AusNet

Depot Strategy Plan FY2027 to FY2031 (EDPR 2027-31)

Business Case

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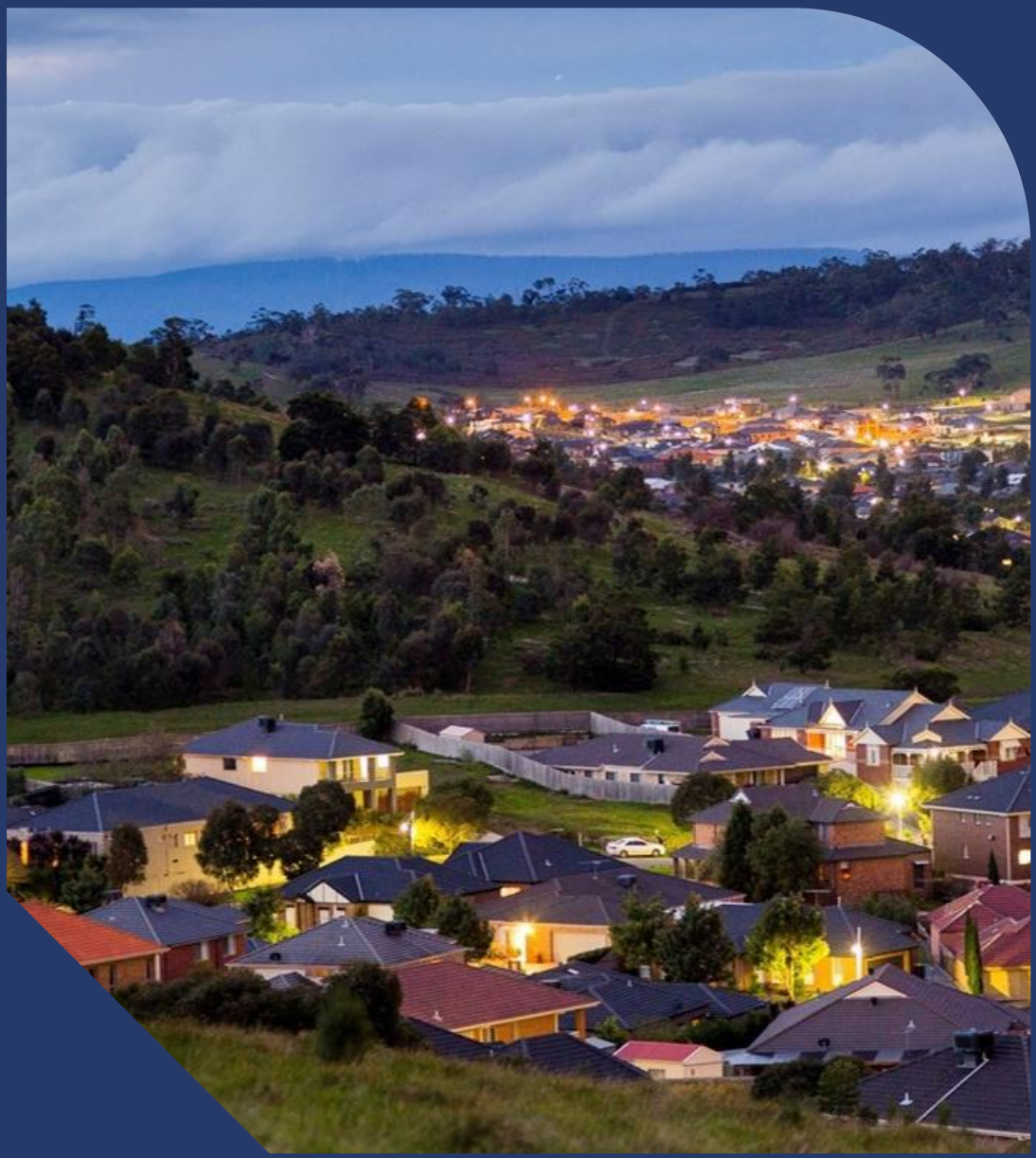

AusNet

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Glossary

Acronym/Term	Definition
AER	Australian Energy Regulator
CAPEX	Capital Expenditure
DNSP	Distribution Network Service Provider
EDPR	Electricity Distribution Price Review
ICT	Information and Communications Technology
NPV	Net Present Value
O&M	Operational and Maintenance
OPEX	Operating Expenditure
RCP	Regulatory Control Period
REPEX	Replacement Expenditure
RIN	Regulatory Information Notice
RUL	Remaining Useful Life
TOTEX	Total Expenditure

About document:

1. Purpose and context –This document serves as a business case to justify AusNet's Depot Proposal for the 2027-2031 Regulatory Control Period (RCP).
2. Expenditure category – This program contributes to the overall capital expenditure portfolio of AusNet
3. Related documents:
    a. *Electricity Distribution Network Strategy*
    b. *Strategic Deliverability Plan*

1. Executive Summary

AusNet is undergoing significant changes to its service delivery model to improve outcomes for customers and communities. After a comprehensive review of the Distribution Service Model, including the Operations and Maintenance Services Agreement (OMSA), AusNet is setting a new strategic direction aimed at insourcing core operational assets, re-establishing critical capabilities and taking greater control over its operations.

One major impact of this strategic change involves the transition of depot leases from Downer. Currently, Downer leases and manages six of AusNet's depots. As AusNet takes direct control of the management of the depots, these leases will be transferred to AusNet, enabling a unified approach to managing all depots under one operating model. This change supports an overarching strategy of transitioning these properties to owned assets where feasible, providing long-term financial benefits through capital appreciation, removing rental dependencies and allowing investments into upgrading facilities without lease restrictions. This strategic shift is intended to align with AusNet's goals to modernise its infrastructure, improve safety, avoid additional operational cost and reduce reliance on external service providers.

In the past, AusNet's expenditure on depots has been largely constrained and historic spending has been below the levels needed to maintain and upgrade these facilities adequately. Part of this has been due to the way depot property management costs were included within the service contract with Downer, resulting in limited visibility into the specific property expenditure needed for ongoing improvements. Improving the current state of depot facilities and bringing them up to operational standards is essential for:

- Delivering better performance and outcomes for customers and stakeholders, including enhanced responses to major weather events.
- Increasing visibility and control over Operations & Maintenance activities and works programs.
- Strengthening AusNet's presence within its communities.
- Gaining greater control over operational assets across the network.

This business case also outlines three options considered for the future management of the depot portfolio:

- **Option 1: Base Case ($13.1M)**
  Focus on maintaining existing depots through day-to-day minor refurbishments and upgrades without relocations or major rebuilds. This is a cost-effective, but limited approach that offers minimal improvements in functionality and addresses none of the strategic or future growth needs.
- **Option 2: Depot Refurbishment ($28.4M)**
  Invest in major refurbishments and upgrades of existing depots without any relocations. This option aims for significant improvements in asset performance but falls short in addressing issues related to unsuitable locations and long-term adaptability.
- **Option 3: Strategic Depot Reset ($77.1M) – Preferred option**
  A comprehensive approach involving targeted relocations, major renewals and strategic upgrades. This option aims to enhance site functionality, accessibility and future readiness, aligning with AusNet's long-term goals at a higher investment cost.

Each option includes a detailed assessment of the potential impacts on customers. For instance, improving the condition of depots and transitioning to an insource management model offers long-term cost benefits, which could translate to lower customer bills and enhanced service reliability. These customer-centric outcomes form the basis for our preferred option and underpin our justification for the necessary investment in AusNet's depot infrastructure.

Table 1: Economic Outcomes ($k, FY2025-26 dollars)

	FY26 to FY30 (undiscounted)[1]			Full assessment period (discounted)[2]			Comments
	CAPEX	OPEX	Total cost	Total cost	Total benefits	NPV[3]	
Option 1: Base Case	$10,600	$2,474	$13,074	$73,549	$32,681	-$40,868	Costs compound over the 30-year analysis period, resulting in a negative NPV
Option 2: Depot Refurbishment	$25,878	$2,474	$28,352	$8,253	$4,251	-$4,002	Negative incremental NPV of Option 2 performs worse against the base case,
Option 3: Strategic Depot Reset	$73,380	$3,701	$77,081	$106,339	$126,161	$19,822	The relocation of the depots sees benefits of approximately $126 million over the 30 year period with renewal costs occurring after 20 years of relocation.

Source: AusNet analysis

[1] The CAPEX and OPEX costs presented encompass all depot sites within the scope, including those not earmarked for relocation. The CAPEX figures also account for proceeds from the sale of existing land.
[2] The discounted values for the full assessment period for Option 2 and Option 3 are incremental to the Base Case.
[3] All NPV calculations in this business case are incremental and focus exclusively on the six depots designated for relocation, as these sites are where measurable quantitative benefits have been identified.

2. Background

This business case addresses the strategic investment of AusNet's portfolio of depot assets, which are essential for ensuring efficient operations, maintenance activities and service delivery across the electricity distribution network. The depots form the backbone of operational effectiveness, supporting field teams, housing critical equipment and facilitating rapid response to outages and emergency event activities.

Historically, depot infrastructure has suffered from underinvestment in property renewal and necessary upgrades during previous regulatory periods (benchmarking against other Distribution Network Service Providers (DNSPs) clearly demonstrates this underinvestment). This has resulted in a deteriorating state of infrastructure across many of AusNet's depots. This underinvestment has been compounded by an ad-hoc approach to property management, which has limited the ability to proactively upgrade infrastructure in a way that aligns with future strategic goals.

In addition to these challenges, safety and functionality issues have emerged due to the age of the depots. Many depots are experiencing functional inadequacies, including congestion, poorly organised layouts and insufficient facilities. For example, due to lack of space, many of the depot require a second site for storage of parts and equipment, this creates increased cost. The depot layout issues hinder the optimised use and safety of day-to-day operations. These limitations have created risks that compromise both employee safety and operational effectiveness, reducing the ability to respond effectively to service requirements.

Furthermore, the operating context of AusNet's depot portfolio has significantly changed in recent years, necessitating a proactive approach to revitalizing the depot infrastructure:

- **Changes in Population Density and Regional Development**: As population density has shifted and urban development has expanded, many depot locations have become less suitable for their original purposes. For example, the Beaconsfield depot, which was originally established in a relatively quiet location, is now struggling due to surrounding developments like a new school and the level crossing removal project, leading to increased congestion and accessibility challenges.
- **Shifts in Service Delivery Model**: AusNet is also undergoing a major transition away from reliance on the current Operations and Maintenance Services Agreement (OMSA) with Downer. The transition to Zinfra as the new service delivery partner for distribution operations and maintenance is due to commence in August 2025. As part of a broader strategic realignment, AusNet aims to take greater control of its depot operations by insourcing core operational assets, establishing new capabilities and reducing reliance on third-party leases. This strategic shift will ultimately provide more efficient oversight and allow for the alignment of depot facilities with the network's long-term growth requirements.
- **Future Growth and Electrification Needs**: Growing customer demand, increasing electrification and a growing population underscore the need for depots that are capable of supporting future service delivery. As AusNet adapts to meet the demands of the renewable energy transition, the existing depots need to be modernised and reconfigured to support these changes. Addressing accessibility issues, operational inefficiencies and infrastructure resilience is crucial to maintaining reliable service and meeting future operational needs effectively.

To enhance outcomes for customers and communities, AusNet is making changes to its service delivery model. This new strategic direction involves insourcing core operational assets, re-establishing critical capabilities over time and taking greater control of operations. This approach has been established following a thorough review of the current distribution service model and the delivery of works programs, including operations and maintenance services currently provided under the OMSA with Downer.

2.1. Description of AusNet's Depot Portfolio

The AusNet depot property portfolio comprises 13 industrial depots across Victoria, with the majority of the depots located in regional areas of the state. Of these depots, 7 are currently owned, operated and maintained by AusNet Services, while the remaining 6 are leased and managed by Downer as the service provider. The historical approach of below-average spending on property maintenance and upgrade during the last RCP has resulted in a decline in the condition of these assets, with poorly executed, ad-hoc upgrades impacting their overall layout and optimised day to day operations.

The depot portfolio includes various types of infrastructure required for operational and business activities. These assets can be categorised as follows:

- **Buildings and Land:** Industrial buildings and the land on which they reside, including all associated operational areas.
- **Hard Stand Areas:** Designated areas for vehicle parking, equipment storage and materials storage, crucial for depot functionality.
- **Security Assets:** Fencing, gates, alarms and surveillance equipment (such as cameras) to ensure safety and security.
- **Office Fitouts & ICT Infrastructure:** Includes the installation of office furnishings, ICT systems and client devices necessary to facilitate administrative work at the depots.
- **Large Fixed Plant Assets:** Equipment like gantry cranes, compressors and storage tanks, which are vital for maintaining optimal operations.

This business case focuses on the relocation, renewal, upgrade and reconfiguration of the current depots and assets to address critical issues identified, such as asset degradation, additional maintenance costs and suboptimal functionality.

2.1.1. Property Expenditure Categories

The property expenditure forecasts for FY2027-31 are divided into two key categories:

1. **Recurrent Expenditure**: This covers planned, cyclical activities to maintain the existing functionality, capability and service of properties. It includes renewal of lease costs, renewal of building, as well as regular end-of-life asset replacements and break-fix renewals to sustain ongoing services.
2. **Non-Recurrent Expenditure**: This involves less frequent, higher-value facility upgrades to address specific business needs that fall outside of regular cyclical activities. These strategic projects include major facility upgrades, such as the rebuild of the Lilydale depot, as well as the relocation of depots to sites (including land purchase) that are more suitable for current and future operational requirements.

2.2. The Scope of this Business Case

2.2.1. In scope

This business case addresses both recurrent and non-recurrent expenditures, with a focus on the following key components:

- **Major Depot Relocations**: Including land acquisition, estimated sale price, demolition/make-good costs and relocation costs (such as labour and relocation of equipment).
- **New Depot Construction Costs**: Including the construction costs of the new depot or the knock-down & rebuild cost of an existing depot.
- **Lease Transfer Costs**: Costs associated with transferring leases to AusNet from the existing service provider, as well as the capitalised new lease costs.
- **Depot Renewal Costs**: Comprising asset renewals and building renewal (or refurbishment) costs and end-of-life asset replacements to maintain service.
- **Depot Upgrade Costs:** Comprising equipment/depot upgrades costs (specifically for assets or infrastructure currently not onsite).

These in-scope items cover both strategic relocations and ongoing renewal activities that are essential to bringing the depot infrastructure up to modern standards and meeting operational demands.

2.2.2. Out of scope of this business case

This scope outlines the planned relocation, replacement and renewal of operational depots, ensuring all required costs are covered within the relevant regulatory periods. The necessary investments will enable AusNet Services to modernise its infrastructure and avoid additional future costs.

Exclusions from this business case include:

- Non-recurrent development sites:
  - Purchase and fit-out costs for the planned new satellite depot (Ouyen)
  - Purchase and build costs for the planned new depot (Thomastown)
  - Build and upgrade costs for the new training centre (planned for South Morang).
- Network Specific Property & Non-Network Assets:
  - Network property assets that are directly associated with network infrastructure, such as zone substation buildings.
  - Corporate sites and offices (except if included in RIN or other property CAPEX data submitted to AER).
- Operational Costs:
  - Depot Operational expenditure costs such as routine maintenance, staff costs.
  - HR costs associated with relocation.
  - Costs related to the change of service provider.
  - Motor vehicles/Fleet and ICT non-network assets.

2.3. Historical Expenditure

Figure 1 presents a comparison between AusNet's Regulatory Information Notice (RIN) CAPEX, adjusted to $2024 values and the forecast CAPEX for depot investments. Historically, CAPEX expenditure in buildings and property has been highly irregular, marked by a very low level of spending from 2015 to 2018, followed by a sharp increase in 2019 and 2022. This fluctuation in CAPEX is largely attributed to a change in accounting treatment regarding capitalised leases, which resulted in the reclassification of lease expenditures from operational to capital expenditure.

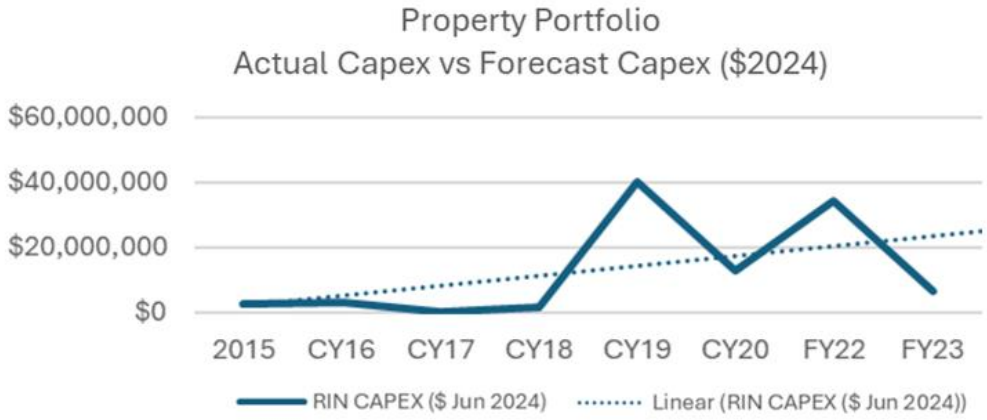

Figure 1: Actual and Forecast CAPEX

Figure 2 compares AER decisions for property CAPEX across DNSPs, noting that operational expenditure on property is not publicly available in the AER decisions. The CAPEX data shows that AusNet's forecast CAPEX for property in the FY2022-2026 regulatory period was notably below the industry average, with only 1% of total CAPEX allocated to property, compared to an industry average of 4% of total CAPEX[4]. As shown in Figure 1, there has been a consistent, low level of expenditure on Ausnet depots over the past two regulatory periods. This has contributed to the degradation of the depot condition, which are now in need of renewal and upgrades to align with operational needs and ensure improved safety, reliability and service reliability. This business case aims to secure the necessary

4 Noting that CAPEX does not include property expenditure classified as operational expenditure, such as leased sites. Average DNSP property CAPEX excludes Power and Water Corporation which is an anomaly of 17%, this would skew the average if it was included.

funding to renewal, upgrade or relocate the depots to enhance the depot infrastructure to meet operational demands and support AusNet's broader strategic initiatives.

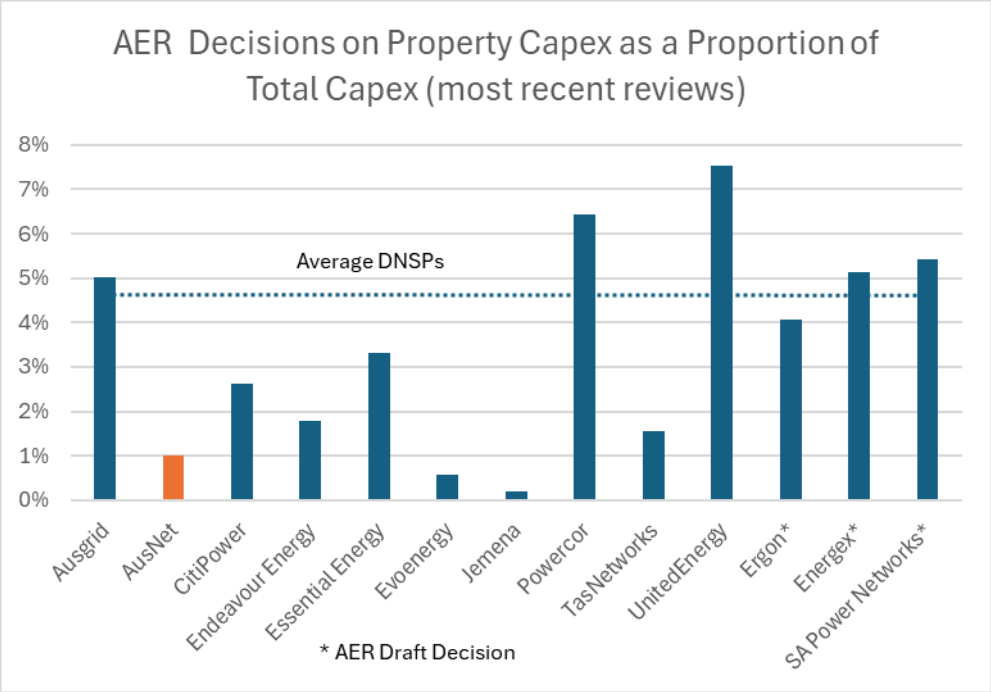

Figure 2: Benchmark Property CAPEX spend against other NEM DNSPs

3. Identified Need

The current state of the AusNet depots reveals significant gaps that have accumulated over time due to historically below-average property expenditure compared to other benchmarked DNSPs. This underinvestment has caused asset degradation, functional inefficiencies and inadequate layouts, putting the reliability and operational capacity of the depot infrastructure at risk.

