CITIPOWER

PROPERTY, FLEET AND OTHER NON-NETWORK

BURNLEY DEPOT UPGRADE

CP BUS 7.03 – PUBLIC
2026–31 REGULATORY PROPOSAL

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1. Overview

The current Burnley depot is located across two properties located at 25-27 Rooney St and 17 Madden Grove Richmond, housing 195 operational employees—comprising 115 office staff and 80 field workers—on a combined land size of approximately 17,000m^2. The main building was originally constructed in 1924, and the last capital improvements were completed at the depot in 2018. This consisted of an internal storage upgrade including a shed expansion and light refurbishment of changing facilities and locker rooms.

Burnley is the sole depot serving the whole CitiPower network. The depot site is in an ideal location to service the network, including Melbourne's central business district (CBD) and inner suburbs, delivering electricity services to more than 330,000 customers.

The depot houses a range of infrastructure to support the delivery of our services, including workshops, warehouse buildings, storage, and office administration. The Burnley depot provides critical support services to enable network operations, including fault response and supply restoration, emergency response, network construction and maintenance, vehicle and equipment maintenance and repair, and material handling and storage.

The current Burnley depot configuration, however, does not allow for sufficient storage of required stock levels due to the confined size of the site. The depot also has a sub-optimal layout and aged facilities. Further, the site is situated on land with significant soil contamination, making any type of redevelopment or upgrades needing careful consideration to ensure alignment with environmental protection legislation and associated regulatory obligations.

A fit-for-purpose depot is critical to ensure the safe and efficient delivery of our services. It is important that the depot has appropriate storage, space, and layout to enable safe working practices—which are essential in high-risk electricity supply operations—as well as to ensure efficient workflows.

The preferred option is to redevelop the Burnley depot with partial remediation of the site to address a portion of the contaminated soil. A summary of these costs is set out in table 1.

TABLE 1 SUMMARY OF PREFERRED OPTION ($M, 2026)

OPTION TWO	FY27	FY28	FY29	FY30	FY31	TOTAL
Redevelop depot (partial site remediation)	-	16.6	38.4	-	-	55.1

2. Identified need

Depots are critical to enabling our network operations and service delivery, to ensure a safe and efficient electricity supply. Depots help us to serve our communities by ensuring the appropriate people, resources, and materials are located across our networks, so we can respond to outages, fix faults, maintain our network, and connect new customers. Our depots also a key factor in the health and safety of our workers.

Our current Burnley depot does not have sufficient storage for the required stock levels, has aged facilities and a sub-optimal office and field layout. Further, the current configuration will not be able to efficiently accommodate the forecast growth in our CitiPower network over the next five to ten years.

The identified need, therefore, is to ensure the Burnley depot has sufficient capacity and an optimised layout to meet the current and growing needs of our workforce and customers.

2.1 Current facilities comprise insufficient storage

The Burnley depot does not have sufficient storage capacity to hold required stock levels, and as a result, materials are being stored offsite. To date, we have had to store materials at the Powercor Brooklyn site, which is approximately 14km from the Melbourne CBD, as well as incurring additional expenses to lease storage spaces from third parties to accommodate the overflow.

Storing materials offsite has led to an increase in field service delivery times, as multiple trips to other sites are required when preparing for certain network maintenance jobs. This is particularly impactful on travel times, given the Burnley location experiences significant traffic and therefore increasingly compromises efficiency. In addition, the trips to Brooklyn to collect materials has led to significant truck tolls due to ferrying materials back and forth.

We have also had to store excess materials at zone substation. Zone substations do not typically have the same level of security measures that are deployed at a depot, including CCTV, building and gate access control systems, and enhanced security fencing. As such, storing high-value assets at zone substations increases security risk, given the potential for theft. This is particularly pertinent for cables and transformers, which both contain copper, and are increasingly a target of theft. We have experienced several break-ins at our Docklands site, for example. This security risk also poses safety risks to the persons with unauthorised access, our staff, and the network assets.

Further, depot storage constraints are also resulting in heavy vehicles, including many elevated work platforms (EWPs), being stored outside in uncovered areas. These vehicles have increasing maintenance costs if not stored undercover, as well as increasing safety risk. The safety risk is due to the degradation of the vehicle insulation from adverse weather. This is caused by ongoing exposure to rain, whereby moisture will soak through the fibreglass, reducing the integrity of the insultation, leading to increased risk of electrical malfunctions while being operated. We test for this risk every two weeks and if this risk is identified, the EWP will be pulled out of service, resulting in increased maintenance costs, and reduced productivity.

2.2 Sub-optimal layout and inadequate capacity

The Burney depot is the only depot to service the entire CitiPower network. However, the land size is relatively small in comparison to other Victorian distribution network depots. The depot layout does not optimise the space, leading to poor traffic and an illogical, inefficient workflow.

