated by the presence of heavy vehicles and machinery that traverse the area.</p> <p>In accordance with the Rocklea Masterplan (figure 2), a two-stage development process is scheduled to occur to address these needs. Upon the conclusion of the initial stage 1 works, anticipated to be completed in 2025, eight buildings will remain, which have aged beyond their useful life and do not conform to the required standards of a Registered Training Organisation (RTO).</p> <p>Why now?</p> <p>Implementing stage 2 during the 2025-30 period will ensure the investment is made at the most efficient point in time where the eight temporary demountables are due for renewal, having reached the end of their useful life. Completing stage 2 soon after stage 1 also maintains consistency in the life of infrastructure across the site which will provide future efficiencies when assets on site are due for renewal again beyond 2060. It is also required to meet the increase in training growth, for internal employees and external contractors.</p>							
Summary of preferred option	Option A – Complete second stage redevelopment of Rocklea masterplan to remove temporary demountables on site and extend building 1							
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.							

Title	Rocklea Stage 2 Redevelopment
NPV	+\$5.5m (compared to counterfactual)
Benefits	<p>Compliance - Alignment with standards for Registered Training Organisations (RTO). Aged buildings past Useful Life replaced with modern, fit-for-purpose building. Consolidation of standalone buildings from 8 into 1 – resulting in operating efficiencies Improved safety with decreased pedestrian traffic through the entire site.</p>
Customer importance	<p>Reduced operating costs applies downward pressure on customer bills. Maintains the skill & training requirements of apprentices and staff to work on the Energex & Ergon distribution networks.</p>

2 OVERVIEW

2.1 Purpose and scope

This is a preliminary business case describing the required investment to proceed with stage 2 of the Rocklea Training Centre Redevelopment.

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 Rocklea Training Facility is located at 103 Marshall Road Rocklea and is a standalone training facility that has been operational since 1951. EQL operates as a Registered Training Organisation (RTO) and provides technical training for employees and contractors to work on the Ergon and Energex distribution networks.

EQL delivers high-quality vocational training courses leading to nationally accredited qualifications, as well as safety awareness sessions at the training facility in Rocklea. These courses include:

- Certificate III in Electro-technology Electrician
- Certificate III in ESI - Power Systems - Distribution Overhead
- Certificate III in ESI - Power Systems - Distribution Cable Jointing
- Four year and one year apprenticeship programs
- Field Induction courses
- Statutory Training courses
- High Voltage Switching
- Live Work and Live Work from EFM course
- 47 face to face courses, the majority of which are related to safe work practices in the distribution network environment

The facility serves a significant role in educating staff, authorised contractors, external parties and the community on critical safety aspects when working in an environment that exposes a person to the low and high voltage network, including switchboards at customers' premises. Importantly, these training courses are not conducted by any other organisation in Queensland.

The Department of Youth Justice, Employment, Small Business and Training, as well as TAFE Queensland send their students to Energex and Ergon training facilities to complete their certification requirements. This means there is no ability to outsource or supplement this training outside of the facilities like Rocklea. Rocklea plays a critical role in maintaining a safely skilled and effective internal and contracting workforce to deliver the state-wide requirements of Queensland's electricity network.

2.2.2 Stage 1 Redevelopment Outcomes

The Stage 1 redevelopment is forecast to be completed by Q3 2025. It aims to deliver a purpose-designed consolidated classroom and workshop facility, supported by offices and amenities.

Construction of this new building will enable the demolition of three largest and oldest buildings on site and create efficiencies by consolidating that mixed space together into a single footprint. This will allow the establishment of improved on-site parking and trainee support services. The upgraded facilities will enable EQL to meet its apprentice recruitment targets (10% increase p.a.) and allow EQL to accept a greater volume of government-supported training programs and contractor-based training courses (15% increase p.a.) which in turn increase these revenue streams.

2.2.3 Asset Management Overview

The permanent buildings on site were constructed between 1951 to 1984 with the original workshops, B2 & B3 constructed in 1984 and used right up until the Stage 1 Redevelopment. Demountable buildings have been added since 1982 on an ad-hoc basis to meet capacity and ensure continued training delivery. Some of the original on-site demountables (Blocks 5 & 6) have since been decommissioned and replaced with newer relocatable buildings (Block 9). Despite replacements and refurbishments over time, by the time this project (stage 2) commences, all but two of these 'temporary' buildings will have exceeded their deemed useful life and as such they present a higher cost to the business, in addition to non-compliance to today's building regulations.