The existing depots suffers from the following key issues:

- **Asset and Building Degradation**: The depots have experienced visible wear and tear as a result of inconsistent and inadequate funding. This has put the reliability and functionality of the depots at risk, with many assets now beyond their useful life and in urgent need of replacement.
- **Poor Layout and Ad-Hoc Upgrades**: Without a holistic approach to refurbishment and maintenance, the depots have been subjected to irregular, minor upgrades that were not strategically planned. This has resulted in suboptimal layouts that do not adequately meet current operational demands, limiting productivity and impacting overall operation capacity.
- **Land, Access and Functionality Issues**: Land availability, ease of access and site functionality are major factors that influence the operational capacity of the depots. Many depots face constraints in terms of space, difficult access and poorly designed layouts. Addressing these challenges is vital to improving safety, response times and overall productivity.

To ensure a resilient property network that supports AusNet's operational objectives, it is critical to secure funding for comprehensive refurbishment, expansion and modernisation of the depots. The proposed investment will address the current inadequacies and also future proof the property portfolio to meet evolving operational requirements effectively, aligning with best practices in the industry.

3.1. Drivers For Change

Ausnet's operational depots are critical to ensuring the reliable delivery of network services to our customers and communities. They serve as essential bases for field staff and provide necessary storage for network assets, enabling a timely response to network management and outages. Inadequate depot facilities can lead to additional mobilisation time or costs, delays in responding to outages and reduced service effectiveness.

The current approach to property management is predominantly reactive and ad-hoc, as a result, asset management practices failed to support long-term strategic goals effectively. Currently, a significant portion of depot management is currently handled by the external service provider, Downer. This arrangement has limited AusNet's ability to strategically manage assets and fully align depot facilities with evolving operational and service needs. By insourcing depot management AusNet will gain greater control over its depots, allowing for proactive long-term planning, improve expenditure control and the ability to make targeted investments that directly address network requirements. The aim is to align asset performance with broader strategic objectives, ultimately optimising resources, avoiding future costs and improving the sustainability of our property management practices.

The prioritisation of depot upgrades in the FY2027-31 RCP considers various factors, which reflect the urgent need for improvements:

- **Optimisation of Business Operations**: AusNet is transitioning towards an asset lifecycle management approach for its properties. This involves taking a planned, long-term view of buildings and infrastructure assets that is adaptable and scalable to meet evolving business needs over time.
- **Condition of Property Assets**: Approximately 51% of buildings received a condition rating of 3 (moderate) and 29% were rated 2 (poor), as determined through evaluations from the 2019 and 2024 condition reports. These ratings provide a snapshot of the current state of the depots, highlighting that while some assets are in acceptable condition, a significant portion are nearing end of recommended useful life. Importantly, over 25% of property assets are projected to reach the end of their recommended useful life during the 2027-31 RCP, necessitating proactive investment to avoid the potential escalation of safety and operational risks.

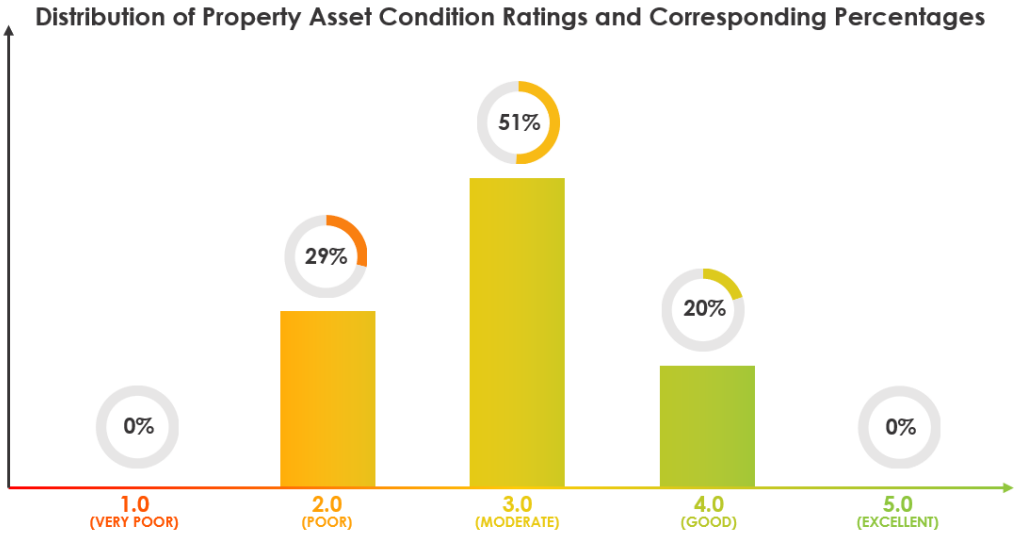

Figure 3: Condition Ratings of Depot Assets: Evaluation from 2019 & 2024 Condition Assessment Reports

- **Depot Functionality and Access Issues:** The need to invest is not solely based on asset condition but also on broader operational inefficiencies issues. Even depots in relatively good condition require targeted upgrades to address operational inefficiencies, improve capacity and ensure compliance with modern standards. The existing depot portfolio faces significant functionality challenges, including restricted access, congestion and overall site inefficiencies that pose safety and operational risks. Many depots are currently in unsuitable locations, such as built-up areas, which create difficult access points for vehicles and staff. Additionally, the limited space available at these depots hinders any potential for future redevelopment and expansion to meet evolving operational needs.

3.2. Identified Need

The investment in AusNet's depot facilities is driven by several critical needs that are fundamental to the optimised operation and maintenance of the electricity distribution network. The identified causes for this investment are outlined in the following areas:

- **Historic Low Investment:** Due to historic below average levels of depot CAPEX expenditure, essential depot assets have experienced limited refurbishment or renewal, leading to poor conditions in many facilities. While a portion of depot assets are in good condition, approximately 38% of the assets are rated as being in poor to moderate condition. This lack of investment in refurbishment or renewal poses significant risks to reliability, safety and operational continuity across the network.
- **Ad-Hoc Property Management:** Additionally, operational inefficiencies persist even in depots with assets that are in good condition, this due to the lack of cohesive plan and investment to upgrade existing depot and the associated facilities. This has lead to inefficient layouts, inadequate space or the absence of fit-for-purpose upgrades, which negatively impact the ability to optimise operations, maintain safety standards and meet evolving operational requirements.
- **Safety and Functionality Challenges**: The current depots face multiple safety risks, including poor access routes, congested sites and inadequate working environments. Many depots have been expanded in a reactive manner without a cohesive plan, resulting in facilities with poorly organised layouts that limit effective work operations and safety. Addressing these safety, functionality and community safety issues through targeted investments will not only improve working conditions for staff but also enhance community safety and reduce risks associated with delayed outage responses, which directly impact customer satisfaction.
- **Changing Future Demands**: The electricity distribution network is evolving and there is an increasing need for depots that can adapt to future operational requirements. This includes having sufficient land to allow for facility expansion, access to appropriate tools and equipment and upgraded facilities that meet modern operational standards. The depots must support a growing customer base, increased service expectations and the overall resilience of the network. Investment is necessary to expand capacity and upgrade facilities to align with future demands.

- **Changes to OMSA:** AusNet is transitioning its maintenance service delivery model from reliance on an external service provider (Downer) to a more internally controlled and proactive approach. This change necessitates a re-evaluation of depot locations and management, including the transition of leases from Downer to AusNet ownership. The transition is aimed at better aligning property management with AusNet's strategic goals, providing improved oversight and ensuring that depots are fit for purpose to support future service delivery effectively.

This investment is a critical step towards creating a resilient property portfolio that aligns with AusNet's long-term operational goals, providing a robust foundation for efficient, safe and customer-focused service delivery. By addressing these identified needs, AusNet will ensure that the depots are well-equipped to support network reliability, staff safety and address operational inefficiency, all of which are essential to delivering quality service to customers and communities.

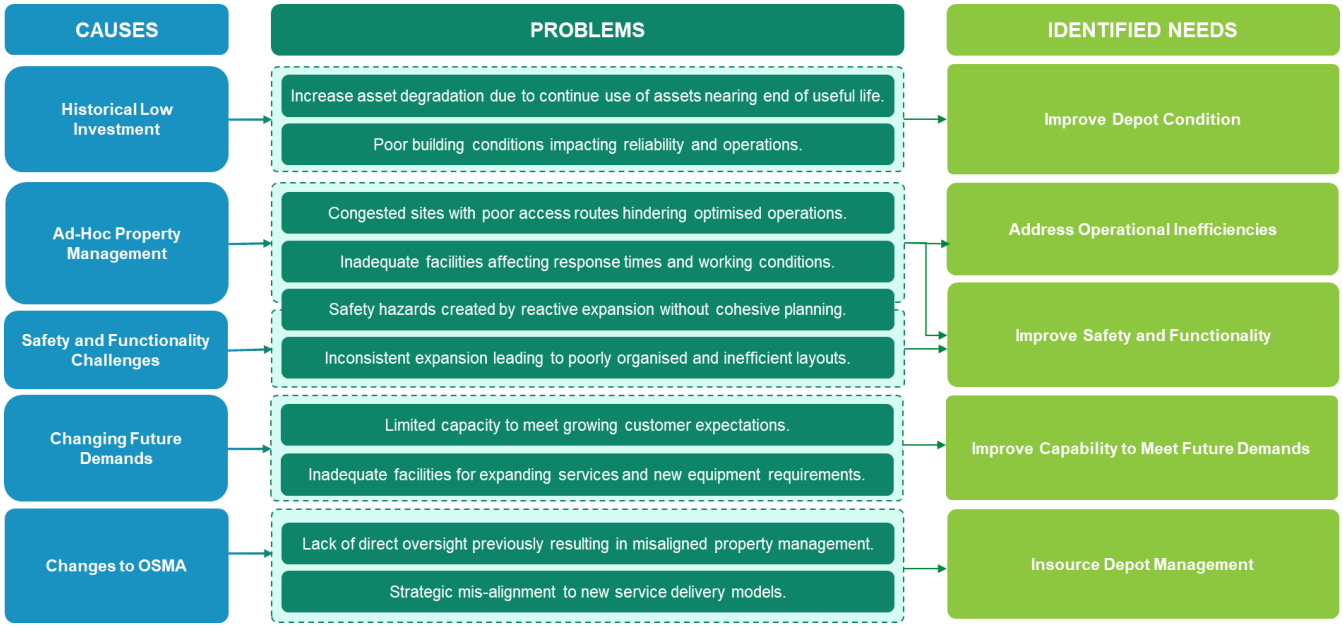

Figure 4: Identified Causes, Problems and Needs for Depot Investment

3.3. Depot Interventions to Address Critical Needs

In order to effectively address the critical needs identified across AusNet's depot portfolio, we have adopted a strategic intervention plan focused on four key interventions that will work alongside each other: relocation, renewal, upgrade and lease transfer. Together, these strategic interventions provide a comprehensive and targeted approach to tackling the critical needs for supporting AusNet's long-term strategic objectives and improving service delivery for customers:

IDENTIFIED NEEDS	STRATEGIC DEPOT INTERVENTIONS: DEPOT RELOCATION	DEPOT RENEWAL	DEPOT UPGRADE	LEASE TRANSFER
Improve Depot Condition	Directly supports the need	Directly supports the need		
Address Operational Inefficiencies	Directly supports the need	Partially supports the need	Directly supports the need	
Improve Safety and Functionality	Directly supports the need	Partially supports the need	Partially supports the need	
Improve Capability to Meet Future Demands	Directly supports the need		Partially supports the need	
Insource Depot Management	Directly supports the need			Directly supports the need

Figure 5: Alignment of Strategic Depot Interventions with Identified Needs

3.3.1. Relocation

Depot relocation is a strategic intervention designed to directly address key identified needs, including improving depot condition, operations, safety and functionality, the ability to meet future demands and the capability to insource depot management. The current depots face challenges related to land usability, ineffective layouts and unsuitable geographic locations. Many are located in areas that have become congested, with layouts that hinder operations and compromise safety. Due to the lack of space, many depot require a second storage site leading to operational inefficiencies and additional cost. By relocating these depots to more suitable sites, we can ensure the new infrastructure supports improved operational performance. Relocation will reduce travel times, enhance both public and staff safety and provide the flexibility needed to meet future growth—all of which contribute to a more reliable electricity distribution network for our customers. This initiative also supports the transition of services by enabling us to establish depots that align with long-term strategic goals and allow for improved oversight and operational control.

3.3.2. Renewal Program

Where depots are not planned for relocation during the next RCP, a comprehensive depot renewal program will be undertaken to address several key needs. This renewal program aims to improve depot conditions by renewing existing assets to support current operational requirements more effectively and enhancing safety or functionality within the depots. The prioritisation of building and asset renewal within the each depot follow a bottom-up approach (outlined in 3.4.2), focusing on the most critical elements within each depot. The process involves evaluating the following key factors to determine where investment should be directed:

- **Function/Use of Asset or Building**: Each asset is evaluated based on its specific function and use within the depot. Assets that are essential to network operations, support emergency response capabilities, or are vital for the smooth functioning of the depots are given the highest priority. This ensures that crucial elements that directly impact daily operations are addressed first.
- **Criticality or Functionality of the Site**: The overall functionality of each depot is assessed to determine its importance within AusNet's operational structure. Depots that support significant field activities or serve a large customer base are prioritised for investment. Similarly, depots with access and safety challenges or those unable to support future operational needs are highlighted for redevelopment or upgrades.
- **Condition of Asset or Building**: The current condition of each asset is carefully evaluated. Those with a poor (2) or very poor (1) condition rating, are prioritised for major or medium refurbishment to ensure operational risks are minimised and continuity of services is maintained.
- **Investment Level Based on Relocation Timeline**: The level of investment in asset renewal and upgrades for each site will depend on the anticipated timeline for relocation or rebuild. Sites scheduled for earlier relocation will

receive only necessary maintenance, while sites with a longer operational timeline will undergo more extensive renewal and enhancement.

This structured assessment ensures that investment is focused on renewing most critical assets and depots, starting from the bottom-up. It aims to bring each asset to an optimal operational condition.

3.3.3. Depot Upgrade

Where depots are not planned for relocation during the next RCP, the focus will be on upgrading essential infrastructure to directly address critical needs such as address operational inefficiencies, safety and functionality. These upgrades will target specific operational inefficiencies that have arisen from outdated infrastructure, ensuring the depots are better equipped to support staff and maintain high service standards. By aligning depot facilities with modern operational requirements, the upgrades will help avoid costs associated with operational inefficiency, enhance safety for both employees and the community and ensure compliance with evolving regulatory standards. The planned upgrades will target several key areas, including functional performance, service requirements, operational and maintenance cost reduction, compliance with regulatory requirements and asset supportability, as outlined Figure 6.

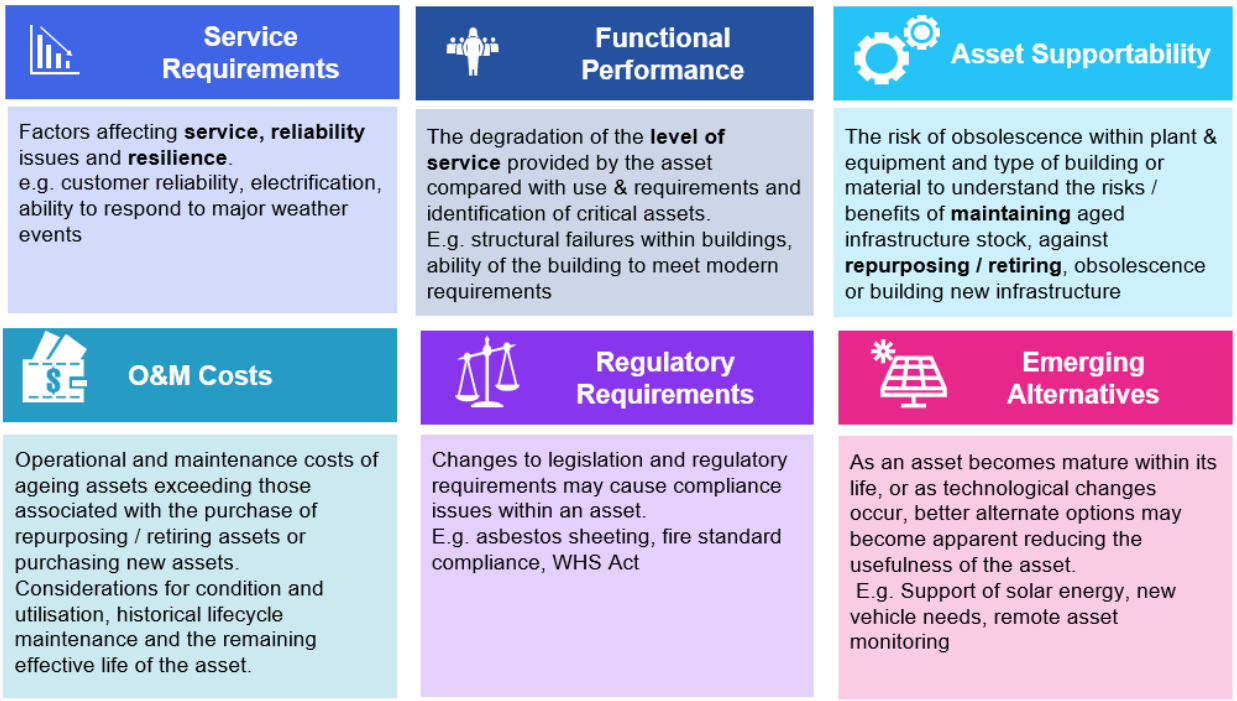

Figure 6: Factors considered when assessing depot or asset upgrades

Key improvements include the upgrade of essential site assets to ensure each depot supports the effective delivery of services and complies with modern safety and operational standards. These upgrades cover areas such as:

- **Hardstand Pole Storage/Pole Dressing Area:** Expansion and enhancement of pole storage areas to accommodate increased operational demand, ensuring materials are readily accessible for emergencies and routine maintenance.
- **Bunded Area for Transformer Storage:** Constructing a bunded area for transformer storage, reducing environmental risks by containing potential spills and ensuring compliance with safety and environmental regulations.
- **Vehicle Wash/Triple Interceptor and Truck Undercover Parking:** Installation of modern vehicle wash facilities and additional undercover parking for trucks to protect vehicles and equipment from adverse weather conditions, promoting longevity and reducing O&M costs.
- **Improved Employee Parking and Meeting Facilities:** Enhancing staff facilities, including secure parking, muster areas, training rooms and meeting rooms, to support better team operations and ensure a safe working environment.
- **Workshops and Backup Power Facilities:** Upgrading workshop facilities to support the repair and maintenance of network assets and providing backup generators and power supplies to ensure resilience during power disruptions.

3.3.4. Lease transfer

As part of the strategic realignment of AusNet's operational model, the lease transfer process involves shifting the management of leased depots from the current service provider, Downer, to AusNet. With Downer's contract ending in August 2025, it will be essential for AusNet to assume control of these leases to ensure continuity of service. This transition is intended to bring greater control and oversight over property assets, allowing AusNet to directly manage operational depots and maintain uninterrupted service delivery. By bringing the leases under AusNet's direct management, AusNet aims to align the property portfolio with its strategic objectives, providing a more centralised and consistent approach to depot management.

3.4. Investment Level Assessment Approach

The level of depot investments and the level of intervention (e.g level of refurbishment, priority for relocation) was assessed via with a dual-layered approach aimed primarily at assessing and prioritising sites. The assessment focused on understanding the unique needs of each depot to determine which were most in need of relocation, rebuilding, or renewal:

- The **top-down assessment** focused on prioritising depot investments through a structured analysis of two key elements: the **Depot Criticality Score** and the **Overall Site Issues Score.** The Depot Criticality Score evaluated key factors such as average outage minutes and the number of customers served by each depot, while the Overall Site Issues Score assessed challenges related to land, access and functionality. This analysis helped us determine which depots were most urgently in need of relocation or rebuilding.
- The **bottom-up assessment** involved a detailed condition assessment of the existing buildings and infrastructure at each depot. This approach included evaluating the individual condition of assets, determining their criticality and identifying which elements required renewal or upgrade. The bottom-up methodology allowed for precise identification of on-site issues, ensuring that investment was appropriately targeted at areas with the greatest operational impact.

Together, these assessment approaches enabled a balanced and strategic prioritisation of investments, addressing both immediate site-specific needs and broader infrastructure goals for optimal service delivery. This methodology was primarily about identifying the level and type of intervention required for each depot, to ensure that investments aligned with operational and service delivery objectives.