The current layout is increasingly preventing efficient works, due to the high traffic flow. The current layout means heavy vehicles which are being loaded with materials are close to where office staff and walking in and out of the office. This poses both health and safety risks for safe due to increased

pedestrian activity operating within proximity of heavy vehicles. In addition, the layout and number of car parks for employee vehicles is insufficient to cater for the current number of employees.

2.3 Aged facilities are no longer fit for purpose

The Burnley depot's main building was originally constructed in 1924 and the last capital improvements were completed at the depot in 2018. This consisted of an internal storage upgrade, including a shed expansion and light refurbishment of changing facilities and locker rooms. As a result, our depot facilities are significantly aged and outdated, with both the internal office and warehouse areas showing significant signs of wear and tear, leading to an increase in ongoing maintenance costs.

In addition, our offices are not fit for purpose, with the number of meeting rooms and co-working spaces insufficient for office staff requirements and cannot accommodate for hybrid-meetings as they do not have suitable audio-visual meeting room technology. Further, the Burnley site requires appropriate accessibility updates to align with best practice.

2.4 Inability to accommodate urban growth

Over the next decade from 2026 to 2036, the Greater Melbourne region population is forecast to grow by almost one million people. Given the Burnley depot is the only depot serving over 330,000 CitiPower customers, the current site configuration is not capable of supporting the expansion required to meet this forecast growth and the associated customer service needs.

A growing customer population increases residential and industrial electricity demand, which in turn increases the operational works required at the depot to ensure a reliable, safe, efficient, and affordable energy supply. This includes activities such as increases in fault response works, planned maintenance, replacement, and new connections. It also increases the need for more office space and resources, and the types and volume of materials that require on-site storage. Further, the volume of heavy fleet vehicles will increase to accommodate an increased works program, compounding the need for appropriate undercover storage.

3. Options analysis

Three options were explored to meet the identified need, which are outlined in table 2. Option two is the preferred option with the highest net present value (NPV).

TABLE 2 SUMMARY OF NPV ($M, 2026)

OPTION		NPV
1	Maintain status-quo: do not redevelop depot	-
2	Redevelop depot (partial site remediation)	20.0
3	Redevelop depot (full site remediation)	16.1

Other options were considered but not considerable viable, including purchasing an alternative greenfield or brownfield site to construct a new purpose-built depot. These options were considered non-viable due to prohibitively high land acquisition costs, and extremely low probability of procuring a site in the optimal inner-city location of our current depot site, with the land footprint required of a depot that services the entire CitiPower network. Alternative sites which meet our land size requirements are likely to exist in less optimal locations, further from the CBD and inner-city suburbs. This would result in material risk of inefficiency, due to the increased distance from our core and critical operations in the CitiPower network.

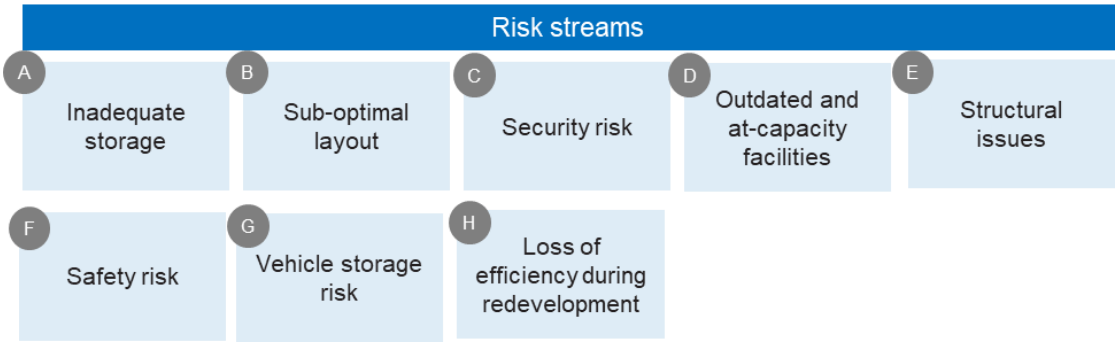
Another option that was considered non-viable was modest renovations at the current Burnley depot. Renovations will not address the identified need, as it is largely driven by site layout and capacity issues. In addition, given the soil contamination at Burnley, even modest structural renovations will trigger environmental and safety obligations to rectify the contaminated soil, making this option high cost with minimal benefit.

3.1 Risk quantification framework

A risk quantification framework was applied to assess the three options. Figure 1 summarises the key risk streams quantified at a high level, with a more detailed explanation in appendix A. The options assessment can be found in our attached NPV model.[1]

[1] CP MOD 7.03 – Burnley depot – Jan2025 – Public

FIGURE 1 RISK QUANTIFICATION SUMMARY



3.1.1 Option one: do not redevelop Burnley depot

The base case option involves no capital investment. This means we will maintain the status quo and not upgrade our Burnley depot. Under this option, we will continue to experience significant challenges associated with depot storage, layout, aging facilities, and capacity to meet growing customer needs; resulting in continued deterioration of operational efficiencies, and increasing safety risks to our staff, network assets, and the communities we serve.