Summary of buildings to be replaced within stage 2:

Table 1: Building Summary

Building #	Install Date	Size (sqm)	Replacement Cost as at 2019 ¹	Useful Life Remaining ²	Main defects
Block 4B	1982	24	\$225,000	42 years beyond	
Block 7A	2005	70	\$918,000	3 years beyond	
Block 7B	2005	70		3 years beyond	
Block 8	2007	96	\$630,000	1 year beyond	
Block 9A	2011	304	\$2,146,000	2 years left	No PWD access
Block 9B	2011	304		2 years left	No PWD access
Block 10A	2019	150	\$880,000	11 years left	None - Will be repurposed
Block 10B	2019	70	\$470,000	11 years left	None - Will be repurposed

The high number of buildings on the site results in increased pedestrian flow which poses safety risks when considering large plant and equipment traverse the site as well. 17 vehicle and pedestrian crossings have been established to mitigate some of the risks associated with this, but site circulation remains inefficient and not fit-for-purpose.

¹ As per building condition report – see related documents

² As per ATO ruling for portable structures as at Sep 2023:

[https://www.ato.gov.au/law/view/document?LocID=%22TXR%2FTR20203%2FNAT%2FATO%2fatTABLE-P%22&PiT=99991231235958#TABLE-P](https://www.ato.gov.au/law/view/document?LocID=%22TXR%2FTR20203%2FNAT%2FATO%2FatTABLE-P%22&PiT=99991231235958#TABLE-P)

2.3 Identified Need

2.3.1 End of Life Assets

The majority of buildings at Rocklea are aged, in poor condition and nearing or surpassed end-of-life. The current redevelopment of Rocklea referred to as Stage 1 will see buildings 1, 2 and 3 demolished to make way a consolidated training workshop and associated carparking (see Rocklea Stage 1 Business Case).

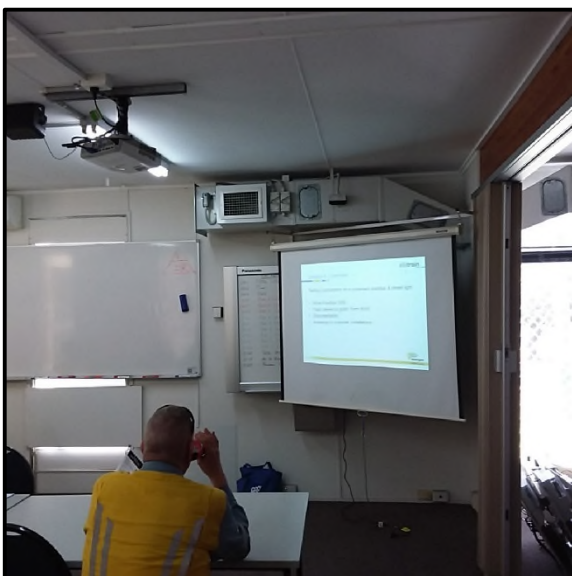
At completion of Stage 1, there will be 8 remaining buildings reaching end of life that will require replacement to ensure continuity of service.



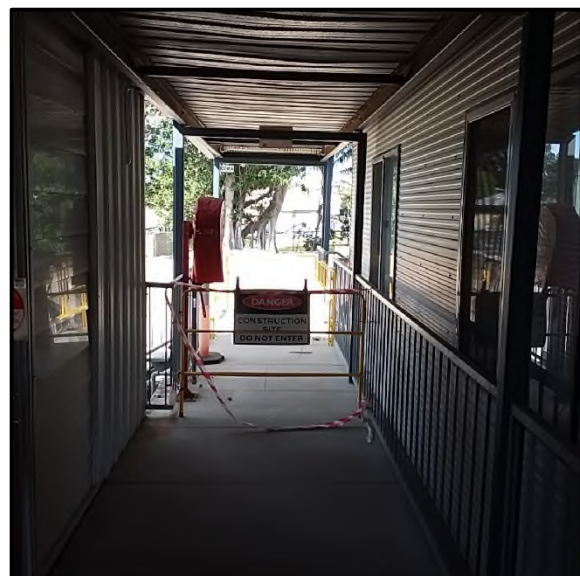
Block 4B – Amenities



Block 4B – Urinals



Block 7 – Internals (note: internal A/C ducting, curtain wall, constrained for space)