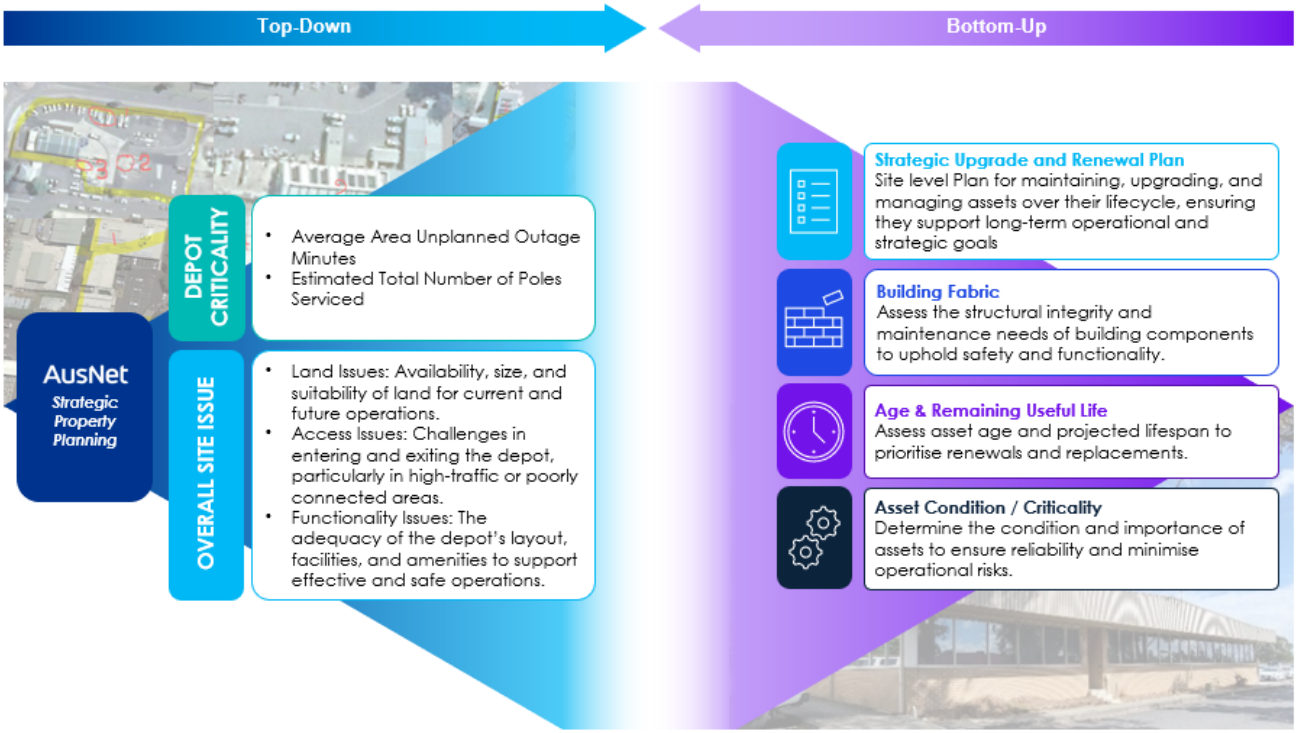

Figure 7: Summary of the Approach for Assessment of the Level of Depot Investment

Table 2: Key Data Points for Options Assessment

Element	Assessment Method	Comments
Overall Condition Rating	1 to 5	The condition of the depot is assessed using data from the 2019 and recent 2024 assessments, with priority given to 2024. Each asset/building/depot is rated based on a condition scale of 1 (Good) to 5 (Very Poor).
Site Criticality Assessment	Numeric score up to 5	Criticality assessment was based on the overall importance of each site in AusNet's operational strategy. This score is calculated using the estimated number of customers served by the depot, the estimated number of poles serviced by the depot (as an indication of the total number of equipment serviced by the depot) and the average area unplanned outage over the past five years.
Renewal Type	Minor, Medium, Major	Depending on the criticality of the depot and condition of the building, timeframe before relocation or rebuild
Access Issues Rating	1 to 5	Depots are rated from 1 (Good) to 5 (Inadequate) based on entry/exit points, congestion and road access.
Functionality Issues Rating	Numeric score up to 5	Depots are rated from 1 (Good) to 5 (Inadequate) based on the availability of facilities like workspace, truck cover areas and parking.
Cost Estimation Methodology	Rawlinsons Guide	Refurbishment costs are calculated using Rawlinsons Construction Cost Data as the primary source.

Source: AusNet analysis

3.4.1. Top-Down Assessment

The top-down assessment approach for prioritising depot investments involved a structured analysis of two key elements: the **Depot Criticality Score** and the **Overall Site Issues Score.** These metrics provided a robust framework for evaluating the urgency and importance of investments across AusNet's depot portfolio.

- **Depot Criticality Score**:
  The Depot Criticality Score was derived by evaluating depots against several operational and network-focused metrics, each contributing to understanding the strategic importance of each depot:
  - **Average Area Unplanned Outage Minutes** (over the past five years): This metric indicates the reliability of the network supported by each depot. Depots serving areas with higher outage minutes are critical to improving overall service reliability and investment in these depots would help minimise outage impacts and enhance customer satisfaction.
  - **Total Estimated Customers in Area:** The number of customers served by each depot provides insight into the potential impact of a depot on customer experience. Depots with a larger customer base were prioritised to ensure that a greater number of customers benefit from improved services and to reduce the risk of service disruptions for a significant portion of the network.
  - **Estimated Total Number of Poles Serviced:** The total number of poles serviced by a depot provides insight into the workload and importance of a depot in maintaining the network. Depots managing a large number of poles are more critical to maintaining network stability and require additional resourcing and prioritisation for investment to support ongoing operational demands.

  These metrics provide insight into the operational impact of each depot, particularly in terms of service reliability, customer reach and network operations.
- **Overall Site Issues Score:**
  This score assessed depots based on factors that directly affect their current operational functionality and suitability, such as:
  - **Land Issues**: Availability, size and suitability of land for current and future operations.
  - **Access Issues**: Challenges in entering and exiting the depot, particularly in high-traffic or poorly connected areas.
  - **Functionality Issues**: The adequacy of the depot's layout, facilities and amenities to support effective and safe operations.

The combination of these two scoring systems provided a holistic view of each depot's performance and needs, enabling AusNet to prioritise investments based on both network-critical metrics and site-specific challenges:

- The **Depot Criticality Score** helped in determining the **level of investment** allocated to each depot, guiding decisions on the amount spent on renewal, upgrades and the scale of new development. By analysis the strategic importance of each depot, the score informed the extent of upgrades or rebuilds required to meet operational demands effectively. For example, the Lilydale depot, while not slated for redevelopment until the next EDPR period under the preferred option, has been allocated the highest level of investment for renewal during the current EDPR. This is due to its critical role in serving the largest number of assets and customers. Furthermore, when Lilydale is relocated in Phase 2, it is earmarked for additional funding to support the development of a larger site, ensuring it can handle increased operational demands and future growth effectively.
- The **Overall Site Issues Score** guided the **prioritisation** of when a depot should be rebuilt or relocated. Given that land availability, access and site functionality are factors that cannot be fully resolved through renewals or upgrades, the Site Issue Score identified those depots where relocation or complete rebuild was necessary to address these inherent limitations and help avoid addition costs associated with operational inefficiency. This score helped determine which depots should undergo relocation or rebuild first, thereby optimising the impact of the investment and addressing the most pressing challenges as shown in Table 1Table 3.

Table 3: Summary of Site Issues Score and period for relocation

Depot Site	Overall Site Issue Score	Phase	Comment
Beaconsfield	3.00	1	Sites with more site issues are marked for relocation in phase 1
Warragul	3.00		
Traralgon	2.80		
Seymour	2.60		
Benalla	2.40		
Sale[5]	2.60	2	Sites with less site issues are marked for relocation in later RCP
Lilydale	2.00		
Mansfield	2.00		
Myrtleford	2.00	3	
Wodonga	1.80		
Bairnsdale	1.60		
Leongatha	1.40	Not marked for relocation	Sites with little or no site issues are not marked for relocation
Wangaratta	1.40		

This data-driven approach ensures that resources are allocated to the depots where improvements will deliver the greatest operational, safety and customer benefits. The summary result of the top-down analysis provided in Appendix A.1.1.

3.4.2. Bottom-Up Assessment

The bottom-up approach to depot investment assessment encompassed a detailed and granular evaluation of several key elements: building fabric, age, remaining useful life, and asset condition and criticality. This method facilitated an in-depth understanding of site-specific issues, ensuring investments targeted areas with the highest operational impact and immediate need for attention.

The assessment began with evaluating the building fabric, which focused on the structural integrity and maintenance needs of components to uphold safety and functionality. Age and remaining useful life of each asset were also assessed to prioritise renewals and replacements, ensuring timely actions to maintain continuity in operations.

[5] Although the Sale depot has a higher Site Issues Score than the Benalla depot, the relocation of Sale has been deferred to the next EDPR. This decision is driven by the lower relative criticality of Sale compared to Benalla. Relocating Benalla is prioritised as it offers a greater impact on customer outcomes, ensuring improved service delivery and operational improvements in a more strategically important area.

Following this, the condition of assets was determined, taking into account recent condition assessments from 2019 and 2024, with a primary focus on the most up-to-date 2024 data. These assessments provided a baseline understanding of the depots' overall condition and specific components needing attention.

Each building and asset was then analysed for criticality, examining their importance to operational activities. This analysis considered the asset's function within the depot, its impact on service delivery, and alignment with AusNet's strategic objectives. This combined condition and criticality evaluation helped identify which depot infrastructure components were most at risk of failure and had significant impact on network reliability.

The prioritisation process for renewal or refurbishment incorporated site-specific factors, including the depot's overall criticality. Depots playing significant roles in supporting field operations or servicing larger customer bases were given higher priority to ensure uninterrupted critical services.

The investment decisions were influenced by both the criticality of the individual building and the planned future for the site. For instance, if a depot was earmarked for relocation or a major rebuild within the upcoming regulatory period, less extensive refurbishment was prioritised to ensure that resources were allocated effectively. On the other hand, depots that were intended to remain operational for the long term received more comprehensive upgrades.

Cost estimations for renewals and refurbishments were based on standardised costing data from Rawlinsons Construction Cost Guide, further refined by the unique features and needs of each depot, such as layout, equipment, and infrastructure requirements.

Through this detailed, bottom-up approach, the investment plan ensured each depot received the necessary attention and renewals to help avoid additional costs associated with operational inefficiency, optimising expenditure and aligning with long-term strategic goals.

The summary result of the bottom-up analysis is provided in Appendix A.1.3.

3.5. Key Inputs and Assumptions

Key inputs and assumptions for this business case include:

- **Asset Condition Assessments**: Assumptions regarding current asset condition ratings based on both previous assessments from 2019 and recent assessments in 2024.
- **Historical Expenditure Trends**: Analysis of past expenditure trends to inform future investment levels and ensure alignment with industry benchmarks.
- **Timing of Relocations and Redevelopments**: Sites earmarked for relocation or redevelopment have reduced investment levels to maintain basic functionality until transition.
- **Criticality of Depots**: Prioritisation of investments based on depot criticality, which includes service reliability, customer impact, safety risks and operational capacity.
- **Economic Factors**: Inflation rates, labour costs and material price trends considered in budgeting and financial forecasting.
- **Risk Appetite and Regulatory Requirements**: Investment decisions aligned with AusNet's Enterprise Risk Management Framework and regulatory compliance standards.
- **External Dependencies**: Assumption that dependencies such as land acquisition, permits and regulatory approvals proceed without major delays.

4. Options Assessed

This section compares credible options to the baseline case of historical expenditure. These options are commercially and technically viable, addressing the need for a fit-for-purpose, safe and compliant property portfolio.

4.1. Summary Of Options Considered

Figure 8 summarises the strategic options to address the identified need. Each option is assessed in the cost analysis and detailed further in the following sections of this business case.

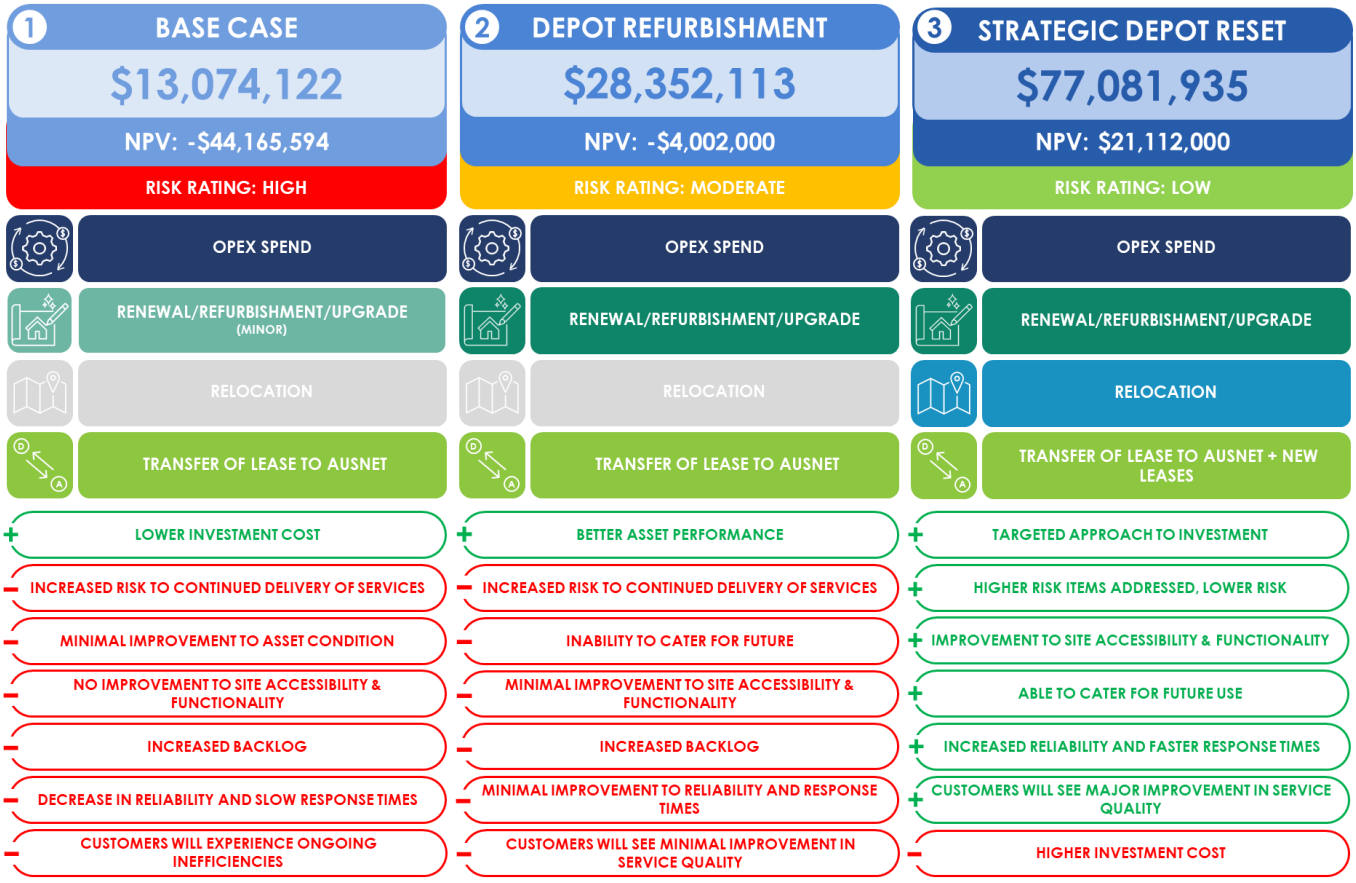

Figure 8: Summary of Options Assessed

Table 4: Options considered for Depot Investment (Discounted total costs and NPV at 4 per cent discount rate)

Option	Description	Customer Impact
Option 1: Base Case **Total EDPR 2027-31 Cost: $13,074,122** **NPV: -$40,868,088** **Risk Rating: High**	The base case involves minimal renewal and upgrade of building and infrastructure assets, without any depot relocations or rebuilds.	Customers may experience ongoing inefficiencies, with slow response times and reduced reliability due to a lack of strategic improvements in depot functionality and accessibility.
Option 2: Depot Refurbishment **Total EDPR 2027-31 Cost: $28,352,113** **NPV: -$4,002,149** **Risk Rating: Moderate**	This option involves the implementation of renewals and upgrades across the portfolio. These level of investment for renewals are based on the overall condition of the site and the depot criticality score. This option ensures investment to rectify and mitigate potential risks from safety and functionality issues. While this option might require less investment, it does not address site layout issues.	Customers will see limited improvements in service quality, as only immediate risks are mitigated. Reliability may not significantly improve.
Option 3: Strategic Depot Reset **Total EDPR 2027-31 Cost: $77,081,935** **NPV: $19,822,412** **Risk Rating: Low**	The strategic depot reset option involves a targeted, risk-based long-term approach to the renewal, upgrades and relocation/rebuild of depot sites. This strategy prioritises the improvement of site accessibility and functionality, addresses higher risk items and enhances the ability of the facilities to cater for future use, albeit with a higher investment cost.	In the long term, customers benefit from enhanced reliability and response times, improved safety and a long-term commitment to service excellence, resulting in a positive impact on overall service quality.

The **risk rating** for each option has been determined based on several key factors, including operational reliability, service continuity, alignment with long-term goals and safety considerations. Details of the risk assessment for each option is included in Appendix A.4.

4.2. Option 1: Base Case

Total EDPR 2027-31 Cost: $13,074,122 | **NPV: -$42,165,594**

The base case option focuses on the operational, major renewals for the two most critical sites (Warragul and Beaconsfield) and minor renewal activities across the remainder of AusNet's depot property portfolio without relocating any current sites. It includes the lease transfer from Downer to AusNet, renewals and refurbishments - typically involving routine replacement of outdated or faulty building components and systems, thereby ensuring the compliance and functionality of existing facilities. However, this option poses certain risks:

- **Operational Disruptions and Safety incidents During Construction activities:** This option involves some renewal and upgrade construction activities in situ and will take place in an operational depot. The risk of operational disruptions or safety incidents during construction activities is high. This could lead to accidents, compromised service quality, and increase costs associated with operational inefficiency, impacting safety considerations and organisational objectives.
- **Minimal Improvement to Asset Condition and Functionality**: This option involves mainly minor refurbishments and upgrades, meaning that many of the existing deficiencies in asset condition and functionality will remain unaddressed. Issues such as deteriorating building structures, outdated facilities and limited infrastructure capacity will continue to hinder the depots' effectiveness in supporting operational needs.
- **No Enhancement in Site Accessibility or Operational Improvements**: The refurbishments do not address the core challenges posed by the layout and location of the depots. Depots that currently have poor accessibility, limited space, or inefficient layouts will continue to face these issues, which directly impacts operational effectiveness and safety. Accessibility issues also contribute to increased response times during critical incidents, potentially affecting service quality and customer satisfaction.
- **Risk of Ongoing Safety and Security Incidents:** Ongoing safety and security incidents caused by ongoing insufficient safety upgrades and outdated security infrastructure will persist under this option. This will result in increased risks of workplace accidents, unauthorised access, theft or vandalism.
- **Limited Capability to Meet Future Needs**: The renewals and upgrades proposed under this option are insufficient for future-proofing the depots against changing service delivery requirements. As the energy landscape evolves, depots need to adapt to increased demands from population growth, renewable energy integration and electrification. With only minimal investment, this option does not position the depots to keep pace with these changes, creating a risk of misalignment with strategic objectives, reduced operational flexibility and the inability to adequately support the future network.

While the base case presents a cost-effective approach in terms of reduced investment, it risks long-term sustainability and the continued delivery of services due to limited improvements in asset conditions. The anticipated costs for Phases 2 and 3 are $13.3M for Phase 2 (FY32-FY36) and $11.7M for Phase 3 (FY37-FY41).

4.3. Option 2: Depot Refurbishment

Total EDPR 2027-31 Cost: $28,352,113 | **NPV: -$4,002,149**

The depot refurbishment option proposes a more significant investment compared to the base case (option 1), aiming for major renewals and upgrades of existing facilities. This plan includes substantial refurbishments for all the sites within the portfolio without any relocations or rebuilds. The focus of this option is to enhance asset performance through comprehensive renewal efforts beyond surface-level repairs. This option includes:

- **Planned Major Refurbishments to Ensure Compliance and Address Urgent Rectifications**: Depots with an overall condition score of less than 3 or a depot criticality score greater than 2 are prioritised for major refurbishments. This is because these depots either have infrastructure that is in a poor or degrading state (condition score < 3) or are crucial to maintaining network reliability and customer service (criticality score > 2). Ensuring these depots are brought up to modern standards will reduce the risk of failure, improve compliance with safety regulations and extend the operational life of these key facilities.

  Depots scheduled for major refurbishments under this option include:

  - Warragul
  - Beaconsfield
  - Traralgon
  - Lilydale
  - Benalla
  - Myrtleford

- Sale
- Mansfield
- Wodonga

There will also be significant upgrades to improve the functionality and performance of the depots. This will help enhance service reliability and ensure that the depots can meet future operational needs without frequent breakdowns or disruptions.

- **Retention of Current Depot Locations**: The depots will remain operational at their current locations during the refurbishment process. While this approach reduces the cost associated with relocating facilities, it does come with additional challenges. There may be added costs related to potentially needing a second site for temporary storage or operational purposes during the refurbishment period. Furthermore, carrying out major upgrades while continuing operations could lead to disruptions, including reduced productivity and safety risks due to working in an active construction zone. Careful planning will be essential to minimise these impacts and ensure the safety and efficacy of field operations.
- **Transfer of Downer-Leased Sites**: Transferring Downer-leased sites to AusNet control aligns with the strategic objective of consolidating asset management and operational control. It ensures that the depots are brought up to a standard that reflects AusNet's commitment to safety, productivity and long-term functionality. This will also facilitate future upgrades or investments without external constraints, leading to better integration of these sites into AusNet's overall operational strategy.

