Jemena Electricity Networks (Vic) Ltd

Tullamarine Depot Upgrade

Business Case

Jemena
bringing energy to life

An appropriate citation for this paper is:

Tullamarine Depot Upgrade

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Abbreviations

JEN	Jemena Electricity Networks (Vic) Ltd.
NEO	National Electricity Objective
NER	National Electricity Rules
EDCoP	Electricity Distribution Code of Practice
MAEO	Melbourne Airport Environs Overlay
SBO	Special Building Overlay
PPTN	Principal Public Transport Network
ACS	Asset Class Strategy
AMP	Asset Management Plan

1. Executive Summary

Synopsis

- The Jemena Tullamarine Depot requires approval for $7.2M ($2024) to increase the operational capacity and functionality of the Jemena Tullamarine Depot at 77 Keilor Park Drive.
- When considering the scope of work required to increase the facility's operational capacity, the following issues that need to be addressed at the current site were identified:
    - Issue 1: Site Design and Functionality
    - Issue 2: Compliance with Regulations
    - Issue 3: Energy Efficiency
    - Issue 4: Ability to support business growth
    - Issue 5: Project Cost
- To address these current site issues and to increase the operational capacity and functionality of the facility, five options were considered:
    - Option 1: Do Nothing
    - Option 2: Undertake Tullamarine Depot Augmentation works to accommodate 60 additional staff
    - Option 3: Undertake Tullamarine Depot Augmentation works to accommodate 200 additional staff
    - Option 4: Undertake Tullamarine Depot Augmentation works to accommodate 300 additional staff (a)
    - Option 5: Undertake Tullamarine Depot Augmentation works to accommodate 300 additional staff (b)
- Option 2 is recommended. The scope of work includes the development of an additional 979m^2 of office space above the existing warehouse office space and 86 additional staff car parking spaces.
- The project is proposed to commence in 2027, with completion in 2028.

1.1 Business need

The Tullamarine Depot has been a fit-for-purpose facility designed specifically for the efficient operation of Jemena Electricity Networks (Vic) Ltd. (**JEN**)'s activities that are required to support the delivery of electricity distribution services. It comprised of:

- Car parking and fleet thoroughfare facilities;
- Office arrangements for network operations; and
- Warehousing and logistics management

Being centrally located in all of JEN's electricity distribution areas is necessary for the efficient delivery of electricity distribution services to our customers.

More recently, the existing site presents severe limitations that cannot be addressed without taking action. The issues associated with the Tullamarine Depot are described below in Table 1-1

Table 1-1 Current issues with Tullamarine Depot

Issue No.	Description of Issue
1	Site Design and Functionality—To improve the functionality of the building operations, making it more efficient and better suited to respond to current and future customer needs, the site requires adaptation to new technology. Ideas to resolve this issue in line with existing business drivers include improving the current inflexible fit-out and size-constrained office by updating the design and work setting componentry of the office. In addition, address the yard and warehouse functionality by considering options to improve capacity, including sheeting the section of the warehouse roof not completed in the original fitout.
2	Compliance with Regulations – to ensure the site is upgraded to comply with updated building codes, regulations and ensuring the safety of our people. Considerations to resolve this issue include increasing the size and functionality of the mess, meeting and training rooms to ensure they adequately cater for the day-to-day depot requirements as well as regular intervals of compliance, field and HSE training by catering for the staff domiciled to the depot.
1. 3	Energy Efficiency – upgrading to energy efficient systems with enhancements to HVAC (Heating, Ventilation, and Air Conditioning), insulation, lighting, improvements to the solar array and a battery storage option.
4	Ability to support business growth - modernisation of the office and warehouse environment, including improved workspaces for workforce training, meetings and gatherings. Also to enhance the function and appeal of the working spaces and to accommodate more staff from the CBD and mobile workers as a meeting place to share knowledge, experiences and training with colleagues. Considerations to resolve this issue include improving fleet and vehicle parking efficiency and safety to improve response times to the network by prioritising traffic movement through and around the depot. Additionally, ensuring consistency in the workplace could be achieved by providing spaces to work that are functional, and support a diverse and inclusive workplace that enhances productivity and encourages collaboration between other depots and the corporate office.
5	Costs – Addressing these issues comes at a cost. We must consider a range of solutions and the costs associated with each of these, and ensure only efficient costs are incurred when deciding the best way to address the emerging limitation.

2. The following options addressing these issues have been considered:

- Option 1 - Do nothing
- Option 2 - Undertake Tullamarine Depot Augmentation works – 60 additional staff
- Option 3 - Undertake Tullamarine Depot Augmentation works – 200 additional staff
- Option 4 - Undertake Tullamarine Depot Augmentation works – 300 additional staff (a)
- Option 5 - Undertake Tullamarine Depot Augmentation works – 300 additional staff (b)

1.2 Recommendation

It is recommended that the Tullamarine Depot facilities undergo refurbishment and expansion to ensure a productive and collaborative work environment in the future (Option 2). This involves key construction and fit-out works, which will maintain efficiency in the office, warehouse, and yard. This adoption of the suggested works outlined within this option will address Site Design and Functionality, Future Workforce Requirements, Compliance with Regulations ,and Energy Efficiency issues. It will also be delivered at an efficient cost.