Block 7 – Exterior (note: blocked access due to non-compliance from failing foot path, railing)



Block 8 – Internals (note: constrained space for training, sagging ceiling)



Block 8 – Internals (note: constrained space, old curtain wall, inefficient lighting & A/C)



Block 9 – Amenities



Block 9 – Amenities (urinal)



Block 9 – Internals (trip hazards throughout, inefficient lighting & acoustics for training, curtain wall)



Block 9 – Internals (trip hazards throughout, inefficient lighting & acoustics for training, temporary furniture)

2.3.2 Not Fit-for-Purpose

Capacity

The Rocklea facility has experienced exponential growth in the demand for training courses with an average annual increase of 41% p.a. in participant numbers over the past 2 years, and 28% p.a. in the 3 years before that (see assumptions worksheet). Moreover, with apprentice numbers projected to double by 2030³, the current capacity of the site falls significantly short of meeting the escalating training requirements. Today's requirements will be met by implementing stage 1, however stage 2 is needed to meet requirements beyond 2025, as this growth is projected to increase again, based on current apprentice intake forecasts and changing skill requirements across Energy Queensland.

Ad-Hoc and short-term historical context

Over the years, numerous demountable buildings have been added to the site in a piecemeal manner to provide necessary classroom facilities to meet the requirements at that point in time. The classrooms and training workshops are functionally less effective for training purposes than a permanent building, due to their design, choice of building material and acoustic capability. For example, demountable style and do not allow for flexible classroom training or optimal participant numbers (i.e. 16 participants).

2.3.3 Safety

Approximately 8,059 (in 2022/23) visitors attend the site each year. The high number of buildings makes the site complex, with corresponding safety risks. Seventeen pedestrian crossings have

³ [Record Energex and Ergon apprentice intake backs good jobs for Queenslanders - Ministerial Media Statements](#)

been established inside the property boundaries to maintain pedestrian safety in areas shared with moving vehicles and plant.

On non-rostered day off (RDO) days, approximately 200 cars arrive at the facility which cannot be accommodated on-site, resulting in risks to the community due to street congestion. In addition, there are a number of other site-specific safety hazards that have been identified through the safety incident and close call reporting.

Summary of recorded incidents since 2019:

Table 2: Safety Incidents

Incident Category	Total
Illegal Entry/Break-in	22
Vehicle contact with person/asset	22
Invasive Pest	14
Personal injury	40
Natural/Environmental	6
Other	2

The largest category of incidents to have occurred on site includes illegal entry via cutting of mesh fencing, vehicle contact with assets on-site and injuries sustained while undertaking work tasks. The majority of break-ins, vehicle accidents and some of the personal injuries can be completely avoided through infrastructure improvements. Replacing mesh fencing with palisade would have prevented all 22 of the illegal break-ins. Improved traffic flow and increased spacing/allowance of the vehicle movement areas would have prevented contact with bollards, poles and gates. While some of the personal injuries were sustained as a direct result of asset failure and deterioration (e.g. chair breaks, stairway handrail breaking, heat stress from inadequate shade on-site).

In addition, the building code at the time of construction for some of the structures and buildings did not mandate disability access and no structural changes to the building have since been undertaken (e.g. installation of ramps for disability access etc). Lack of disability access compromises Energex's commitment to providing equal access to employment, learning and professional development opportunities.

2.4 Customer importance

The Rocklea Training Centre is our largest and busiest training facility across the portfolio. It trains approximately 8,059 (in 2022/23) staff and contractors each year to safely and effectively build, maintain and operate our diverse electricity network. Without this site and its functions, our staff will not be able to maintain their work licenses or compliance with current regulations. This will have a serious and wide-ranging impact on our ability to service our entire customer base state-wide.