This option still carries several risks, including:

- **Operational Disruptions and Safety incidents During Construction activities:** This options involves some renewal and upgrade construction activities in situ and will take place in an operational depot. The risk of operational disruptions or safety incidents during construction activities is high. This could lead to accidents, compromised service quality and reduced operational effectiveness, impacting safety considerations and organisational objectives.
- **Limited Improvements to Site Accessibility, Layout and Functionality**: While this option involves major renewal of existing facilities, it does not address the core issues related to the depots' locations or inherent design limitations or land size or suitability issues. Depots that are poorly located or have constrained layouts will continue to face accessibility challenges, which could impact operational effectiveness, safety and employee productivity. Without relocating, issues such as poor road access or limited space remain, limiting the potential to significantly improve depot functionality.
- **Inability to Adapt or Fully Cater to Future Requirements**: The refurbishment approach primarily focuses on maintaining and enhancing existing capability. However, it falls short of positioning the depots to meet evolving future demands, such as increased population growth, changes in service needs and the requirements to support renewable energy initiatives. This misalignment with long-term strategic objectives means that the depots may struggle to cater to future needs, resulting in reduced effectiveness and constrained operational capabilities.

This approach represents a middle ground, with better asset performance achieved through substantial investment, but it falls short of addressing strategic future needs and improving overall accessibility and functionality. The anticipated costs for Phases 2 and 3 are $28.6M for Phase 2 (FY32-FY36) and $27.0M for Phase 3 (FY37-FY41).

4.4. Option 3: Strategic Depot Reset

Total EDPR 2027-31 Cost: $77,081,935	NPV: $21,112,273

The strategic depot reset option is a comprehensive and strategic reset of the depot portfolio. It involves a combination of strategic relocations/rebuild of select depots and renewal/upgrade for remaining sites to optimise performance and future-proof the facilities. This option includes:

- Targeted renewal or refurbishment of sites that are not being relocated in Phase 1, ensuring critical assets receive necessary renewal or upgrades.
- Strategic relocation of selected sites to better serve the future needs and avoid costs associated with service delivery inefficiency.
- Transfer of Downer leased sites to Ausnet Lease or relocation of those sites to Ausnet owned sites.

The primary benefits of this option include:

- A targeted investment approach that addresses additional costs associated with depot inefficiencies or issues, thereby improving depot functionality, capability and safety.
- Enhanced ability to meet future demands and adapt to changing service requirements.

Despite the advantages, this option does require a higher investment cost compared to the other options. Overall, the strategic depot reset option represents a holistic and forward-looking approach that balances current operational needs with future strategic objectives, prioritising targeted improvements and maximum return on investment despite the higher initial financial outlay.

The program is divided into three key phases as per Figure 9.

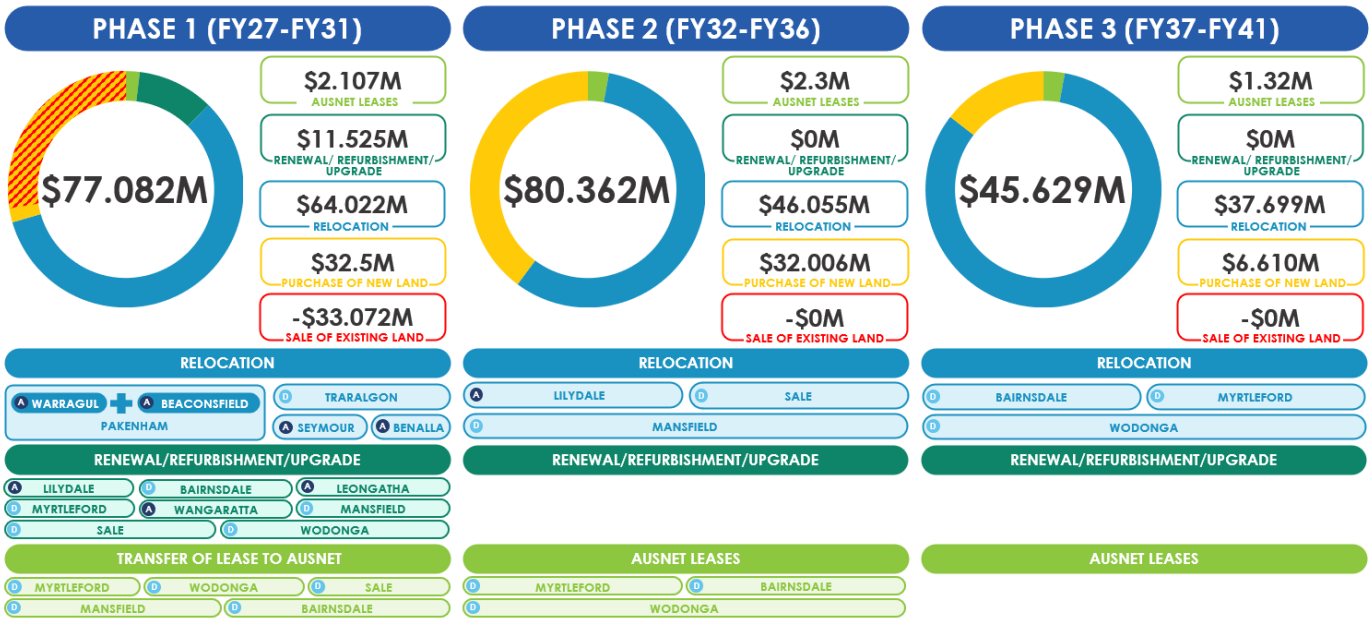

Figure 9: Phased Investment Overview for Depot Strategic Reset (2027-2043)

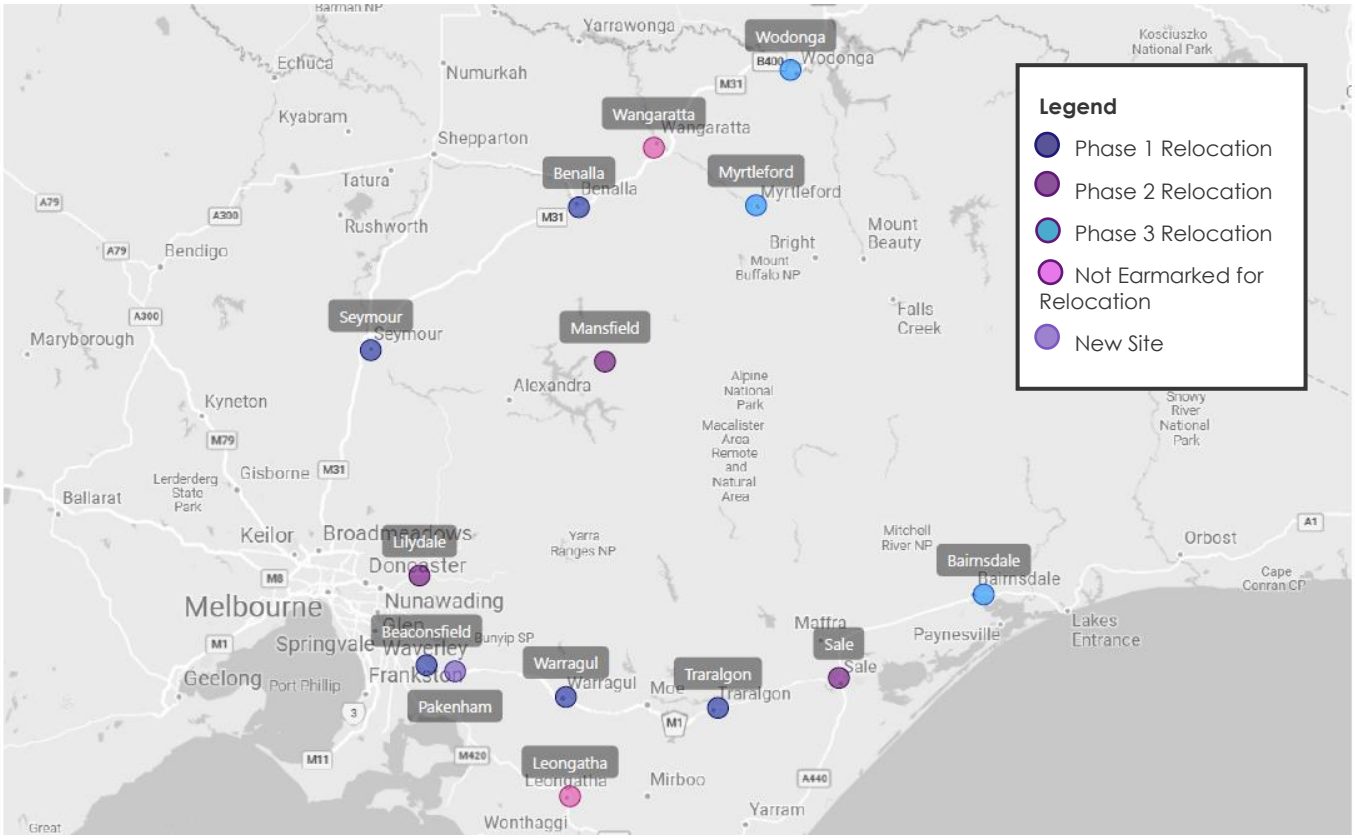

Figure 10: Map of AusNet's Depots by Relocation Phase

4.4.1. Phase 1: Renewal, Upgrade and Relocation (FY27-FY31) - Current Business Case scope

Phase 1 focuses on renewing existing depot assets and buildings, implementing upgrades and initiating the relocation of depots that are currently underperforming due to constraints in location or layout. The goal is to address current safety concerns, enhance functionality and create space for operational requirements.

Key actions in Phase 1 include:

- Relocation of depots, including:
  - The merging of Warragul and Beaconsfield into a new site at Pakenham.
  - Relocation of Traralgon, Seymour and Benalla to more suitable sites to improve logistics, safety and access.
- Renewals and upgrades at depots that are not relocated to improve asset conditions and support workforce or operational requirements.
- Transfer of lease from all Downer leased depots to Ausnet leased to allow better control of facilities and facilitate future strategic improvements.

The total estimated cost for Phase 1 is **$77.1M**, comprising of costs for renewals, upgrades, relocations and lease transfers.

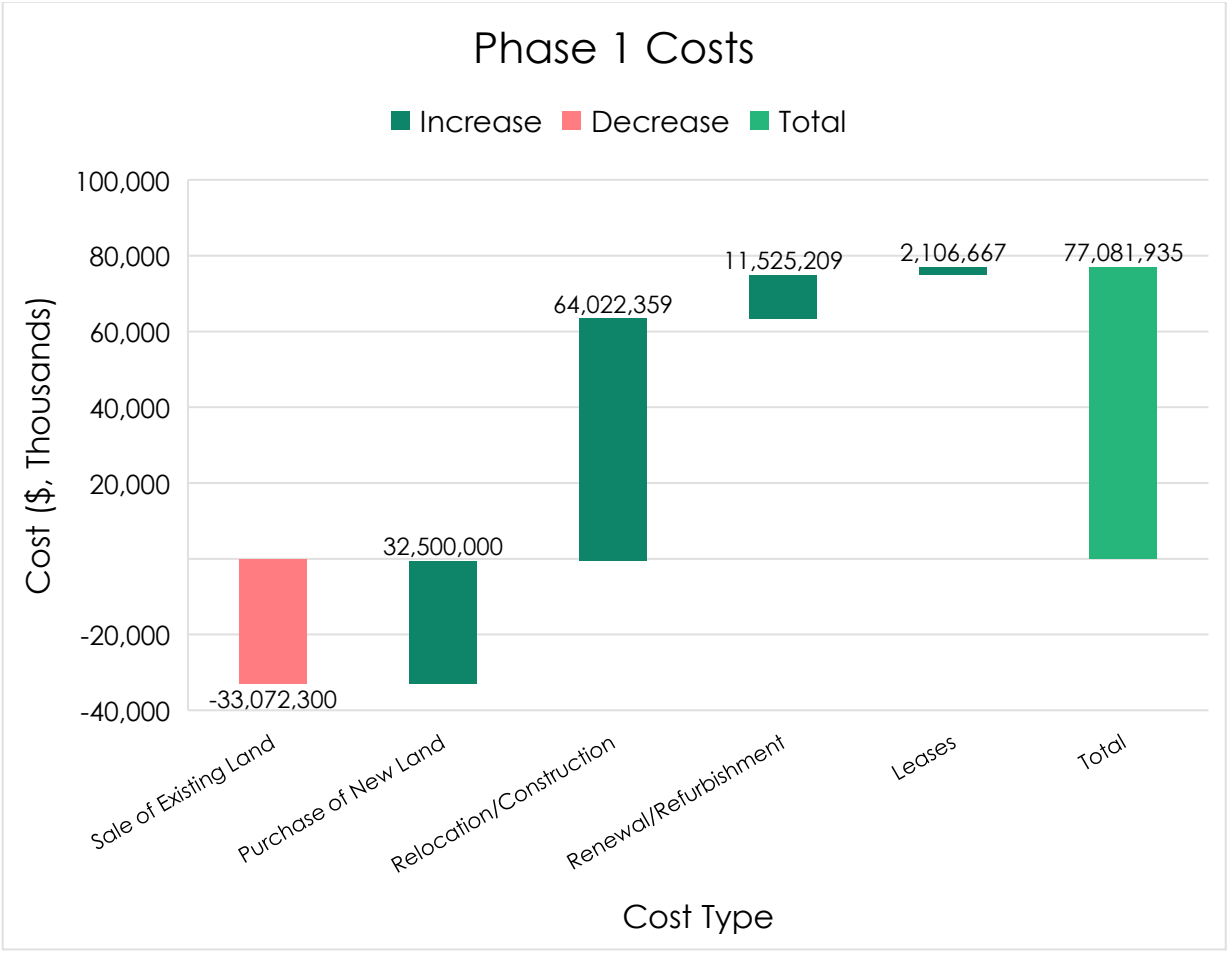

Figure 11: Phase 1 Cost Breakdown

4.4.2. Phase 2: Relocation and Lease Transfer (FY32-FY36)

Phase 2 will prioritise the relocation of depots that continue to face layout challenges, such as congestion, poor access and insufficient land. This phase also involves transitioning additional leased depots to AusNet ownership to ensure comprehensive control over asset management and enable consistent standards.

Key actions in Phase 2 include:

- Rebuild of the existing Lilydale depot site.
- Relocating of depots at Sale and Mansfield to new locations that will help avoid additional costs associated with operational inefficiency, safety and access.

- Leasing for depots such as Myrtleford, Wodonga and Bairnsdale to facilitate continuity while transitioning to long-term property strategies.

The estimated cost for Phase 2 is **$80.4M**, primarily focused on relocation.

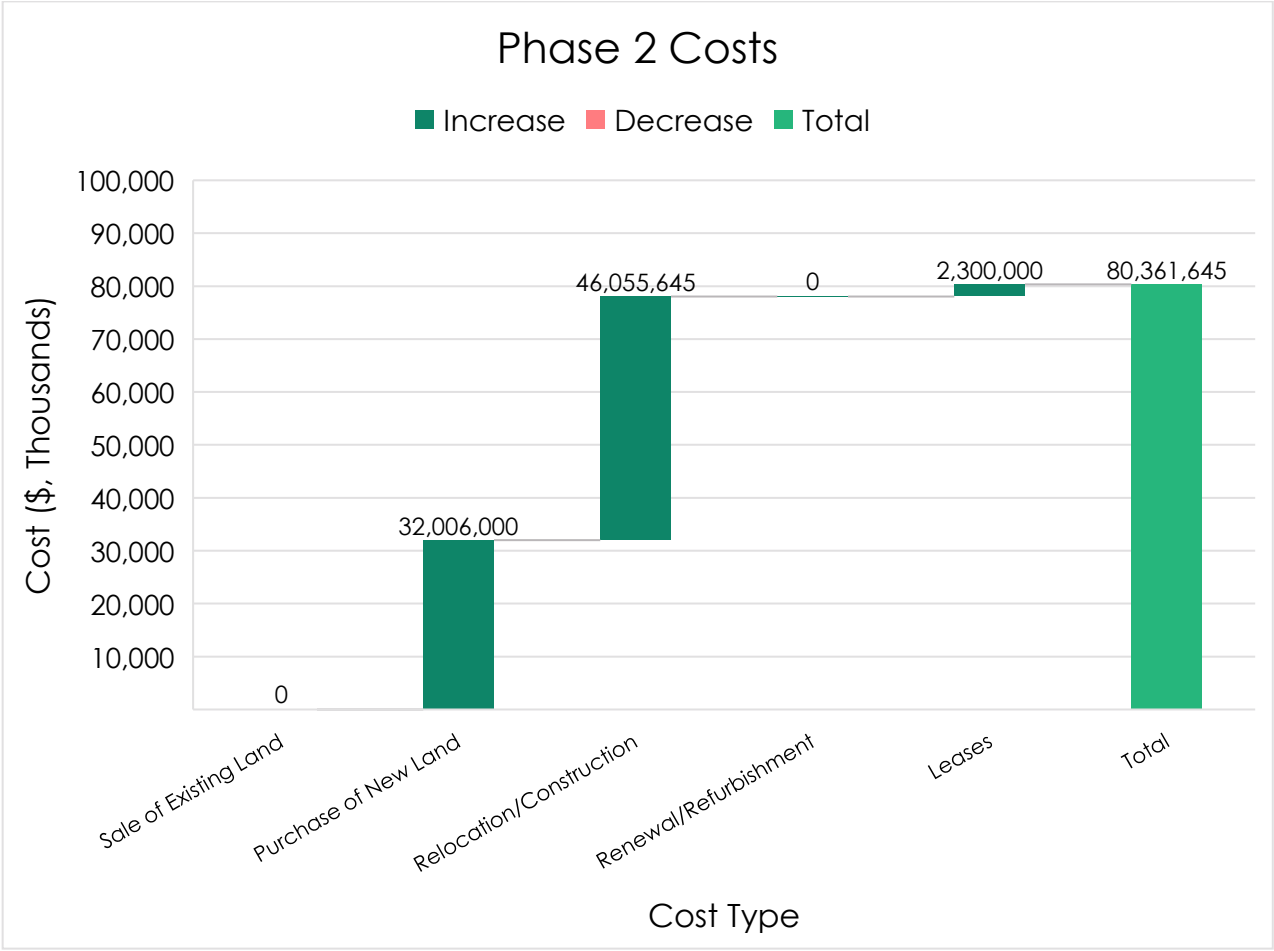

Figure 12: Phase 2 Cost Breakdown

4.4.3. Phase 3: Final Relocation (FY37-FY41)

The final phase of the Strategic Depot Reset Program focuses on completing the remaining relocations and securing long-term purchase for key depots. Phase 3 will finalise the depot relocation efforts to ensure all facilities meet AusNet's standards for safety, productivity and community responsiveness.

Key actions in Phase 3 include the relocation of depots at Bairnsdale, Wodonga and Myrtleford to more strategic locations.

The total estimated cost for Phase 3 is **$45.6M**, directed towards relocations, lease acquisitions and securing long-term site suitability.