3.1.2 Option two: redevelop depot (including partial site remediation)

Option two is to redevelop the existing Burnley depot, including partial remediation of the site. As noted above, the Burnley depot has severe soil and groundwater contamination, which must be addressed if redeveloping the contaminated areas. This option is to remediate part of the Burnley site to allow for internal and external upgrades and reconfiguration. The un-remediated portion of the site will remain undisturbed, safe, and compliant.

As shown in table 3, option two includes up-front capex, but material benefits in avoided risk. Overall, this option results in an optimal outcome, avoiding the high level of risk relative to the 'do nothing' base case of option one.

TABLE 3 OPTION TWO NPV ($M, 2026)

OPTION TWO	PV COSTS	PV BENEFITS	NPV
Redevelop depot (partial site remediation)	-55.5	75.5	20.0

Redevelopment of the Burnley depot (including partial remediation of the site) will include reconfiguration of the site including a reduced office footprint (via the establishment of a three-story office) and a larger, optimised depot yard.

The redevelopment will include the following improvements, meeting the identified need:

- remediation of a sub-section of the Burnley site, rectifying groundwater contamination, thus allowing for safe, compliant, and prudent redevelop
- the addition of approximately 4,500m² of storage space, including dedicated areas for pole storage and cable hardstand. These areas will utilise various racking systems to maximize efficiency and increase the usable area
- approximately 3,250m² of undercover storage to accommodate the entire heavy fleet, EWPs, and trailers

- the addition of 191 car spaces to support staff and visitor requirements
- an improved office design creating approximately 50 additional workstations, new meeting room facilities and amenities as well as improving accessibility across the building
- a significantly improved site layout, enhancing traffic flow by segregating heavy fleet and office staff movements, ensuring better response times, improved safety, and increased efficiency. This design reduces bottlenecks and supports seamless operations throughout the depot
- The only associated risk cost of this option is the temporary loss of efficiency during the time of construction, due to the required relocation of staff to alternative locations.

3.1.3 Option three: redevelop depot (including full site remediation)

Option three is to upgrade the Burnley depot, including full remediation of the site. This option would mean complete rectification of the sites' extensive and costly soil contamination, as opposed to only the groundwater contamination, which is less capital intensive to rectify (as per option two).

As shown in table 4, option three includes higher upfront capex (relative to option two) and material benefits in avoided risk. table 1

TABLE 4 OPTION THREE NPV ($M, 2026)

OPTION THREE	PV COSTS	PV BENEFITS	NPV
Redevelop depot (full site remediation)	-62.0	78.1	16.1

4. Recommended option

Option two is the preferred option with the highest NPV. Our recommended option includes redeveloping the Burnley depot, including partial remediation of the site. This option balances outcomes with cost. While option three would allow for full site remediation, it is higher cost than necessary relative to option two. The materially higher cost of option three does not result in materially higher benefits in risk reduction, relative to option two. For our proposed option two design, we have consulted with internal subject matter experts and external consultants to deliver a smart design, utilising sophisticated construction techniques to achieve a redevelopment of the site without disturbing the contaminated soil.

This option will allow for a more effective, efficient, and safe delivery of services, as well as ensuring that continued growth in the region can be catered for, without compromising service delivery outcomes. A breakdown of the project delivery plan is in table 5.

TABLE 5 PROJECT DELIVERY PLAN

PREFERRED OPTION KEY MILESTONES	APPROXIMATE COMMENCEMENT
Design new Burnley depot	August 2026
Temporarily relocate staff	January 2027
Depot redevelopment	March 2027 – July 2028
Relocate staff to redeveloped depot	August 2028

A Benefit framework

Figure 2 illustrates a summary of the risk framework, including the high-level risk categories and the associated flow on impacts.

FIGURE 2 SUMMARY OF RISK FRAMEWORK

	A	B	C	D	E	F	G	H
Risk category	Inadequate storage	Sub-optimal layout	Security risk	Outdated and at capacity facilities	Structural issues	Safety risks	Vehicle storage risk	Loss of efficiency during redevelopment
Impact	Additional lease cost of storing materials off-site, including productivity lost due to multiple site trips	Cost to customers of delays in new connections	Death / serious injury due to unauthorised entry and copper theft	Reduced office productivity due to substandard facilities and limited capacity	Death / serious injury caused by structural failure	Death / serious injury due to movement of vehicles in confined space	Death / serious injury due to external storage of EWP	Reduced field personnel productivity due to disruption
	Cost to customers of delays in restoring supply after outages	Cost to customers of delays in restoring supply after outages	Cost of copper theft	Reduced field personnel productivity due to substandard facilities			Additional maintenance costs and reduced expected life due to EWP storage	Reduced office productivity due to disruption

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