2.5 Compliance

Legislation, Regulation or Code	Obligations	Relevance to Investment
<p>Standard for Registered Training Organisations (RTOs) 2015</p>	<p>The Standard for Registered Training Organisations (RTO)¹ forms part of the Vocational Education and Training (VET) quality framework and ensures the integrity of nationally recognised qualifications. It sets out the requirements that an organisation must meet in order to qualify as an RTO.</p>	<p>The sections of the standard relevant to this investment include:</p> <ul style="list-style-type: none"> • Adequate facilities (Standard 1.3 b). The RTO must have, for all of its scope of registration and consistent with its training and assessment strategies, sufficient facilities, whether physical or virtual, and equipment to accommodate and support the number of learners undertaking the training and assessment. • As a registered RTO, Energex has an obligation to respond to the individual needs of training participants whose age, gender, cultural or ethnic background, disability, sexuality, language skills, literacy or numeracy level or location may present a barrier to access, participation and the achievement of suitable outcomes.
<p>Queensland Work Health and Safety Act 2011 and Work Health and Safety Regulation 2011</p>	<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>The proposed Rocklea Training Facility redevelopment must ensure that staff, service providers and visitors are not exposed to health and safety risks so far as is reasonably practicable.</p>
<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>	<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 	<p>Particular considerations for the Rocklea Training Facility 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>

Legislation, Regulation or Code	Obligations	Relevance to Investment
	<ul style="list-style-type: none"> • toilets and sanitary facilities • lifts and controls • tactile ground surface indicators car parking 	

3 OPTIONS ANALYSIS

3.1 Options overview

This section considers the following options analysis:

- Counterfactual Option – BAU with reactive response to building defects and EOL
- Option A – Stage 2 Redevelopment in 2025-30 period
- Option B – Stage 2 Redevelopment 5-year deferred

Due to the commitment and investment in Stage 1, other off-site options were not considered as part of this Stage 2 investment review.

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
Useful Life – Refurbished Buildings	20	EQL standard useful life schedule
Useful Life – Relocatable Buildings	15	ATO designation ⁴ & 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%	
Digital Office (IT)	6.0%	
Site Assumptions		
Office Employees	25	
Mixed-use Employees	0	
Field Employees	6	
Visiting Personnel	8,059	Per annum based on 2022/23 training statistics

⁴ 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
On-site Fleet	28	4 heavy, 12 light, 12 trailers
On-site carparks – Personal	31	

Table 4: Proposed Sites

Option	Nominated site	Size	# Of Buildings	Comments
Counterfactual	103 Marshall Road	6,005 sqm	9	Smaller demountable buildings
Option A	103 Marshall Road	7,277 sqm	2	Consolidated buildings efficient and fit-for-purpose configuration.
Option B	103 Marshall Road	7,277 sqm	2	Consolidated buildings efficient and fit-for-purpose configuration deferred 5 years

3.2 Counterfactual analysis (Base case)

3.2.1 Summary

This counterfactual option assumes that Stage 2 of the Rocklea Masterplan will not proceed and the planned extension to consolidate buildings established in stage 1 will not go ahead. Instead, the current remaining buildings will be maintained and replaced on a reactive basis in line with the lifecycle to and condition of each individual structure.

It is anticipated that all remaining buildings: 4B, 7A, 7B, 8, 9A and 9B, will require replacing by the 2025/26 financial year. Buildings 10A and 10B will require replacing within 10 years.

Figure 1: Layout of Rocklea Training Facility site



3.2.2 Assumptions/costs

Specific assumptions applied to the base case are as follows:

- Remaining temporary buildings will be replaced with like-for-like demountable buildings suitable to continue training services.
- New demountable buildings will NOT be purchased and setup to manage training growth in the future. Revenue generation will be capped as at post-stage 1 levels (2026-27).
- Demountable costs are based on market quotations, quantity surveyor estimates or lifecycle replacement estimates.
- Demountable buildings have been allocated a useful life of 15 years based on ATO's life expectancy for transportable buildings.
- Recurring Capex – based on 5-year historical trend
- One-off Capex – based on direct market quotations and quantity surveyor estimates
- Annual Maintenance – based 3-year historical trend, then reduced by 20% after stage 1 completion to reflect reduction in the number of buildings and floor area.
- Annual Non-Maintenance – based 3-year historical trend, then reduced by 20% after stage 1 completion to reflect reduction in the number of buildings and floor area.