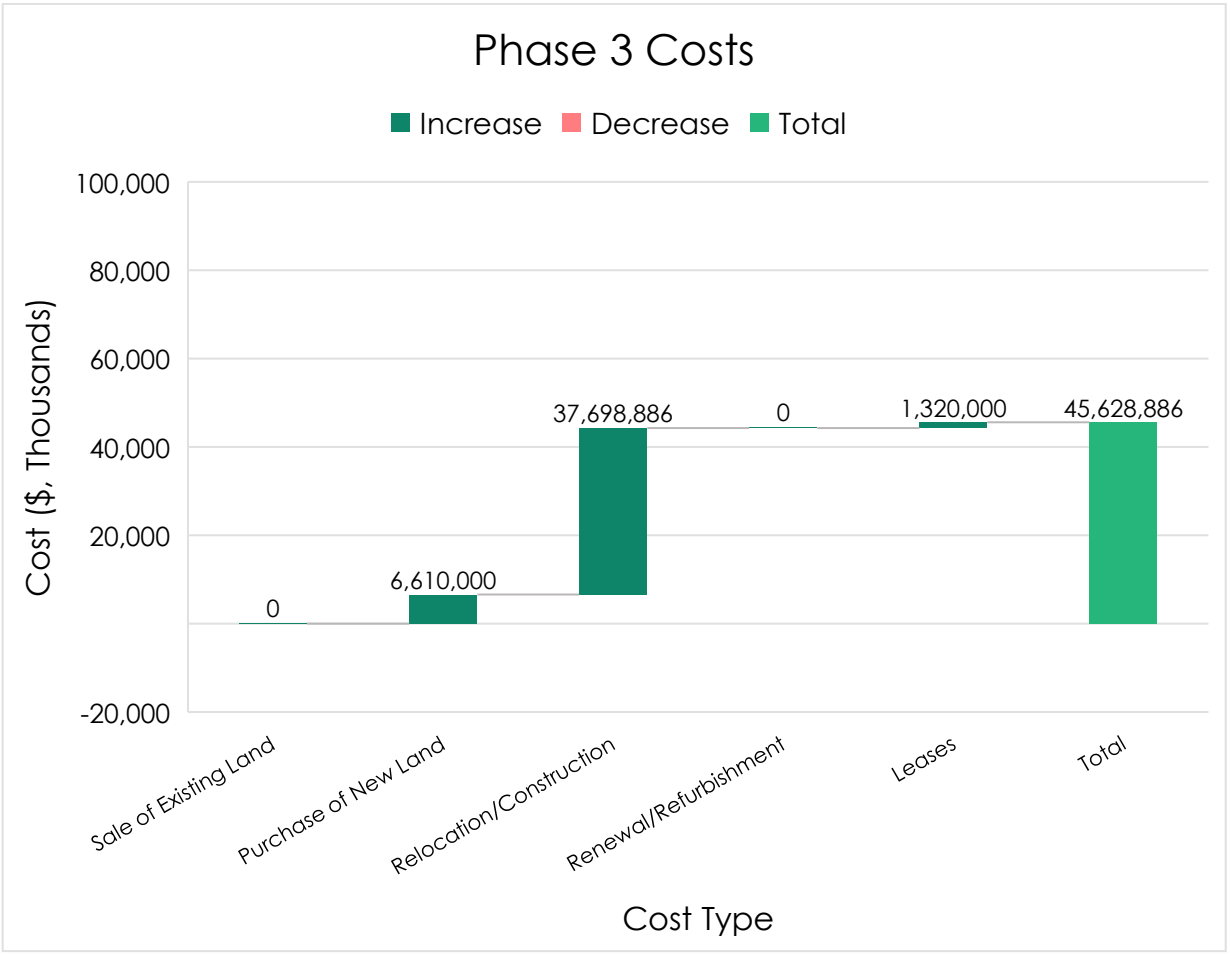

Figure 13: Phase 3 Cost Breakdown

4.5. Cost Benefit Analysis (CBA)

The methodology employed in this business case aims to evaluate both the direct and indirect impacts of the three options. The analysis involves estimating quantifiable financial costs and benefits, including operational cost avoidance, improved safety and public benefits. Key components of the CBA include:

- **Direct Financial Costs**: This includes maintenance, construction, asset replacement, reactive costs, demolition, relocation and other depot-related expenditures. These costs are derived from historical expenses, current market prices and estimates.
- **Direct Financial Benefits**: This includes savings from avoided maintenance, avoided reactive works, avoided lease costs, avoided cost of second site and land sale benefits. The focus is on evaluating how the investments will reduce ongoing operational expenses, such as lower maintenance requirements for new or refurbished facilities or eliminating the need for leased properties.

The methodology relies on comparing the expected costs and savings of each intervention option against the base case to determine the incremental net benefit of each investment option.

The analysis of financial costs and benefits played a significant role in determining the overall financial viability of the proposed depot investments, contributing to the Net Present Value (NPV) analysis. By factoring in risk mitigation, improved public safety, cost avoidance from optimised depot locations, as well as avoided maintenance and lease costs, the NPV analysis for the preferred option reflects a positive financial outcome, supporting the business case for investment.

The following key areas of financial benefits highlight how targeted investments can lead to both cost reductions and operational improvements, ultimately resulting in a positive financial impact under the preferred option.

- **Cost Effectiveness Through Land Purchase and Site Consolidation**
  The relocation and purchase of land as part of depot consolidation will yield significant long-term cost effectiveness for AusNet. Instead of incurring additional ongoing lease expenses, which are typically equivalent to the present value of the land and building cost, AusNet will focus on purchasing land in areas with lower costs

compared to current locations. This strategic relocation to less expensive areas, coupled with the consolidation of multiple depots—such as merging Warragul and Beaconsfield into Pakenham—will generate substantial savings.

Furthermore, many existing depots are undersized, necessitating the use of secondary storage sites for essential equipment. Maintaining and operating these secondary sites incurs additional expenses, including maintenance and logistical costs associated with transporting equipment between locations. By relocating and expanding selected depots, AusNet will consolidate storage and operational needs into fewer, more adequately sized sites, thereby avoiding the costs of secondary storage and improving overall value for money. This consolidation of operations will lead to reduced operational complexity, lower ongoing costs and greater long-term value for customers.

- **Operational Improvement Gains and Faster Response Time Through Depot Relocation**
  Relocating depots to better-situated, less congested areas can lead to notable reductions in travel times for field staff. The current locations often require staff to navigate through high-traffic areas when responding to outages or performing maintenance work, resulting in delays. Moving depots to strategically chosen locations will help reduce travel times and, more importantly, shorter response times lead to quicker outage restoration, improving customer outcomes.
- **Avoided Maintenance Costs Through Renewal or Rebuild/Relocation**
  Investments in upgrading infrastructure will lead to a reduction in routine maintenance requirements. By replacing outdated and deteriorating equipment and buildings, AusNet can minimise ongoing maintenance costs associated with wear and tear and emergency repairs. These upgrades will help mitigate the risk of equipment failure and reduce the need for reactive maintenance, resulting in substantial cost savings compared to the current "run-to-failure" model of property management.

The assumptions and for the calculation of the CBA is included in Appendix A.2.

4.6. Other Benefits

Other benefits of the depot renewal and relocation program, while potentially significant, are difficult to quantify and, therefore, **were not** included in the CBA. Nevertheless, they play a pivotal role in achieving AusNet's long-term strategic goals, enhancing the quality of service provided to customers and strengthening overall value for stakeholders. Below is a summary of the unquantified benefits expected as a result of the depot upgrades and relocations.

(1) Improved layout, Security, Safety and Compliance:

- **Environmental Benefits:** By upgrading storage area to bunded storage areas, AusNet can mitigate the effect of oil spills, thereby avoiding significant costs related to environmental damage, regulatory penalties, cleanup expenses and reputational harm. This not only aligns AusNet with environmental compliance standards but also minimises the likelihood of costly incidents that may disrupt operations.
- **Improved Public Safety:** Public safety improvements are a major driver behind the proposed depot relocations. Many current depots are situated in heavily congested urban areas, where the movement of vehicles and trucks in and out of the depot pose a safety risk. For example, Lilydale, Beaconsfield and Seymour are located in close proximity to community facilities such as schools, childcare and shopping centres. By relocating depots to less congested areas, traffic incident safety risks can be significantly mitigated.
- **Employee Safety:** Many existing depots have poor layouts, including a lack of dedicated areas for operational activities, which results in congestion and creates significant safety risks for employees. Numerous near miss incidents have been reported across depots, including vehicle-related near misses, due to the lack of dedicated footpaths, parking space, or breakout areas. For example, one incident at the Sale Depot involved an Elevated Work Platform (EWP) clipping a shed due to inadequate space for manoeuvring, while another near miss was caused by poles being improperly stored because of space constraints. Depot relocations will significantly enhance site layouts, ultimately providing a safer working environment for all employees.
- **Security:** Security issues have been identified across multiple depots, as evidenced by recurring incidents of break-ins, thefts and vandalism. The existing infrastructure is insufficient to prevent unauthorised access and protect valuable equipment. Since 2019 there has been 30 recorded security incidents across depots, these include theft of vehicles, copper and other items. Planned upgrades, including improved fencing, gate security and controlled access systems, will significantly enhance depot security, safeguarding both AusNet's assets and operational continuity. Additionally, relocating depots to larger sites will eliminate the

need for secondary storage sites, which often remain unmanned and are therefore more vulnerable to unauthorised security incidents.

- **Compliance with Regulations**: The proposed upgrades will ensure that depot infrastructure meets modern safety standards and regulatory requirements, helping to avoid future compliance issues and potential penalties.

3. **Operational Productivity:**
   - **Optimised Depot Layouts:** Improved functionality of the depots through better site layout, appropriate storage areas for materials, dedicated employee parking and proper workshop facilities can significantly enhance operational productivity. This helps field teams prepare and mobilise efficiently, reducing wasted time and improving the effectiveness of their work, leading to cost reductions over time.
4. **Future Proofing Facilities:**
   - **Capacity to Meet Future Demands**: With changes in population growth, urban expansion and increased service demand, it is important that depot facilities are capable of supporting future needs. The investment will ensure that the depots have adequate space for expansion, modern amenities and capacity to accommodate new technologies or operational models as required. This future-proofing approach not only benefits AusNet operationally but also ensures that customers receive consistent and uninterrupted services as the network evolves.
   - **Resilience**: Improved depots are expected to have infrastructure enhancements such as backup generators, better storage and upgraded security systems. This helps maintain operations during adverse conditions like extreme weather events, enhancing the resilience of the network and reducing the risk of service disruptions.
5. **Environmental and Social Benefits:**
   - **Reduced Environmental Impact**: Relocating and upgrading depots can reduce the environmental footprint of operations. Modern facilities can have reduced energy use, improved waste management (e.g dedicated waste disposal areas) and better facilities for environmentally friendly practices like vehicle washing. These measures align with sustainability goals and contribute to reducing carbon emissions related to depot operations.

4.7. Other Options Considered

Other options considered include:

- **Do Nothing.** Continue operating the depots without any significant investment in upgrades or renewals, addressing issues only on a reactive, as-needed basis.
- **Outsource Property Management Completely.** Transfer the entire depot management and maintenance responsibilities to an external third-party provider.
- **Full Redevelopment of All Sites at Once.** Redevelop or relocate all depots in a single, large-scale investment.

4.7.1. Rationale for why other options were not chosen

The assessment of potential approaches led to the exclusion of certain options due to their inability to address current challenges effectively and align with AusNet's strategic objectives:

- **Do Nothing.** Maintaining the status quo would exacerbate existing issues such as safety risks, operational inefficiencies and deteriorating infrastructure. The historical underspend on property maintenance has already led to a backlog of issues and a "do nothing" approach would only worsen the situation, resulting in increased reactive maintenance costs and degrading service quality. Ultimately, this would lead to higher long-term costs and heightened safety hazards. Furthermore, it fails to align with AusNet's commitment to improved service reliability and customer satisfaction.
- **Outsource Property Management Completely.** Outsourcing could result in a lack of control over strategic infrastructure, potentially compromising service quality and response times. This option might also lead to long term increased operational costs and a disconnect between property strategy and network operations, reducing the ability to meet evolving regulatory and customer requirements effectively.
- **Full Redevelopment of All Sites at Once.** Redeveloping all sites simultaneously would require substantial upfront capital investment and resources, making it impractical and cost-prohibitive within the current regulatory period. Additionally, this approach would lead to considerable disruptions in operations, negatively impacting service reliability and customer experience. Staging redevelopment across multiple regulatory periods provides a more manageable, strategic and financially viable solution.

5. Detailed Description of Recommended Option

5.1. Summary

Based on the analysis (as presented in Table 5) the recommendation is to proceed with Option 3 – Strategic Depot Reset. This option demonstrates the highest 30-year NPV of $19.8 million, significantly outperforming the other options in terms of both long-term benefits and financial return. Additionally, Option 3 has a low-risk rating, compared to the moderate and high-risk ratings of Options 2 and 1, respectively. Despite the higher upfront cost of $88.7 million for the 2026-31 RCP, the Strategic Depot Reset delivers the most substantial 30-year benefits of $233.8 million, ensuring alignment with AusNet's long-term strategic objectives while optimising operations and service reliability. Therefore, it ranks as the most favourable investment strategy among the three evaluated options.

Table 5: Options assessment summary ($m, 2025-26, discounted at 5 per cent)

Option	2026-30 absolute RCP Cost	30-year absolute cost	30-year incremental benefits	30-year incremental NPV	Risk Rating	Rank
Option 1 – Base Case	$13.1	$73.5	$32.7	-$40.9[6]	High	3
Option 2 – Depot Refurbishment	$28.4	$8.3	$4.3	-$4.0	Moderate	2
Option 3 – Strategic Depot Reset	$77.1	$106.3	$126.2	$19.8	Low	1

The long-term forecast expenditure figures over the next 15 years, as outlined in Table 6,

[6] The NPV in the Base Case is an absolute NPV and is incremental to nothing.

Table 7 and Table 8, provide a detailed breakdown of projected costs for the three phases: FY 2027 – FY2031 (Phase 1), FY 2032 – FY2036 (Phase 2) and FY 2037 – FY2041 (Phase 3). These tables enumerate expenditure per financial year for three defined options: the base case, depot refurbishment and strategic depot reset.

The assumptions underpinning these expenditure forecasts are as follows:

- All sales of existing depots will be completed in the first financial year of Phase 1 (FY26/27).
- Purchases of new land for relocated depot sites will occur in the year prior to relocation, excluding Pakenham, Lilydale and Myrtleford which will be purchased the year of relocation.
- One depot will be relocated each year. If costs are lower in certain years due to no depot relocations, it is because the relocations fall outside the scope of this business case.
- Refurbishments and upgrades will be distributed evenly over the entire 15-year period.

Table 6: Long-term forecast expenditure FY 2027/28 – FY2031/32 ($m)[7]

	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2027/28 to FY 2031/32
Option 1	$5.1M	$4.7M	$2.6M	$2.2M	$1.6M	**$16.2M**
Option 2	$9.1M	$5.5M	$4.2M	$2.7M	$1.7M	**$23.1M**
Option 3	$18.8M	$18.0M	$6.7M	$19.2M	$14.4M	**$77.1M**

[7] This forecast expenditure includes revenue due to the anticipated sale of land.

Table 7: Long-term Forecast Expenditure FY 2032/33 – FY 2036/37 ($m)

	FY 2032/33	FY 2033/34	FY 2034/35	FY 2035/36	FY 2036/37	FY 2032/33 to FY 2036/37
Option 1	$2.15M	$2.15M	$2.15M	$2.15M	$2.15M	**$10.8M**
Option 2	$9.1M	$5.5M	$4.2M	$2.7M	$1.7M	**$23.1M**
Option 3	$53.5M	$15.6M	$10.4M	$0.5M	$0.5M	**$80.34M**

Table 8: Long-term Forecast Expenditure FY 2037/38 – FY 2041/42 ($m)

	FY 2037/38	FY 2038/39	FY 2039/40	FY 2040/41	FY 2041/42	FY 2037/38 to FY 2041/42
Option 1	$2.0M	$2.0M	$2.0M	$2.0M	$2.0M	**$10.0M**
Option 2	$9.1M	$5.5M	$4.2M	$2.7M	$1.7M	**$23.1M**
Option 3	$14.5M	$16.4M	$14.2M	$0.3M	$0.3M	**$45.6M**

Note that the 10- and 15-year CAPEX plan for Option 1 is calculated based on the assumption that AusNet will take over existing leases and that the same level of refurbishment will be undertaken at Phase 2 and 3. However, this is unlikely to be accurate and a reassessment will be required at the end of each phase. As highlighted in the risk assessment (at Appendix A.4), given the high risk associated with this option, significant future investment will be needed to address emerging safety and operational issues effectively.

Table 9 outlines the discounted costs and benefits of the depot relocations. The first five years of the 30-year appraisal period results in negative NPVs as the capital cost of relocating the depots are higher than the benefits generated. As the depots are relocated on a rolling basis over the first five years, there are no benefits until the year after the site's relocation. As a result, the first five years has a negative NPV of 38.3 million. These costs are ultimately offset by the subsequent years in the analysis period, resulting in a NPV of approximately $20 million at the end of the analysis period (using real FY25 values).

Table 9: Economic Outcomes of Option 3 ($k, discounted, 2025-26 dollars, incremental)

	FY26	FY27	FY28	FY29	FY30	Total FY26-30	Full assessment period
Cost	$51,627	$14,140	$2,934	$15,894	$12,571	$97,166	$106,339
Benefits	$38,561	$6,289	$2,105	$6,212	$5,650	$58,817	$126,161
NPV	-$13,066	-$7,852	-$828	-$9,682	-$6,921	-$38,349	$19,822

Source: AusNet analysis

5.2. Cost

5.2.1. CAPEX

The capital expenditure for the preferred option (Option 3) is outlined in Table 10 below.

Table 10: CAPEX Distribution of Option 3 – preferred ($k, discounted, 2025-26 dollars)

	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total FY27-31
Land Sale	-$ 33,072,300	$ -	$ -	$ -	$ -	**-$ 33,072,300**
Land Purchase	$ 26,500,000	$ -	$ 3,000,000	$ 3,000,000	$ -	**$ 32,500,000**
Construction	$ 21,792,859	$ 13,545,000	$ -	$ 13,545,000	$ 13,545,000	**$ 62,427,859**
Renewal	$ 1,487,984	$ 1,764,590	$ 2,426,097	$ 1,476,200	$ -	**$ 7,154,871**
Upgrade	$ 1,276,500	$ 1,878,222	$ 799,127	$ 416,488	$ -	**$ 4,370,338**

	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total FY27-31
Total	**$ 17,985,043**	**$ 17,187,812**	**$ 6,225,224**	**$ 18,437,688**	**$ 13,545,000**	**$ 73,380,768**

Source: AusNet analysis

5.2.2. OPEX

The operational expenditure for the preferred option (Option 3) is outlined in Table 11 below.

Table 11: OPEX Distribution of Option 3 – preferred ($k, discounted, 2025-26 dollars)

	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total FY27-31
Relocation	$ 517,800	$ 358,900	$ -	$ 358,900	$ 358,900	**$ 1,594,500**
Leases	$ 266,667	$ 460,000	$ 460,000	$ 460,000	$ 460,000	**$ 2,106,667**
Total	**$ 784,467**	**$ 818,900**	**$ 460,000**	**$ 818,900**	**$ 818,900**	**$ 3,701,167**

Source: AusNet analysis

5.3. Benefits

The cost-benefit analysis focus on the benefits of relocating depot sites: consolidation of Warragul and Beaconsfield to Pakenham, Traralgon, Benalla and Seymour given that the majority of the phase 1 cost is against the relocation of these sites.

Detailed benefits for each site are presented in

Table 12 and illustrated in Figure 14.

Table 12: Benefits Summary ($k, discounted, 2025-26 dollars)

Site	Total FY26-31 ($thousands)	Total over full assessment period ($thousands)
Pakenham	$44,909	$67,141
Traralgon	$5,970	$22,984
Benalla	$6,057	$18,731
Seymour	$4,366	$17,305
Total benefits –	$61,302	$126,161

Source: AusNet analysis

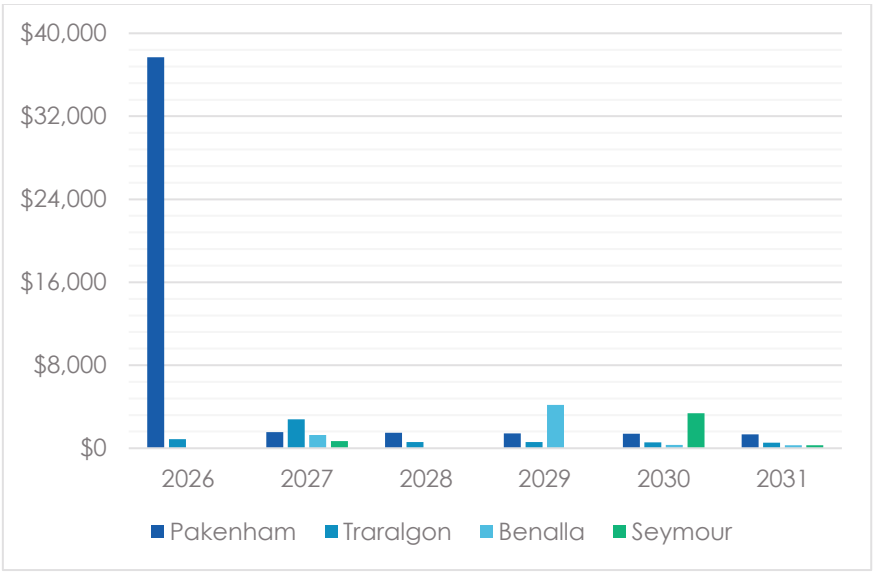

Figure 14: FY26-31 Benefits of Relocated Depots in Option 3 ($k, discounted, 2025-26 dollars)

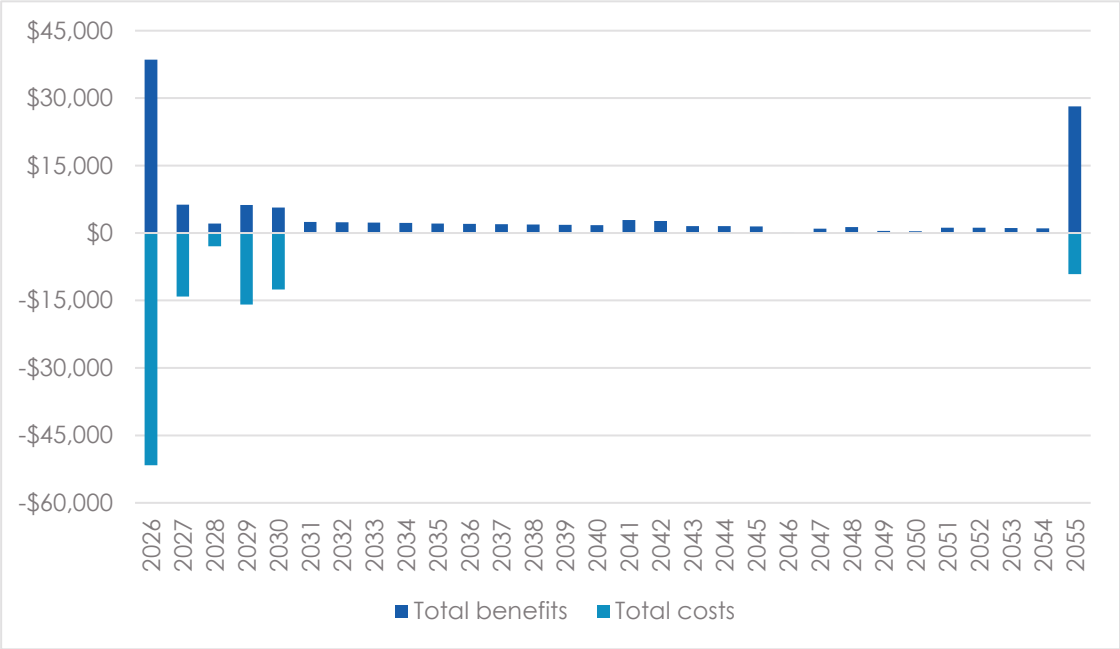

Figure 15: Total Benefits and Costs over 30-year Appraisal Period for Option 3 ($k, discounted, 2025-26 dollars)

6. How the Recommended Option Aligns with our Engagement

6.1. Alignment to Other Stakeholders

Ensuring alignment with key stakeholders is fundamental to the success of AusNet's Strategic Depot Reset Program. This alignment ensures that the planned investments in depot renewal, upgrade and relocation are not only strategic from AusNet's perspective but also resonate with the needs and expectations of various stakeholders. Below is a summary of how the program aligns with other stakeholder priorities:

1. **Regulatory Bodies (e.g AER)**
   - The planned expenditure aligns with the Australian Energy Regulator's (AER) requirements for prudent and efficient investment, with a strong focus on optimising the timing and scale of investments to enhance affordability and long-term customer value.
   - The proposed phased investment program aligns with regulatory cycles, ensuring that property upgrades and renewals are justified, evidence-based and in line with industry benchmarks. By incorporating asset condition assessments and risk-based prioritisation, AusNet demonstrates compliance with the regulator's expectations for transparent and efficient infrastructure investment.
2. **Community and Customers**
   - The depot strategy directly supports improved service delivery and enhanced reliability, both of which are critical outcomes for customers. Aligning with community expectations, the planned upgrades will reduce response times to "worst served" customers, particularly during outages and enable AusNet to deliver services that are safer, more reliable and more customer centric.
   - By transitioning to strategically located depots and investing in improved functionality, AusNet is also supporting the community's evolving needs, enhancing customer satisfaction and being proactive in minimising potential risks associated with emergency response.
3. **Contractors and Service Providers**
   - The alignment with contractors, including the transition out of current arrangements with Downer and the transition to the new arrangement with Zinfra. By investing in strategically planned depots with enhanced facilities, AusNet aims to better support contractors and field teams with the tools and environments they need to perform at their best, improving safety and reducing response time.
   - The improved facilities, such as upgraded workshops, storage areas and amenities, will facilitate safer working conditions and better logistical coordination for service providers.
4. **Internal Stakeholders (Field Teams and Operations)**
   - Field teams are one of the primary beneficiaries of the depot renewal and upgrade program. By focusing on optimising depot layouts, improving access and upgrading functionality, AusNet is providing an environment that supports fieldwork efficacy, reduces operational bottlenecks and promotes staff safety.
   - The alignment with operational needs ensures that assets critical to field activities, such as training rooms, secure storage and workshop facilities, are modernised to support effective operations. This alignment supports AusNet's internal strategic goals for productivity, workforce safety and service quality.
5. **Local Councils and Planning Authorities**
   - The planned relocations and upgrades consider local council planning requirements, including land use and community impact. By working closely with local councils and community, AusNet aims to ensure that depot relocations contribute positively to regional development and adhere to zoning regulations.
   - The new site selections are aligned with planning requirements to minimise congestion, provide better access and reduce the impact on residential areas, ensuring that depot operations are integrated seamlessly into local communities.

This comprehensive alignment with stakeholders helps to ensure that the Strategic Depot Reset Program delivers widespread benefits, from enhancing customer satisfaction to providing safer, more effective work environments for

AusNet's operational teams. The collaborative approach ensures that investments are not only cost-effective but also sustainable, with stakeholder needs and expectations at the core of the decision-making process.

6.2. Alignment to Customer Expectations

The proposed investment proposed for the Strategic Depot Reset directly addresses several key customer outcomes:

- **Value for Money**: By strategically investing in depot upgrades and relocations, AusNet aims to decrease long-term operational costs, ultimately providing better value for customers. This proactive approach ensures that investment today helps to avoid additional maintenance and operations-related costs in the future:
  - **Avoided Maintenance Costs**: By upgrading existing facilities, AusNet will reduce future maintenance costs, as newer infrastructure will be more reliable and require fewer reactive repairs.
  - **Avoided Lease Costs**: The investment in land acquisition allows for the transition away from leased sites to owned depots, eliminating ongoing lease expenses and ensuring better long-term financial sustainability.
  - **Avoided Operational Costs**: The upgrades are designed to mitigate operational inefficiencies caused by poor depot layout and limited space, leading to savings on travel time and improved workforce productivity.
  - **Avoided increase in Reactive Maintenance Expenditure**: The proactive investment approach will help avoid the high costs associated with reactive maintenance and emergency repairs, ultimately reducing the financial burden on AusNet and, consequently, the customers.
- **Availability**: The proposed relocation and upgrade of depots will help improve response times to emergency events. By reducing congestion and improving site access, the depots will be better positioned to provide timely support, particularly during outage events.
- **Customer Experience**: Improved depot functionality directly supports AusNet's ability to respond to emergency events, such as outages, while ensuring on-the-ground support for the community during extreme weather events. The enhancements also take into account the needs of local communities around each depot, aiming for minimal disruption and improved community safety and services.
- **Future Network Readiness**: With the network expanding, the relocation of depots to larger and more suitable sites helps meet future needs, including support for growing renewable energy activities, such as in the northern region of Victoria. These larger sites will provide the capability to accommodate new infrastructure requirements, support electrification, population growth and an increase in renewable energy generation. This proactive move ensures that the depots are well-equipped to cater to the evolving needs of the network and community.

7. Alignment with our Vision and Strategy

The proposed investments in our depot network align closely with AusNet's vision and strategic priorities. Our vision emphasises being a leading energy infrastructure company that delivers safe, reliable and sustainable services while adapting to the changing energy landscape. The depot uplift program plays a fundamental role in ensuring our infrastructure and operations support these overarching goals.

(1) **Ensuring Safety and Reliability**: Aligning with our commitment to maintain safety and reliability, we are investing in modernising and upgrading depots to mitigate risks associated with outdated infrastructure. Improved facilities will enhance our field operations, contributing to faster response times, reducing outages and supporting safer working conditions for our staff.

(2) **Community and Customer Focus**: Our strategic shift towards becoming closer to the communities we serve underpins the need for this investment. By relocating depots to better locations and upgrading existing facilities, we will be more responsive to our customers' needs. This aligns with our broader goal of enhancing service delivery quality and strengthening our presence within the communities we serve.

(3) **Improve Operation and Future Readiness**: The shift to a proactive property management approach is critical for achieving operational improvements and ensuring that our infrastructure is ready to support future demands. This aligns with our strategic objective to transition towards an asset lifecycle approach, which will help optimise expenditure and extend the lifespan of critical infrastructure assets, ensuring a sustainable and scalable energy network.

(4) **Depot Prioritisation for Maximum Impact**: Depots have been prioritised based on several criticality assessments, including safety, average outage minutes, customer density and overall functionality. This bottom-up prioritisation ensures that investments are directed where they can have the most immediate impact, achieving a balance between short-term needs and long-term strategic goals. By focusing on depots that serve the largest customer bases, have critical reliability issues, we are prioritising improvements that will deliver significant benefits to customers and the network as a whole.

By aligning our depot investment strategy with our long-term vision and strategic goals, we aim to create a resilient, effective and customer-cantered operational model that supports AusNet's ongoing transformation and adapts to evolving customer and regulatory needs.

7.1. Optimisation of the Profile of Expenditure

To optimise the expenditure profile, we have taken a strategic and data-driven approach, prioritising investments based on a top-down and bottom-up investment analysis framework and detailed profiling across the upcoming regulatory cycles.

The asset replacement strategy was informed by:

- A criticality assessment of the individual depots relative entire depot portfolio
- Assessment of the current depot layout and accessibility issues.
- Condition assessment of the depot's assets to determine the likelihood of asset failure.

By understanding the three factors above, we were able to formulate a robust, optimised replacement plan that ensures risks are managed effectively while also prioritising key investments.

The criticality assessment was conducted in accordance with AusNet's Enterprise Risk Management Framework, ensuring alignment with our organisation's risk appetite and establishing a clear traceability of decision-making processes. This approach allowed us to prioritise investments for end-of-life asset replacements and backlog works, particularly for depots critical to the network.

Balancing the need to ensure depots remain operational while considering their future redevelopment or relocation is another aspect of our optimisation. Investments were prioritised based on the criticality of each depot, considering several key factors, including service reliability for the worst-served areas, the number of customers served and

logistical needs. This prioritisation helps ensure that our expenditure delivers a return on investment sooner, improving customer outcomes while managing costs.

In considering the long-life of depot structures, our strategy extends beyond the upcoming 2027-2031 regulatory period to include a long-term outlook for an additional 10 years, providing a 15-year strategic outlook. Our strategy optimises the depot replacement programme across future years to smooth the impact on prices for our customers and improves the planned management of depot upgrades and replacement activities for AusNet Services.

By carefully optimising the timing and scale of investments, we can effectively balance the immediate need for upgrading current infrastructure with the strategic planning for future relocations or redevelopments. This approach ensures affordability while maximising value for customers, all based on validated needs. It allows us to enhance service reliability, safety and customer satisfaction, while also maintaining alignment with regulatory requirements.

8. Reasonableness of Cost Estimates

8.1. Depot Renewal

The cost estimation for depot renewal was conducted using a structured assessment approach. Initially, the condition of each asset was evaluated, drawing on both the 2019 and 2024 condition assessments, with a priority on the most recent 2024 data to ensure accuracy. This assessment provided an overall condition rating for each building.

Subsequently, buildings were evaluated for criticality, considering not only the condition of the building itself but also the criticality of the site it resides on. Based on these factors, each building was categorised for a major, medium, or minor refurbishment, taking into account its strategic importance, current condition and whether it is slated for relocation or rebuild in the near future.

The refurbishment costs were then calculated using industry benchmarks from Rawlinsons, ensuring that the estimates were both realistic and reflective of market conditions. Costs and assumptions for Depot Renewals are detailed in A.3.1 Renewal Costs and Assumptions.

8.2. Depot Upgrade

The depot upgrade costs have been derived primarily using cost estimates sourced from Rawlinsons, ensuring industry-standard pricing and accuracy. The estimations are tailored to the specific needs of each depot based on its current layout and existing equipment, taking into consideration variations in requirements such as material type, equipment capacities and site-specific conditions.

For example:

- The **hardstand pole storage/pole dressing area** is priced based on considerations for load-bearing thickness and whether concrete or bitumen will be used.
- The **bunded area for transformer storage** includes a 10m x 10m concrete slab bunded with a crushed rock edge and a triple interceptor pit.
- **Vehicle wash with triple interceptor** and **truck undercover parking** are priced with industry-standard unit rates from Rawlinsons, while adjustments are made to account for material choices.
- **Muster areas, training rooms and apprentice training areas** are priced per person and account for necessary furnishings and fittings.
- **Backup generator connection points, backup power supply and ice machine** costs have been derived from specific equipment pricing to reflect actual costs.

These cost elements have been aggregated to reflect the total price of each upgrade, aligning with the anticipated needs of each depot. This approach ensures that the derived costs are realistic and in line with typical construction and refurbishment pricing, allowing AusNet to effectively budget for the necessary site improvements.

Costs and assumptions for Depot Upgrades are detailed in A.3.2 Upgrade Costs and Assumptions.

8.3. Depot Relocation or Rebuild

The relocation or rebuild costs for depots have been derived by considering multiple cost components that influence the total expenditure. The key elements include the potential sale revenue of the existing land, costs associated with demolition, relocation expenses and new construction.

1. **Sale Revenue of Existing Land**: The first step in deriving the relocation cost involves estimating the potential revenue generated from the sale of existing land. This estimation is based on the average market value per square meter for properties in comparable areas. By applying a standard percentage to the total land area, an indicative sale revenue value is determined. This ensures that potential proceeds from selling old land can be effectively utilised in the new investment.

2. **Land Size Considerations**: The cost analysis takes into account both the old land size and the proposed new land size for each depot. In most cases, the new land might be larger or situated in a more suitable location, which can have implications for acquisition costs. Thus, comparing old and new land sizes helps in assessing whether additional investments are necessary for expansion or if a smaller area will suffice, leading to reduced costs.
3. **Demolition/Make Good Cost**: Prior to relocation, the demolition of existing structures and "make good" activities need to be considered to prepare the site for sale or end of lease. These activities may include demolition, the removal of structures, hardstand areas and restoration of the land to an acceptable condition. These costs are added as a separate line item in the relocation budget to ensure compliance with sale or lease agreements and future use requirements.
4. **Relocation Cost**: The cost of relocating the depot operations includes moving equipment, trucks and other assets to the new site. It has been estimated at $108,900 per relocation, which covers labour hours, the use of trucks and other logistical expenses needed to move the assets. This ensures minimal operational disruption during the transition period.
5. **Construction Cost**: Construction costs involve the development of new facilities, infrastructure and necessary upgrades at the new location. These costs have been derived from Rawlinsons and adjusted based on specific needs, such as the type of buildings, materials and equipment requirements. The construction costs account for the creation of new workshops, storage areas, hardstand zones, office facilities and other site amenities necessary for fully operational depot functionality.
6. In particular, Pakenham and Lilydale are expected to be larger sites, with construction costs exceeding $20 million each. This is primarily because these depots will serve the largest customer bases, necessitating expanded facilities to support operational requirements, additional workforce and improved service delivery capabilities. The larger investment in these sites reflects their strategic importance in ensuring network reliability and customer satisfaction.

This comprehensive approach ensures that relocation or rebuild projects are accurately costed, considering all elements required for a smooth transition and aligning with operational needs.

Costs and assumptions for Depot Rebuilds or Relocation are detailed in Appendix A.3.3

8.4. Capitalised Lease Costs

The lease cost for each depot is estimated based on the average market lease rates for similar properties in the surrounding area. The costs are calculated per square meter, taking into account the local real estate market conditions, type of facility and specific requirements of the depot. This approach ensures that lease expenses are aligned with current market standards, providing a realistic basis for budgeting. By benchmarking against comparable facilities, we ensure that the estimated lease costs reflect fair value while supporting operational requirements effectively.

Costs and assumptions for Depot Rebuilds or Relocation are detailed in A.3.4.

9. Preferred Option and Sensitivity Testing

9.1. Sensitivity Analysis

The sensitivity analysis provides insights into the financial viability of the three options under different scenarios, as outlined in Table 13 and Table 10.

- **Option 1: Base Case** consistently demonstrates a negative Net Present Value (NPV) across all sensitivity tests, indicating that this option is financially unviable regardless of changes in cost or discount rates.
- **Option 2: Depot Refurbishment** also shows a negative incremental NPV, highlighting that it is not only less viable compared to the base case but also unlikely to generate financial value even with different sensitivity inputs.
- **Option 3: Strategic Depot Reset** shows a positive incremental NPV in all scenarios, indicating a clear financial benefit. Despite fluctuations in costs, discount rates and other sensitivity variables, this option remains financially viable, making it the most favourable choice for depot management and investment.

Table 13: Net Present Value ($k, 2025-26 dollars)

	Central Assumptions	Higher Discount Rate	Lower Discount Rate	Higher Costs	Lower Costs	Average	Comments
Option 1: Base Case	-$40,868	-$45,988	-$33,442	-$43,328	-$38,408	-$40,407	Base case is not financially viable based on sensitivity testing consistently resulting in a negative NPV.
Option 2: Depot Refurbishment	-$4,002	-$4,455	-$3,428	-$4,048	-$3,956	-$3,978	Option 2's negative incremental NPV shows Option 2 less financially viable than base case.
Option 3: Strategic Depot Reset	$19,822	$10,818	$31,485	$13,413	$26,232	$20,354	Option 3's incremental NPV is positive and is preferred over base case and Option 2.

Source: AusNet analysis

Table 14: Sensitivity Tests for Option 3- Real Discounted FY25 Dollars, Incremental to Base Case

Benefit/cost	Sensitivity Test variable	Pakenham		Traralgon		Benalla		Seymour	
		NPV	BCR	NPV	BCR	NPV	BCR	NPV	BCR
Core	Central	$11,101,233	1.20	$4,083,466	1.22	$2,724,075	1.17	$1,913,639	1.12
Discount rate									
Low	3.00%	$12,380,575	1.21	$8,283,385	1.43	$5,831,658	1.35	$4,988,953	1.31
Mid-low	3.50%	$11,744,091	1.20	$6,039,582	1.32	$4,160,280	1.26	$3,330,024	1.21
Mid-high	4.50%	$10,459,560	1.19	$2,376,442	1.13	$1,490,319	1.09	$705,585	1.05
High	5.00%	$9,824,965	1.18	$885,357	1.05	$430,990	1.03	-$323,405	0.98
Travel time saving (minutes)									
Low	3	$4,115,322	1.07	$1,515,076	1.08	$590,070	1.04	-$149,629	0.99
High	7	$18,087,144	1.32	$6,651,855	1.35	$4,858,079	1.30	$3,976,907	1.26
Land growth rate									
Low	1.5%	$13,872,965	1.26	$997,746	1.05	-$38,455	1.00	-$1,055,342	0.93
High	5.5%	$2,262,757	1.03	$13,134,096	1.69	$10,635,610	1.66	$10,446,644	1.68
Cost Contingency									
Low	100%	$13,823,921	1.27	$5,242,656	1.31	$3,965,635	1.27	$3,199,768	1.23
High	120%	$8,378,545	1.14	$2,924,275	1.14	$1,482,514	1.08	$627,509	1.04

9.2. Recommendations

Option 3, the Strategic Depot Reset, is recommended as the preferred solution for AusNet's depot portfolio. This option provides a comprehensive approach that not only addresses the immediate operational needs but also ensures that depots are future proofed to meet evolving requirements. Unlike the other options, the Strategic Depot Reset will mitigate risks and additional costs related to outdated infrastructure, operational inefficiencies and unsuitable site conditions through a combination of strategic relocations and targeted renewals or upgrades of depots.

By investing in the Strategic Depot Reset, we expect to see significant improvements in customer experience, team morale, resource optimisation, cost mitigation and alignment with long-term strategic goals. The planned relocations and upgrades ensure that depots are optimally located, adequately equipped and capable of supporting efficient service delivery. This directly translates to improved response times and service reliability, providing significant value to customers, particularly in the "worst service" customer regions.

While Option 3 requires a higher initial investment, the long-term benefits far outweigh the costs. The 30-year Net Present Value (NPV) analysis reveals that Option 3 provides the highest return on investment ($14.7 million), ranking it first among all options. By comprehensively addressing critical issues at each depot, improving overall functionality and enhancing site accessibility, Option 3 will best position AusNet to continue delivering reliable, efficient services while meeting future demands and ensuring long-term network resilience.

Furthermore, it is recommended that, at the end of each phase of the Strategic Depot Reset program, a thorough reassessment of costings and scope of work is conducted. This is to ensure that the proposed investments remain aligned with any emerging risks, changing requirements, or newly identified issues. Such periodic reassessments will allow AusNet to remain agile, respond effectively to any changes in the operational or regulatory landscape and guarantee that the investment decisions continue to deliver optimal value to customers. By continuously refining the strategy at each phase, we can manage expenditures responsibly, adapt to new information and ultimately ensure the sustainability and efficiency of the depot network.

10. Deliverability

In this business case, we have adopted a three phased approach for the investment required in the depots, taking into account both immediate and future needs. By structuring the investment into three distinct phases, we plan for a strategic long-term outlook that aligns with AusNet's operational goals while ensuring a practical and sustainable approach to carrying out the necessary works. This phased plan allows us to allocate resources effectively, balancing immediate upgrades with future redevelopment needs in a manner that ensures steady progress without overburdening our capacity to execute the projects.

The phased approach allows for the systematic and smooth distribution of costs over multiple regulatory periods, ensuring financial viability while avoiding the pitfalls of a large, concentrated capital outlay. This strategy helps reduce the impact on customer bills by smoothing the cost of replacements and upgrades over time. Each phase targets specific priorities—from addressing immediate safety and operational needs to preparing for larger, future redevelopment projects.

Our approach also carefully balances the need to address the historical underspend and poor condition of existing depot infrastructure with practical considerations around resource availability and operational impacts. By phasing investments, we ensure that we do not overburden resources while still addressing critical issues in a timely manner. This approach reflects the need to move from reactive, ad hoc maintenance to a planned, strategic investment in our depots.