3.2.3 Risks

Pedestrian Safety

The high number of buildings within the site results in increased pedestrian traffic between buildings and navigating between moving vehicles and plant onsite poses additional risk of injury for training participants.

Pursuing the counterfactual option does not relieve EQL of these risks.

Compliance

Rocklea Training Facility does not have adequate facilities to cater to training participants with disabilities and therefore is currently non-compliant with external standards as an RTO. This may have future financial consequences not quantified at this point in time.

As a registered RTO, Energex has an obligation to respond to the individual needs of training participants whose age, gender, cultural or ethnic background, disability, sexuality, language skills, literacy or numeracy level or location may present a barrier to access, participation and the achievement of training outcomes.

3.3 Option A: Stage 2 Redevelopment (Preferred)

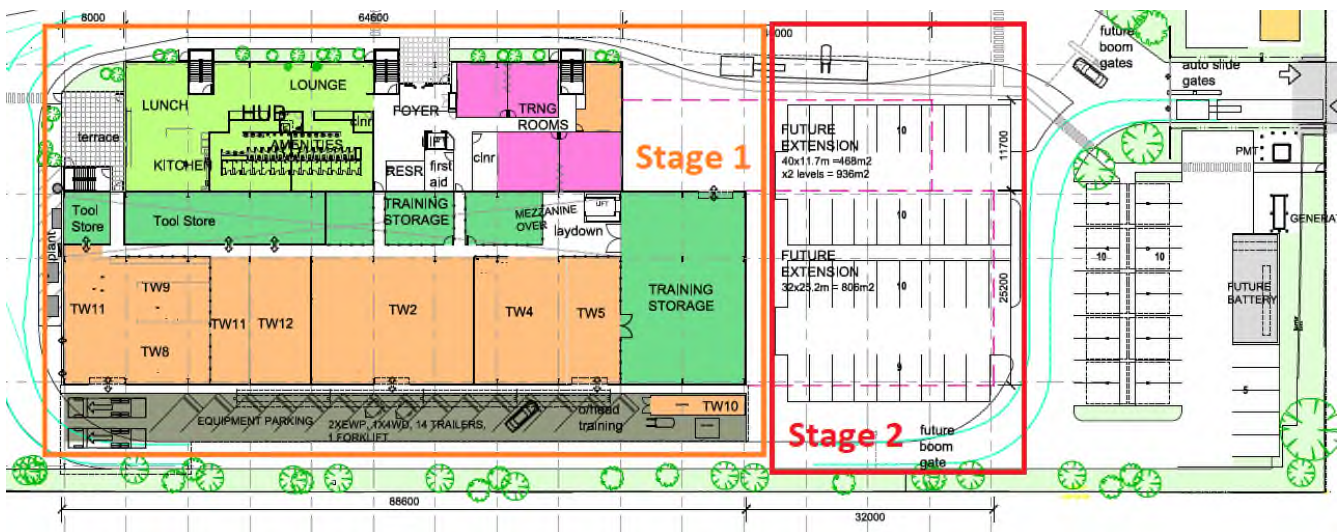
The stage 2 redevelopment of Rocklea proposes further improvements to the site, supplementing the works completed in stage 1.

Buildings 4B, 7A, 7B, 8, 9A, 9B will be demolished, while 10A and 10B will be repurposed at another Energex or Ergon site, offsetting future expenses. The floor area provided by these buildings will be provided through an extension to building 2, with an allowance for future growth included.

The extension will consist of a 936m², two storey addition for additional training rooms and amenities as well as an 805m² addition to the training and workshop area (a total increase

compared to the demountables of 654sqm – however efficient utilisation of space also increases, meaning the relationship in training capability is not linear to floor area).

At the completion of stage 2, all training rooms, amenities and workshop areas will be confined to two buildings on the entire site. This will significantly reduce the amount of pedestrian traffic throughout the site (movement between 9 buildings down 1), the potential for safety incidents, increase the efficiency of how the floor area is utilised, and provide non-financial benefits to how training is delivered and received by our employees and contractors.