This structured horizon-based investment strategy ensures deliverability by balancing current operational requirements with future growth, allowing us to modernise the depot network in a financially sustainable manner. By prioritising investments in this staged way, we are better positioned to maintain service quality, meet regulatory requirements and maximise long-term value for our customers.

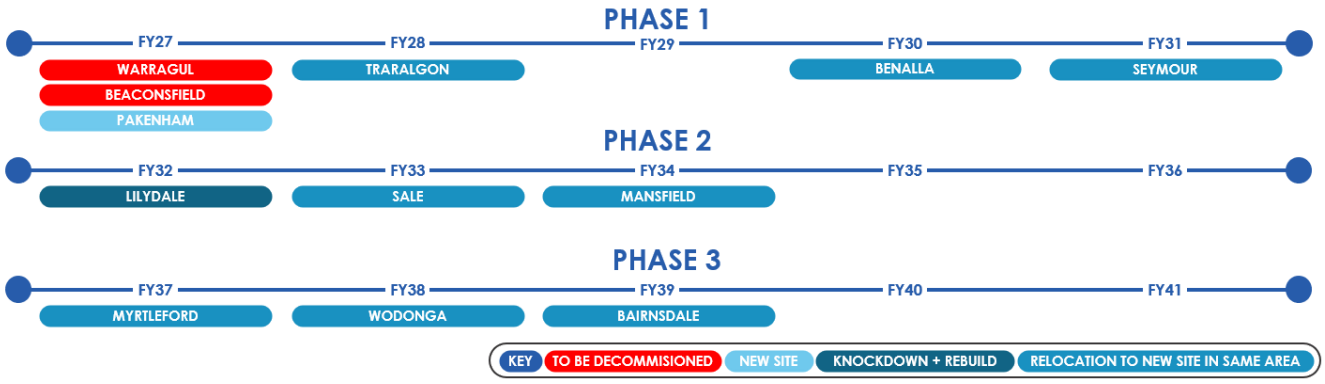

Figure 16: Planned Timeline of Strategic Depot Reset Program

A. Appendix

A.1. Assessment Result

A.1.1. Top-Down Analysis Result

Table 15 presents the results of the top-down analysis, highlighting the prioritisation of depots for relocation or level of investment. This analysis is based on key operational and site-specific factors, including unplanned outage, customer impact and coverage, alongside land, access and depot functionality challenges. The scores and metrics in the table provide a structured evaluation of each depot's criticality and site issues to inform strategic decision-making.

Table 15: Top-Down Analysis

Depot Site (in prioritised order)	Period for relocation or redevelopment	Average Area Unplanned Outage Minutes	Total Estimated Customers in Area	Estimated Total # Poles Serviced	Depot Criticality Score	Land Issues	Access Issues	Functionality Issues	Overall Site Issues Score
Beaconsfield (to be combined with Warragul)	1	335,056	183,280	74,945	**3.15**	5	5	5	**3.00**
Warragul (to be combined with Beaconsfield)	1	722,420	35,550	22,483	**2.53**	5	5	5	**3.00**
Traralgon	1	292,139	45,313	30,269	**1.53**	5	4	5	**2.80**
Seymour	1	329,896	32,088	20,096	**1.40**	4	4	5	**2.60**
Benalla	1	732,679	12,885	11,567	**2.25**	3	4	5	**2.60**
Sale	2	337,264	22,355	17,469	**1.32**	4	4	5	**2.40**
Lilydale	2	344,411	331,465	132,126	**4.94**	3	3	4	**2.00**
Mansfield	2	702,759	12,330	11,573	**1.19**	3	3	4	**2.00**
Myrtleford	3	291,187	16,213	12,978	**1.09**	4	2	4	**2.00**
Wodonga	3	229,790	30,072	20,022	**1.11**	3	3	3	**1.80**
Bairnsdale	3	378,054	30,930	27,612	**1.64**	3	1	4	**1.60**
Leongatha	-	446,874	42,019	28,622	**1.91**	3	2	2	**1.40**
Wangaratta	-	412,029	16,329	12,019	**1.41**	3	3	1	**1.40**

A.1.2. Details of Assessment Criteria and Scoring Metrics for Depot Investment Prioritisation

This section outlines the methodology used to calculate the depot scorings, including the criteria and metrics applied to evaluate each site's operational criticality and site-specific challenges.

Average Area Outage Minutes

This represents the average duration of power outages experienced by customers in the area over the past 5 years. The average outage minutes for each feeder were calculated; each feeder was then assigned to its closest depot and the average outage minutes for each depot were calculated. This helps to identify depots for areas that are currently underperforming or "worst served".

Total Estimated Customers in Area

This represents the estimated total number of customers served by the depot. The number of customers per feeder was mapped to each depot by distance. A higher number of customers correlates with a larger impact of potential impact of the depot. This metric helps ensure that investments prioritise depots with the highest customer impact.

Estimated Total # Poles Services

This represents the total number of poles maintained by the depot. This metric is useful for resource allocation, workload management.

Land Issues

Land issues involve a qualitative measure of challenges related to the size, availability and suitability of land at the depot, which can hinder operations or future expansion. In general, land issues can only be addressed through depot relocation.

Table 16: Scoring Criteria for Depot Land Issues

Rating	Description	Land Availability	Land Appropriateness	Ground Appropriateness
1 (Good)	Excellent Condition	Ample land available, exceeding current and future operational needs.	Ideal layout and accessibility for all intended functions, with flexibility for expansion.	Level, stable, well-drained ground, suitable for all types of construction and operational use.
2 (Adequate)	Generally Favourable	Sufficient land for current and foreseeable future needs, with minor restrictions.	Mostly appropriate layout and accessibility, with some minor constraints.	Generally favourable ground conditions, with minor issues (e.g gentle slopes, occasional drainage problems).
3 (Moderate)	Moderate Limitations	Just enough land to meet current operational needs; limited ability to expand.	Layout and space are adequate but may require adjustments to fit operational needs.	Moderately suitable ground, with some challenges such as moderate slopes or soil stability concerns.
4 (Limited)	Significant Challenges	Limited land availability, challenging current operations with no room for expansion.	Significant limitations in layout or accessibility impacting operational effectiveness.	Challenging ground conditions, such as steep slopes or unstable soil, impacting effectiveness and requiring adjustments.
5 (Inadequate)	Severe Limitation	Severely limited land, insufficient for current needs, no room for expansion.	Layout or accessibility is highly unsuitable, severely limiting operational capabilities.	Highly unsuitable ground, such as steep or uneven terrain, unstable soil, or persistent drainage issues, preventing effective use.

Access Issues

Access issues is a qualitative measure of the challenges in staff members getting on and off the depot site effectively. These may include poor road access, traffic or difficulty navigating entry/exit points, especially during emergencies. It does not include access issues within the depot (this is addressed under functionality issues). In general, access issues can only be addressed through depot relocation.

Table 17: Scoring Criteria for Depot Access Issues

Rating	Access Description
1 (Good)	Excellent access to the depot with multiple entry/exit points, ample road capacity and minimal congestion in the area immediately outside of the depot, ensuring smooth and effective operations in and out of the depot.
2 (Adequate)	Generally favourable access with one or two entry/exit points, with occasional congestion during peak hours but still manageable.
3 (Moderate)	Moderate limitations in access; limited entry/exit points, some road congestion and access restrictions impacting productivity during peak operational times.
4 (Limited)	Significant challenges in access; only one entry/exit point with frequent congestion, road capacity is insufficient, leading to operational delays.
5 (Inadequate)	Severe access limitations; restricted or unsafe entry/exit points, highly congested roads and frequent bottlenecks causing delays and significantly impacting response times.

Functionality Issues

Functionality issues assess the depot's ability to support staff in performing their job effectively. This includes considerations like available workspace, storage areas, truck under cover areas, staff parking, amenities and layout. If the depot lacks functionality, it could negatively impact operational productivi**ty**, safety and staff productivity. This driver has the highest weight, as the functionality of the depot is directly tied to the ability of staff to deliver optimal services. In general, functionality issues can only be addressed through depot complete depot rebuild or relocation.

Table 18: Scoring Criteria for Depot Functionality Issues

Rating	Access Description
1 (Good)	Facilities are well-designed with sufficient workspace, truck under cover areas, amenities and parking to fully support all operational activities effectively.
2 (Adequate)	Generally favourable functionality with most facilities available, although minor adjustments or expansion may be needed to meet growing operational needs.
3 (Moderate)	Moderate functionality limitations; some facilities are lacking or insufficient, leading to minor operational inefficiencies that require workarounds.
4 (Limited)	Significant challenges in functionality; multiple critical facilities are absent or insufficient, making it difficult to meet operational needs effectively.
5 (Inadequate)	Facilities are poorly designed or lack key features, severely impacting operational effectiveness and compromising staff safety and productivity.

A.1.3. Bottom-Up Analysis Result

Table shows the data used to determine the type of refurbishment required for the various options. Each building is assigned a total score and risk rating calculated based on:

- **Final consequence of failure (CoF)**: The Final CoF is calculated as the product of the depot criticality score and the CoF (aligned to the Ausnet Enterprise Risk Management Framework at Table 19). The CoF is calculated at an aggregate level using a weighted average approach. Each building component is evaluated on impact against various areas of the Ausnet Enterprise Risk Management Framework and are assigned specific weightings to reflect their relative importance:
  - Health & Safety
  - Financial
  - Environment & Community
  - Reputation
  - Customer
  - Management Impact & People
  - Regulatory, Legal & Compliance.

  The overall CoF for each building is determined by aggregating these weighted scores, providing a comprehensive measure of risk.

Table 19: Threat Consequence Categories and Definition of Score Ratings

Rating	1	2	3	4	5
Health & Safety	First Aid Treatment / No Treatment	Medical treatment Injury (MTI) / Lost Time Injury (<10 days lost)	Severe medical / hospital equipment (>10 days lost)	Major or permanent injury e.g. amputation, long term disability or disorder	1 or more fatalities (employee and/or public) and/or major injuries to multiple people and significant irreversible exposure to a health risk
Environment & Community	Small confined event, no impact on ecology or area of cultural heritage. Short-term transient environmental or community impact - little action required.	Medium term recovery, immaterial effect on environment/community. Required to inform environmental agencies (e.g. noise, dust, odour)	Severe event leading to local on and off-site impact on ecology or damage to area of cultural heritage. Medium term recovery. High potential for complaints from interested parties.	Prolonged off-site environmental impact e.g. major impact on ecosystems/destruction of area of high cultural heritage. High-profile community concerns raised - requiring major remediation measures	Catastrophic long term environmental harm off-site and/or irreversible impact to cultural heritage area and community outage - potential large-scale class action.
Reputation	No media reporting or external interest.	Adverse local media reporting. Reputation impacted with a small number of stakeholders.	Severe event that causes adverse local media reporting over several days. Reputation impacted with some stakeholders	Major event that would require ongoing management and brings the organisation into national spotlight. Sustained adverse national media reporting over several days. Sustained impact on company reputation.	Catastrophic event that the organisation could be forced to undergo significant change (Intervention and impact to future contracts). Sustained adverse media reporting over several weeks (national/international). Total loss of shareholder/stakeholder support who act to divest.
Customer	Localised customer complaints. Localised ombudsman complaints.	Customer / community affected by loss of service for over 24 hours. Life support customers unsupported for over 1 day. Medium impact on the level of service resulting in a less 10% increase in customer complaints (Customer, Ombudsman, MP and Regulator)	Localised rehousing of life support over 3 days. Severe impact on the level of service resulting in a 10% to 25% increase in customer complaints (Customer, Ombudsman, MP and Regulator)	Incident resulting in a loss of a major terminal station or city gate. Localised rehousing of life support community over 5 days. Life support customers unsupported for over 5 days. Major impact on the level of service resulting in a 25-50% increase in customer complaints (Customer, Ombudsman, MP and Regulator)	Incident resulting in a System Black. Catastrophic interruption to CBD services due to multiple asset failures. Life support customers unsupported over 7 days. Catastrophic impact on the level of service resulting in over 50% increase in our customer complaints (Customer, Ombudsman, MP and Regulator)

Rating	1	2	3	4	5
Regulatory, Legal & Compliance	Small legal issues, non-compliances and statutory fine. Routine regulatory reporting and audits.	Breach of law with investigation or report to authority with prosecution and/or moderate fine possible. Specific regulatory audit with critical findings and recommended actions.	Severe litigation involving many weeks of senior management time. Severe breach of law with punitive fine. Fines imposed, directive issued and additional audit and reporting requirements.	Major litigation. Possibility of custodial sentence. Major fines are imposed and multiple directives issued. Investigation by regulatory body resulting in long term interruption to operations. Major reporting and audit regimes are imposed	Catastrophic and protracted litigation with uninsured exposure. Custodial sentence for company Executive. Prolonged closure of operations by authorities. Regulators control business through directives and suspend ability to operate. License to operate threatened.
Management Impact & People	Impact of event absorbed through normal activity. Small, contained and short-term impacts to availability of workforce.	Will require some local management attention over several days. Medium impacts to availability of workforce.	Severe event that can be managed with careful attention, will take some project managers considerable time for several weeks. Some impacts to availability of workforce.	Major event that requires implementation of Emergency or Disaster Recovery plans. Major impacts to availability of workforce.	Full implementation of the Crisis Management Plans. Catastrophic impacts to workforce availability in critical areas.
Financial	<$500k loss	$500k-2m loss	$2-30m loss	$30-100m loss	$100m+ loss

- **Weighted Condition Score**: A composite score calculated from the individual condition ratings of key depot components, weighted as follows: building structure (25%), external fabric (25%), internal features (15%), site conditions (10%), and services (25%). These ratings are based on the findings of the 2019 and 2024 depot condition assessment reports.

The total score serves as an indication of the level of risk associated with each building at a depot. It reflects the combined impact of various risk factors (aligned to the Ausnet Enterprise Risk Management Framework). This score is the basis for determining the type and extent of refurbishment or renewal required (Table 20).

Table 20: Relationship between Total Score and Refurbishment Type

Total Score (Range)	Type of Refurbishment
1 – 3	Minor
4 – 7	Medium
8 – 10	Major

Table 22 breaks down the cost of refurbishment for each building at each site for the three options. It also provides the total cost at each site and the total cost for each option.

Table 21: Summary of Analysis of Depot Buildings Scoring and Risk Rating

Site	Function	Depot Criticality Score	Consequence Rating	Final CoF	Condition Rating					Weighted condition score	Total Score	SQM
					25%	25%	15%	10%	25%			
					Building structure	External Fabric	Internal	Site	Services			
Bairnsdale	Workshop - General	1.6	2.8	2.4	3.0	3.0	3.0	3.0	3.0	3.0	7	386
Bairnsdale	Minor office	1.6	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	5	206
Benalla	Administration	2.3	2.0	2.1	3.0	3.0	3.0	2.8	2.7	2.9	6	700
Benalla	Warehouse	2.3	2.8	2.5	3.0	3.0	2.0	3.0	2.9	2.8	8	960
Benalla	Shed	2.3	1.6	1.9	2.9	3.0	3.0	3.0	2.9	2.9	6	340
Benalla	Workshop - General	2.3	2.8	2.5	4.0	4.0	4.0	3.0	3.0	3.7	5	250
Benalla	Shed	2.3	1.6	1.9	3.0	3.0	1.0	3.0	2.4	2.6	6	54
Leongatha	Meeting Rooms	1.1	2.0	1.9	3.0	3.0	4.0	4.0	4.0	3.5	3	130
Leongatha	Warehouse	1.1	2.8	2.3	4.0	4.0	4.0	4.0	4.0	4.0	4	680
Leongatha	Shed	1.1	1.6	1.7	4.0	4.0	4.0	4.0	4.0	4.0	3	393.15
Leongatha	Minor office	1.1	2.0	1.9	3.0	3.0	4.0	4.0	3.8	3.5	5	169.53
Leongatha	Shelter	1.1	1.6	1.7	4.0	4.0	4.0	4.0	4.0	4.0	3	40
Mansfield	Storage - General	1.2	1.7	2.0	1.0	2.0	2.0	2.0	2.0	1.8	6	950
Mansfield	Minor office	1.2	2.0	2.1	2.0	2.0	2.0	2.0	2.0	2.0	6	200
Myrtleford	Workshop - General	1.4	2.8	2.3	2.0	2.0	2.0	2.0	2.0	2.0	8	873.23
Myrtleford	Workshop - General	1.4	2.8	2.3	2.0	2.0	2.0	2.0	2.0	2.0	8	197.34
Myrtleford	Workshop - General	1.4	2.8	2.3	2.0	2.0	2.0	2.0	2.0	2.0	8	191.88
Sale	Workshop - General	1.3	2.8	3.2	2.0	2.0	2.0	2.0	2.0	2.0	8	194.44
Sale	Workshop - General	1.3	2.8	3.2	2.0	2.0	2.0	2.0	2.0	2.0	8	109.51
Sale	Carport	1.3	1.6	2.6	2.0	2.0	2.0	2.0	2.0	2.0	6	241.9
Sale	Minor office	1.3	2.0	2.8	2.0	2.0	2.0	2.0	2.0	2.0	7	209.91
Sale	Minor office	1.3	2.0	2.8	2.0	2.0	2.0	2.0	2.0	2.0	7	80.14
Seymour	Administration	1.4	2.0	1.7	3.0	3.0	3.0	2.8	3.0	3.0	5	740
Seymour	Warehouse	1.4	2.8	2.1	3.0	3.0	3.0	3.0	3.4	3.1	6	416
Seymour	Storage - General	1.4	1.7	1.5	3.0	3.0	3.0	3.0	3.0	3.0	5	80
Wangaratta	Shed	0.6	1.6	1.6	4.0	4.0	4.0	3.0	4.0	3.9	2	310
Wangaratta	Lunch/rec area	0.6	1.1	1.4	3.0	2.0	3.0	3.0	3.0	2.8	3	50
Wangaratta	Carport	0.6	1.6	1.6	4.0	4.0	4.0	3.0	4.0	3.9	2	50
Wodonga	Workshop - General	1.3	2.8	2.3	3.0	2.0	3.0	3.0	3.0	2.8	6	300
Wodonga	Minor office	1.3	2.0	1.9	3.0	3.0	3.0	3.0	2.8	3.0	5	450
Lilydale	Administration	4.9	2.0	2.1	3.0	3.0	3.6	3.0	3.3	3.2	3	2100
Lilydale	Minor office	4.9	2.0	2.1	3.4	3.0	3.8	3.0	3.5	3.3	3	650
Lilydale	Storage - General	4.9	1.7	2.0	3.0	3.0	3.8	3.0	3.5	3.2	3	375
Lilydale	Shelter	4.9	1.6	1.9	3.0	3.0	3.0	3.2	2.8	3.0	3	180
Lilydale	Shed	4.9	1.6	1.9	3.0	3.0	3.0	3.0	2.8	3.0	3	360
Warragul	Office Warehouse	Due for Relocation in Option 3 - As this is turning into the new Pakenham site, for Option 1 and Option 2 the Major Refurbishment cost is used.										480
Warragul	Truck Shelter											300
Warragul	Transformer Shed											30
Warragul	Storage Shed											30
Beaconsfield	Main Building	Due for Relocation in Option 3 - As this is turning into the new Pakenham site, for Option 1 and Option 2 the Major Refurbishment cost is used.										1080
Beaconsfield	Downer Workshop											200
Beaconsfield	Office											800
Traralgon	Main Building	Due for Relocation in Option 3 - the Minor Refurbishment cost is used for Option 1 and Major Refurbishment Cost is used for Option 2.										650
Traralgon	Shed											280
Traralgon	Workshop											577

Table 22: Depot Building Refurbishment Type and Cost

Site	Function	Option 1 (Base Case)			Option 2			Option 3		
		Refurb Type	Refurb Cost ($)	Total Refurb Cost per Site	Refurb Type	Refurb Cost	Total Refurb Cost per Site	Refurb Type	Refurb Cost	Total Refurb Cost per Site
Bairnsdale	Workshop - General	[C.I.C]								
Bairnsdale	Minor office									
Benalla	Administration									
Benalla	Warehouse									
Benalla	Shed									
Benalla	Workshop - General									
Benalla	Shed									
Leongatha	Meeting Rooms									
Leongatha	Warehouse									
Leongatha	Shed									
Leongatha	Minor office									
Leongatha	Shelter									
Mansfield	Storage - General									
fqMansfield	Minor office									
Myrtleford	Workshop - General									
Myrtleford	Workshop - General									
Myrtleford	Workshop - General									
Sale	Workshop - General									
Sale	Workshop - General									
Sale	Carport									
Sale	Minor office									
Sale	Minor office									
Seymour	Administration									
Seymour	Warehouse									
Seymour	Storage - General									
Wangaratta	Shed									
Wangaratta	Lunch/rec area									
Wangaratta	Carport									
Wodonga	Workshop - General									
Wodonga	Minor office									
Lilydale	Administration									
Lilydale	Minor office									
Lilydale	Storage - General									
Lilydale	Shelter									
Lilydale	Shed									
Warragul	Office Warehouse									
Warragul	Truck Shelter									
Warragul	Transformer Shed									
Warragul	Storage Shed									
Beaconsfield	Main Building									
Beaconsfield	Downer Workshop									
Beaconsfield	Office									
Traralgon	Main Building									
Traralgon	Shed									
Traralgon	Workshop									

A.1.4. Options and Intervention Type Matrix

The table below summarises the intervention type for each of the three options.

Table 23**: Options and Intervention Type Matrix**

Depot Site	Overall Condition	Depot Criticality Score	Option 1				Option 2				Option 3 (preferred)				
			Minor Refurbishment	Major Refurbishment	Upgrade	Relocation	Minor Refurbishment	Major Refurbishment	Upgrade	Relocation	Minor Refurbishment	Medium Refurbishment	Major Refurbishment	Upgrade	Relocation
Warragul	3	2.53	✗	✓	✗	✗	✗	✓	✓	✗	✗	✗	✗	✗	✓
Beaconsfield	3.2	3.15	✗	✓	✗	✗	✗	✓	✓	✗	✗	✗	✗	✗	✓
Pakenham	5	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✗	✗	✗	✗	✓
Traralgon	2.5	1.53	✓	✗	✗	✗	✗	✓	✓	✗	✗	✗	✗	✗	✓
Lilydale	3.1	4.94	✓	✗	✗	✗	✗	✓	✓	✗	✓	✗	✗	✓	✓
Seymour	3	1.40	✓	✗	✗	✗	✓	✗	✓	✗	✗	✓	✓	✗	✓
Benalla	3	2.25	✓	✗	✗	✗	✗	✓	✓	✗	✓	✓	✗	✗	✓
Myrtleford	2	1.09	✓	✗	✗	✗	✗	✓	✓	✗	✗	✓	✓	✓	✓
Sale	2	1.32	✓	✗	✗	✗	✗	✓	✓	✗	✗	✓	✗	✓	✓
Mansfield	1.9	1.19	✓	✗	✗	✗	✗	✓	✓	✗	✗	✗	✓	✓	✓
Wodonga	2.9	1.11	✓	✗	✗	✗	✗	✓	✓	✗	✗	✓	✗	✓	✓
Bairnsdale	3	1.64	✓	✗	✗	✗	✓	✗	✓	✗	✗	✓	✗	✓	✓
Leongatha	3.8	1.91	✓	✗	✗	✗	✓	✗	✓	✗	✓	✓	✗	✓	✗
Wangaratta	3.5	1.41	✓	✗	✗	✗	✓	✗	✓	✗	✓	✓	✗	✗	✗

A.2. Cost Benefit Analysis Assumptions

A.2.1. General Assumptions

The analysis only includes the six depots marked for relocation because relocation account for the majority of investment required and these are the sites where quantifiable benefits can be most clearly derived. Relocating these depots is expected to provide the most significant, measurable improvements in operational effectiveness, service reliability and overall cost savings, making them the focus of the CBA for a clearer assessment of financial viability.

The following general assumptions were made for the CBA:

- **Staggered Implementation**:
  - It is assumed that one depot will be relocated per year.
  - Refurbishments and upgrades will be evenly distributed across the 5-year period to maintain consistent progress and improved resource allocation.
- **Labour Costs**:
  - The average weekly wage for employees in electricity, gas, water, and waste services is $2,350.70 (2023$).
  - This value is escalated with an index of 1.038, assuming a 37.5-hour work week, resulting in an hourly wage of $65.08 (2024$).
- **Terminal Value**:
  - The terminal value of land and building improvements was calculated in accordance with the Australian Energy Regulator (AER) RIT-D and RIT-T guidelines.
  - These guidelines mandate the inclusion of terminal values to ensure a comprehensive evaluation of asset end-of-life benefits in the financial analysis.

A.2.2. Movements On and Off Site

Urban congestion at depots is caused by constrained urban layouts, leading to entry and exit congestion. It is assumed that the relocation of depots will reduce travel time in and out of the depot by 3, 5 or 7 minutes, based on the area of the depot and the level of traffic congestion.

A.2.3. Avoided Maintenance Costs Through Renewal or Rebuild/Relocation

An aggregated 'modelling age' was assigned to the **depot buildings** using a formula based on the site's overall condition (from the condition assessment) and the 40-year useful life of the depot building. Additionally, an aggregated 'modelling age' was applied to the **depot assets** at an aggregated level, considering the site's overall condition (from the condition assessment) and the 20-year useful life of individual depot assets. The different useful is based on that assumption that assets such as HVAC systems have a shorter lifespan compared to the building itself. Maintenance costs were calculated using the asset's modelling age, recognising that the majority of reactive maintenance is related to these depot assets rather than depot buildings.

Table 24: Summary of Modelling Age and RUL of Depot Assets and Buildings

Depot Site	Arrangement	Overall Condition	Modelling Age (asset)	Modelling Age (building)	RUL (equipment)	RUL (building)
Warragul	Owned by AusNet	3	8	16	12	24
Beaconsfield	Owned by AusNet	3.2	7.2	14.4	12.8	25.6
Traralgon	Downer leased	2.5	10	20	10	20

Depot Site	Arrangement	Overall Condition	Modelling Age (asset)	Modelling Age (building)	RUL (equipment)	RUL (building)
Seymour	Owned by AusNet	3	8	16	12	24
Benalla	Owned by AusNet	3	8	16	12	24
Pakenham	To be purchased	5	0	0	20	40

Existing maintenance cost data was used to fit a linear regression model, with the dataset including total headcount, office and warehouse square footage and site condition ratings. For sites with missing maintenance costs, projections were made using the trained model. The extrapolated maintenance costs based on the total historical maintenance cost assuming a 40/60 split for preventative/corrective costs.

Table 25: Summary of Depot Sites and their corresponding Corrective and Preventative Maintenance Costs

Depot Site	Corrective Maintenance (Current)	Corrective Maintenance (Base – Year 0)	Preventative Maintenance (Annual)
Warragul	[C.I.C]	[C.I.C]	[C.I.C]
Beaconsfield	[C.I.C]	[C.I.C]	[C.I.C]
Traralgon	[C.I.C]	[C.I.C]	[C.I.C]
Seymour	[C.I.C]	[C.I.C]	[C.I.C]
Benalla	[C.I.C]	[C.I.C]	[C.I.C]
Pakenham	[C.I.C]	[C.I.C]	[C.I.C]

Reactive maintenance costs were assumed to remain constant at 50% of the base cost for the first two years after a rebuild or three years after a refurbishment, as it is assumed that warranty coverage would account for 50% of any repair costs during this period. After this period, reactive maintenance costs were modelled to increase in line with the probability of equipment failure, as determined by the Weibull CDF parameter below.

For **Option 1**, maintenance costs were calculated under the assumption that no renewal or refurbishment would take place over a 30-year period, resulting in a steady increase in costs.

For **Option 2 and 3**, it was assumed that sites would undergo renewal 15 years after relocation, resetting the corrective maintenance costs.

Weibull Parameters and Assumptions:

The Weibull shape parameter (β) is consistent across all scenarios and reflects the nature of failures (e.g wear-out failures with β = 2.5 (taken as average for building materials).

The scale parameter (η) changes based on the type of intervention:

Post-Renewal: η=15 years.

Post-Rebuild/Relocation: η=20 years.

Failure Probability Calculation:

The Weibull cumulative distribution function (CDF) is used to calculate the probability of failure by a specific time (t):

$$F(t) = 1 - e^{-(t/\eta)^{\beta}}$$

This provides the likelihood of equipment failure and is used to estimate the corresponding reactive maintenance cost.

Reactive Maintenance Cost:

Reactive maintenance costs are proportional to the cumulative failure probability F(t).

For each year, the cost is estimated by:

$$C(t) = C(t-1) \times \%\ increase\ of\ probability\ of\ equipment\ failure = C(t-1) \times \frac{F(t) - F(t-1)}{F(t-1) - F(t-2)}$$

where C1 is the baseline maintenance cost for the first year.

Intervention Impact:

Post-renewal, the scale parameter (η) is reset to 15 years, reflecting improved equipment reliability.

Post-rebuild or relocation, the scale parameter (η) is reset to 20 years, reflecting further enhanced reliability.

Comparative Analysis:

Maintenance costs are projected over the asset's lifecycle under both scenarios (post-renewal and post-rebuild/relocation). The differences in cumulative costs highlight the long-term benefits of rebuild/relocation compared to renewal.

A.2.4. Avoided Costs of Second Site

Relocating the depots will avoid several costs associated with maintaining a second storage site. The Beaconsfield, Warragul and Traralgon depots require frequent trips for materials, such as poles and transformers, to a secondary storage location due to limited space. Each trip, which includes a crew of four people, has an average travel time of around 30 minutes one way and entails loading and unloading times of 1 hour at each end. By consolidating operations, the need for frequent trips and associated labour costs will be reduced, freeing up capacity without hiring additional personnel. Additionally, the cost of leasing and managing the second site will be eliminated, resulting in savings of $35,000 PA for Traralgon, $10,000 PA for Warragul (with an estimated sale value of $800,000) and $75,000 PA for Beaconsfield.

It is also assumed that the relocations will also reduce machinery hire costs, as the monthly delivery of poles, which requires crew presence and specialist equipment (costing $1,000 per day). The CBA assumes each monthly delivery will require one day of specialist equipment. Over the course of 12 months, this accrues to $12,000. per annum.

Overall labour costs are calculated based on the average labour cost and hours spent off-site during the monthly deliveries and regular site movements. The labour cost associated with delivery assumes five hour is spent off-site, including driving time and half a day presence for delivery. With four staff tending to deliveries and using the Australian Bureau of Statistics net wage per hour for the utilities industry, labour costs total to $15,618 per year.

A.2.5. Site movement – reduced vehicle operating costs

This CBA estimates the value associated with reduced vehicle operating as it is assumed the relocation of the depots will result in travel time saving and in turn, reduce vehicle operating costs. The calculations follow the free-flow model including fuel-consumption per the Australian Transport Assessment and Planning's (ATAP) Environmental Parameter Values.

This study assumes a speed of 60km/hour in line with the travel time saving values which will translate into the kilometres saved for each site relocation. There are five vehicles that have been included in the analysis. These five vehicles and the reduced VOC are shown below:

Table 26: Reduced Vehicle Operating Costs per Kilometre Saved

Vehicle type	$FY25/km
Courier Van-Utility	$0.64
4WD Mid-Size Petrol	$0.71
Light Rigid	$0.89
Medium Rigid	$1.06
Heavy Rigid	$1.34

A.3. Summary of Cost and Assumptions

A.3.1. Renewal Costs and Assumptions

Table 27 summarises the renewal costs associated with each of the three options under consideration.

Table 27: Summary of Renewal Cost Against Depots and Options

Site	Function	Option 1 Total Renewal Cost per Site	Option 2 Total Renewal Cost per Site	Option 3 Total Renewal Cost per Site
Bairnsdale	Workshop - General	[C.I.C]		
	Minor office			
Benalla	Administration			
	Warehouse			
	Shed			
	Workshop - General			
	Shed			
Leongatha	Meeting Rooms			
	Warehouse			
	Shed			
	Minor office			
	Shelter			
Mansfield	Storage - General			
	Minor office			
Myrtleford	Workshop - General			
	Workshop - General			
	Workshop - General			
Sale	Workshop - General			
	Workshop - General			
	Carport			
	Minor office			
	Minor office			
Seymour	Administration			
	Warehouse			
	Storage - General			
Wangaratta	Shed			
	Lunch/rec area			
	Carport			
Wodonga	Workshop - General			
	Minor office			
Lilydale	Administration			
	Minor office			
	Storage - General			
	Shelter			
	Shed			
Warragul	Office Warehouse			
	Truck Shelter			
	Transformer Shed			
	Storage Shed			
Beaconsfield	Main Building			
	Downer Workshop			
	Office			
Traralgon	Main Building			
	Shed			
	Workshop			
TOTAL				

The following assumptions were made when carrying out the calculations for the renewal costs:

- The Lilydale administration building is not considered for renewal at any stage as it has been recently renovated, as stated in the 2024 Condition Assessment carried out by Go-Green.
- There are three types of refurbishment: minor, medium and major. The costs for minor and medium refurbishment are general figures that do not vary depending on the type of building and have been estimated using costs from Rawlinsons. The costs for major refurbishment differ, as there are varying costs depending on the type of building being refurbished and are as follows:
  - Minor Refurbishment cost per sqm: [C.I.C]
  - Medium Refurbishment cost per sqm: [C.I.C]
  - Major Refurbishment cost per sqm:
    - Administration: [C.I.C]
    - Warehouse: [C.I.C]

  - Workshop – General: [C.I.C]
  - Minor office: [C.I.C]
  - Storage – General: [C.I.C]
  - Shed/Carport/Shelter: [C.I.C]

- For Option 1, otherwise known as the base case scenario, all the sites and buildings will undergo minor refurbishment with the exception of Warragul and Beaconsfield, as Option 1 does not include the relocation of these two sites to a new site in Pakenham. Therefore, they will instead undergo a major refurbishment.
- For Option 2, any sites with an overall condition score below 3 or a depot criticality above 2 will undergo major refurbishment, while all remaining sites will undergo minor refurbishment.
- For Option 3, the type of refurbishment will be determined based on the condition of the buildings at each site, as well as the aggregated site condition rating, depot criticality score and consequence rating.
- The type of building was selected to match as closely as possible the list of provided building types and was assigned based on information in the 2019 and 2024 Condition Assessments.

A.3.2. Upgrade Costs and Assumptions

To estimate the upgrade costs for eight depots, the key depot equipment requirements were identified and assessed using the Rawlinsons Construction Cost Guide. These total upgrade costs at each site are shown in Table 28: .

Table 28: Summary of Upgrade Costs by Depot

Depot	Upgrade Cost
Lilydale	[C.I.C]
Benalla	[C.I.C]
Wodonga	[C.I.C]
Mansfield	[C.I.C]
Myrtleford	[C.I.C]
Sale	[C.I.C]
Beaconsfield	[C.I.C]
Leongatha	[C.I.C]
Bairnsdale	[C.I.C]

A.3.3. Relocation and Rebuild Cost and Assumptions

For relocation and rebuild costs, it was assumed that this included the relocation of existing equipment, parts, furniture and other functional assets from the current depot site to the new depot site. The relocation costs for 11 depots were calculated with the following considerations:

- Labour costs were $1,100 per day for 5 days, hiring 15 staff, totalling $82,500.
- Vehicle rental charges were $1,100 per day for 6 days, totally $6,600.

With a total period spanning 4 days, the combined costs for these factors amounted to $108,900.

The Lilydale depot, being an in situ rebuild, will require additional relocation (at the start of the rebuild period and at the end of the rebuild period), therefore the relocation cost for Lilydale is assumed to be $217,800. These assumptions are outlined in Table 29: .

Table 29: Assumptions for Relocation Costs

Labour cost per day	$1,100
No of days hired	5
Number or staff hired	15

Vehicle rental charge per day	$1,100
Number of days hired	6
Number of days	4
Value	$108,900

The depot build cost is based on Ausnet historical build costs and was estimated for depots of three sizes: large (20,000 sqm), medium (15,000 sqm) and small (8,000 sqm). The build cost estimates were estimated at $21,792,859 for large depots, $13,545,000 for medium depots and $9,532,186 for small depots. These estimates were then applied as the construction/rebuild cost standards for each site, with the proposed land size for each depot being used to finalise the overall cost. These costs are summarised in Table 30: .

Table 30: Summary of Rebuild Costs by Depot

Depot	Rebuild Cost
Warragul	[C.I.C]
Beaconsfield	[C.I.C]
Pakenham	[C.I.C]
Traralgon	[C.I.C]
Benalla	[C.I.C]
Seymour	[C.I.C]
Lilydale	[C.I.C]
Sale	[C.I.C]
Mansfield	[C.I.C]
Myrtleford	[C.I.C]
Wodonga	[C.I.C]
Bairnsdale	[C.I.C]
Wangaratta	[C.I.C]
Leongatha	[C.I.C]

A.3.4. Lease Cost and Assumptions

The lease costs for five Downer leased depots were estimated with the assumption that the lease transfer will take place in a phased approach (one transferred every two months, starting on August 1, 2025). The schedule for the transfers is planned as follows:

- August 1, 2025: Myrtleford [C.I.C]
- October 1, 2025: Sale [C.I.C]
- December 1, 2025: Mansfield [C.I.C]
- February 1, 2026: Wodonga [C.I.C]
- April 1, 2026: Bairnsdale [C.I.C]
- Lilydale, which is being relocated in Phase 2, has an estimated interim lease cost of $60,000.

These lease cost estimates were derived from market research on lease costs for similar industrial warehouse/factory sites in nearby areas and extrapolated based on the size of each depot. Lease costs were then estimated for each

financial year and RCP. Lease costs for FY26-27 will be lower as they will be pro rata based on the estimated lease transfer dates. The estimated lease costs are shown in Table 31: .

Table 31: Summary of Lease Costs by Depot

Depot	New Lease (Per Annum)	Expected Lease Transfer Date	Total Leases in Ph 1	Total Leases in Ph 2	Total Leases in Ph 3
Lilydale	[C.I.C]		[C.I.C]	[C.I.C]	
Sale	[C.I.C]	[C.I.C]	[C.I.C]	[C.I.C]	[C.I.C]
Mansfield	[C.I.C]	[C.I.C]	[C.I.C]	[C.I.C]	[C.I.C]
Myrtleford	[C.I.C]	[C.I.C]	[C.I.C]	[C.I.C]	[C.I.C]
Wodonga	[C.I.C]	[C.I.C]	[C.I.C]	[C.I.C]	[C.I.C]
Bairnsdale	[C.I.C]	[C.I.C]	[C.I.C]	[C.I.C]	[C.I.C]

A.4. Options Risk Assessment

Table 32 outlines the risks associated with each option being selected, determined based on several key factors, including safety, operational effectiveness, service reliability, alignment with long-term strategic goals, and safety considerations.

Table 32: Options Risk Assessment

Risk	Option 1 Risk Level	Option 2 Risk Level	Option 3 Risk Level
Operational Disruptions and Safety incidents During Construction activities: Operational disruptions or safety incidents during refurbishment or upgrade caused by construction activities occurring while depot remains operational. Consequently, the construction activities could lead to accidents, compromised service quality and reduced operational efficiency, impacting negatively on safety considerations and operations.	**High** All depots will undergo in situ renewals and upgrade activities, making the likelihood of this risk high.	**High** All depots will undergo in situ renewals and upgrade activities, making the likelihood of this risk high.	**Moderate** five depots will be relocated, only eight depots will undergo in situ renewal and upgrade activities, reducing the likelihood of this risk to moderate.
Limited Improvement in Asset Condition and Functionality: Minimal improvement in asset condition and functionality caused by insufficient refurbishment or renewal, resulting in limited enhancements to depot conditions and functionality, consequently increasing the likelihood of future equipment failures and breakdowns, and impacting negatively on operational effectiven**ess**.	**High** Minimal investments in renewal and upgrades, the likelihood of this risk is high.	**Low** Significant investments in renewal and upgrades, the likelihood of this risk is low.	**Low** Significant investments in renewal, upgrades and relocation, the likelihood of this risk is low.
Ongoing Depot Accessibility and Productivity Issues: Ongoing site accessibility and operational effectiveness issues (such as the ongoing use of a second storage site) caused by no enhancements to the depots' site accessibility or layout, resulting in compromised operational efficiency. Consequently, logistical challenges and delayed service responses could affect service reliability and customer reliability.	**High** No enhancements to depot layout, the likelihood of this risk is high.	**Moderate** Minor enhancements to depot layout, the likelihood of this risk is moderate.	**Low** Depots with existing accessibility or layout issues will the relocated thus fully addressing the issues, the likelihood of this risk is low.

Risk	Option 1 Risk Level	Option 2 Risk Level	Option 3 Risk Level
Risk of Ongoing Safety and Security Incidents: Ongoing safety and security incidents caused by ongoing insufficient safety upgrades and outdated security infrastructure. This will result in increased risks of workplace accidents, unauthorised access, theft, or vandalism. Consequently, these incidents could compromise employee and public safety, disrupt operations, and increase liability and operational costs, ultimately impacting AusNet's ability to deliver reliable and secure services.	**High** Minor upgrades to address safety and security issues, the likelihood of this risk is high.	**Moderate** Upgrades will address some safety and security measures; however, safety issues associated with poor layouts will remain, making the likelihood of this risk moderate.	**Low** Depots will be relocated to address site layout issues; upgrades will address safety and security measures for depots not immediately relocated. The likelihood of this risk is low.
Failure to Meet Long-term Strategic Objectives: Limitation to support long-term strategic objectives caused by insufficient depot improvements, resulting in misalignment with AusNet's future network expansion or modernisation goals. Consequently, this could lead to higher costs in future RCP and hinder the achievement of long-term objectives.	**High** Minimal renewals and upgrades, the likelihood of this risk high.	**Moderate** Full renewals and upgrades will address some existing operational issues, but poor layouts (e.g insufficient space) will remain, the likelihood of this risk moderate.	**Low** Significant improvements to depots with renewal, upgrades and relocation to future proof the depots, the likelihood of this risk is low.
Overall Risk Rating	**High**	**Moderate**	**Low**

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