3.3.1 Assumptions/costs

Specific assumptions applied to this option are as follows:

- Remaining buildings will be demolished/removed with no major issues uncovered.
- Minimal disruption to training delivery will occur due to appropriate scheduling.
- Recurring Capex – based on 5-year historical trend, reduced by 20% to reflect significant reduction in age and number of buildings after the two-stage redevelopment.
 - Post-investment this is deferred 5 years to align with a brand-new site housing new assets with a minimum useful life of 5 years.
- One-off Capex – based on quantity surveyor estimates
- Annual Maintenance – based 3-year historical trend, then reduced after stage 2 completion to reflect reduction in the building floor area and non-recurring historical costs (see assumptions worksheet).
- Annual Non-Maintenance – based 3-year historical trend, no change post-stage 2 implementation as they are fixed costs.

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 costs as a result of reducing the number of individual buildings.	Financial

Category	Benefits Identified	Type
Asset Lifecycle Costs	Recurring capex to reduce based on significant reduction of individual buildings requiring renewal.	Financial
Organisational Efficiency	<p>Fit for Purpose The redevelopment of the site will transform the training centre into a modern, fit-for-purpose facility with the capability of offering training and development in a safe and efficient site.</p> <p>Site Capacity While the consolidation of buildings will see a decrease in floor space overall, the redevelopment will incorporate a redesign of the configuration of workshops, training rooms and amenities allowing for a more efficient use of space by optimising utilisation of floor area and increasing the number of onsite carparks to 175.</p>	Non-Financial
Risk	<p>Reduced Pedestrian Traffic Reducing the number of buildings within the site from 9 down to 2, will significantly reduce the amount of foot traffic through the site subsequently reducing the risk of injury and accidents.</p>	Non-Financial

3.3.3 Risks

Training Impacts

One of the risks with proceeding with stage 2 is the impact on delivering training courses during construction. This will be mitigated by maintaining the demountables until after stage 2 is complete and reducing the utilisation of the training rooms towards the end of the building where the stage 2 extension will take place. This will help minimise noise transfer and disruption as the building works are completed.

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.

3.4 Option B: Stage 2 Redevelopment 5-year Deferred

Option B seeks to implement the stage 2 redevelopment of Rocklea **consistent with Option A** but deferred 5-years to the 3030-35 regulatory control period.

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

- The stage 2 redevelopment is delayed 5 years to commence 3031/32 and finish in 3032/33.
- The increase in training revenue will be delayed by 5 years compared to Option A.
- BAU Capex will continue within that 5-year deferral period.
- BAU Opex will continue inline with base case during the 5-year deferral period and then revert to the Option A Opex values.

3.5 Financial Summary

3.5.1 Expenditure summary 2025-30

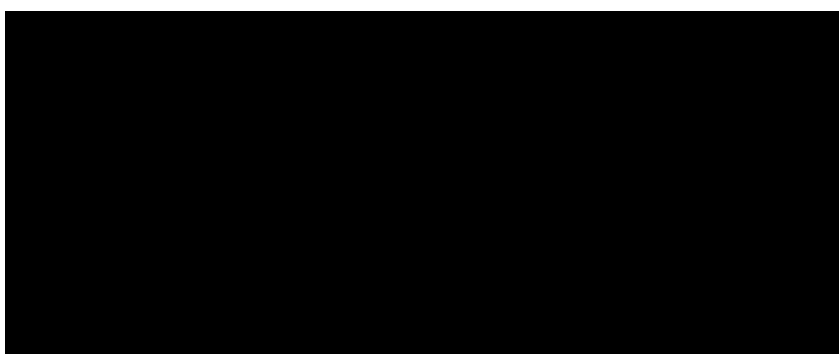
Table 5: Capital and operating expenditure summary 2025-30

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 and graph below, with Option A identified as the least cost to EQL over the 20-year period.



Counterfactual vs Options

Option	Counterfactual (Base)	Option A – Stage 2 Redevelopment	Option B – Stage 2 Redevelopment Deferred
Financial benefit	0	+\$5.5m	+\$4.2m

Option A provides the most financial benefit over the 20-year evaluation period.

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 6: Sensitivity analysis

Option	Discount rate (WACC) $\pm 25\%$		Capital Investment of Options	
	4.76%	7.94%	-25%	+25%
A – Stage 2 Redevelopment	■	■	■	■
B – Stage 2 Redevelopment Deferred	■	■	■	■

After conducting a sensitivity analysis, Option A remains the preferred option for all sensitivities

4 RECOMMENDATION

Option A: Stage 2 Redevelopment is the recommended option based on the analysis conducted.

- NPV saving of \$5.5m over 20 years is the best option compared to counterfactual
- It is aligned with Energy Queensland's property strategic principles (see Appendix 3 for additional details).
- Investment provides additional benefits, including:
 - Delivers a modern training facility compliant with contemporary building standards.
 - Provides an efficient fit-for-purpose site.
 - Significant increase in onsite carparks.
 - Increase training revenue generated in line with growth expectations

Table 7: Options Analysis Scorecard

Criteria	Counterfactual – Reactive Response	Option A – Stage 2 Redevelopment (Preferred)	Option B – Stage 2 Redevelopment Deferred
Net Present Value (compared to counterfactual)	0	+\$5.5m	+\$4.2m
Investment cost (TCO)*	██████	██████	██████
Benefits	Minimal disruption to training delivery.	Mitigates inherent safety risk Replaces buildings past their useful life reducing maintenance demand. Delivers a modern training facility compliant with contemporary building standards. Provides an efficient fit-for-purpose site. Significant increase in onsite carparks. Increase training revenue generated in line with growth expectations	Mitigates inherent safety risk Replaces buildings past their useful life reducing maintenance demand. Delivers a modern training facility compliant with contemporary building standards deferred by 5 years Provides an efficient fit-for-purpose site. Significant increase in onsite carparks.
Risks	Non-Compliance – Due to the age of the buildings, compliance with the RTO standards and DDA requirements is not mandatory, but the risk is that the non-provision of suitable access for people with a disability or a suitable workspace to provide training in line with the RTO standards will attract discrimination and non-compliance claims.	Training Interruption – there is a possibility that training delivery will be affected by construction. This is expected to be minimal given the majority of complex works are being conducted in stage 1 and can be mitigated by scheduling and use of the old buildings in the interim.	Training revenue generated via Rocklea will be capped post-stage 1, and pick up again once stage is implemented. This will not meet external requirements. Training Interruption – there is a possibility that training delivery will be affected by construction. This is expected to be minimal given the majority of complex works are being conducted in stage 1 and can be mitigated by scheduling and use of the old buildings in the interim.

*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 as the Stage 1 project manager will be appointed to deliver Stage 2 to maintain continuity. 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 Rocklea Stage 2	July 2026
Construct Rocklea Stage 2	January 2027
Relocation from demountables	September 2027
Dispose/reuse demountables	October 2027

4.2 Change Impacts

Minimal change impacts are expected given the major works for the site were completed as part of stage 1. Proposed change management activities for stage 2 may include:

- Stakeholder engagement
- Minor rescheduling of training courses to work around construction timeframes.

APPENDICES

Appendix 1: Alignment with the National Electricity Rules

Table 8: 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 training required to enable the delivery of expected standard control services over the 2025-30 period.</p> <p>The preferred investment supports staff training in accordance with statutory training requirements and Energex's workforce needs.</p> <p>The training facilities will ensure that Energex's workforce is adequately skilled and competent to safely and efficiently operate and maintain the electricity network. This ensures the safe and reliable electricity supply for the 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: <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (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.
6.5.7 (c) (1) (iii) a realistic expectation of the demand forecast and cost inputs required to achieve the capital expenditure objectives	<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>

Appendix 2: Reconciliation Table

Table 9: 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 10: 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	Rocklea Training is a regulated service 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 Rocklea Stage 2 Redevelopment will reduce operating costs and embed the teams and their training courses into permanent, modern and compliant buildings. It enables the continued increase in external training revenue.	High
3. Portfolio growth is planned and justified while retaining flexibility, thereby reducing the long-term cost impact to our customers.	The Rocklea Stage 2 Redevelopment will occur soon after stage 1, maintaining continuity of delivery, consistency in asset life and remove temporary (more costly) buildings from the portfolio	Medium
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 the Training function state-wide. The solution is tailored to leverage the existing value offered by Rocklea but enhance it to meet future requirements.	High

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