The total cost of this option is $7.2M ($2024). This preferred solution is proposed to commence in 2027 and be completed in 2028.

1.3 Regulatory considerations

The objective of this business case is to determine the most appropriate long-term strategy for upgrading Tullamarine Depot.

Several solutions to addressing the problem were explored in the options analysis outlined in section 2.5 of this document to identify a recommendation. The options have been assessed based on modelled considerations provided by property experts [redacted] in a Pre-Feasibility Study in early 2022.

The approach taken ensures that the study modelled a better utilisation of existing built areas, improved accommodation and amenities to attract and retain staff, whilst addressing, where possible, any built environment sustainability initiatives in line with Jemena's publicly committed net zero ambitions, improved functionality, and maintaining efficiency to depot operations remain primary drivers.

JEN's investment decisions are ultimately guided by the National Electricity Objective (**NEO**). Additionally, JEN is required to meet the requirements of the National Electricity Rules (**NER**), Victorian Electricity Distribution Code of Practice (**EDCoP**), and customer expectations for distribution system performance, which require capital expenditure objectives to be achieved as discussed and outlined in section **Error! Reference source not found.**.

In preparing this business case, JEN have considered and closely followed relevant AER assessment guidelines. This includes, but is not limited to, the Better Resets Guideline and Expenditure Forecast Assessment Guideline.

2. Program of Work Background

Overview of asset

Jemena's Tullamarine Depot is located at 77 Keilor Park Drive, Tullamarine, approximately 15km north-west of the Melbourne CBD. The depot opened in March 2014 and houses Jemena's field operations resources, field management resources and warehouse which services 387,000 customers in the network area.

The current Tullamarine Depot site accommodates 173 field-based staff and 45 office staff. The site infrastructure includes:

- 970m^2 single-level, open-plan office space, including:
    - 55 workstations;
    - 4 meeting rooms;
    - Front counter;
- 4,200m^2 warehouse space;
- 1 testing bay, 1 servicing bay and 1 external training area;
- A hardstand concrete car park with:
    - 148 staff parking spaces
    - 167 area to accommodate JEN fleet cars and trucks
- Significant hardstand / yard space; and
- Associated staff amenities.

Key issues

While the Tullamarine Depot was right-sized for operations in 2013/14, the site is no longer configured in a manner that offers suitable space for the 218 staff domiciled in the depot and does not align with the Jemena Way of Working[1]. 173 of the depot's 219 staff are field based, and many require a touch-down point on a day-to-day basis to complete paperwork, answer emails and perform other administrative duties. With 45 office staff, plus regular visitors from the corporate office and other depots, the workstations and meeting room functional capacity in particular fall well short in catering for these staff numbers.

The Jemena Way of Working is a hybrid model in which our people can work remotely some days a week and in an office some days. Flexibility supports inclusion and is team-based.

> "*This is about building a hybrid culture that forms a new social contract with those around you in your business: a moral agreement made amongst all those who work in and for the organisation you lead, through which a collective purpose and mission is realised. This starts with understanding what employees do and ensuring they have access to the very best infrastructures that enable them to do it. Their trust in you will find its foundation in this understanding".*[2]

Under the Jemena Way of Working, staff domiciled at any property in Jemena's property portfolio is suggested that is should offer and facilitate suitable volumes of office-based working facilities and team meeting spaces.

[1] This include, a respectful and inclusive culture, working flexibly in a hybrid environment.

[2] Tim Oldman, *Why Workplace, A leader's guide to rebuilding the post-pandemic workplace*, August 2021

With its current facilities, the Tullamarine Depot allows for approximately 29% of its domiciled staff to be able to come to the office and work flexibly, which does not align with Jemena's Ways of Working.

In addition, business planning indicates that the Tullamarine Depot will be required to accommodate approximately 60 additional staff by 2028 due to:

- Workforce growth to accommodate the significant growth in customers and capacity of the JEN network[3]
- The need to accommodate and provide working space for other Jemena staff coming to the site, such as for site maintenance, familiarisation activities, or completion of corporate role functions

Work to date

In March 2022, a pre-feasibility study was conducted to address the identified issues with the Tullamarine Depot site at 77 Keilor Park Drive.[4] Investigations during this Pre-Feasibility Study determined the project was required to:

- Optimise the existing building area, particularly in the warehouse and adjacent outdoor storage areas
- Improve fleet and vehicle parking efficiency
- Improve the aesthetic and employee experience by improving accommodation and amenities on the site, which reflects and supports improved work outcomes and productivity

The Pre-Feasibility Study identified several potential options for augmentation, which are discussed in detail throughout this business case.

Site details

The Tullamarine site is located on the west side of Keilor Park Drive and is irregularly shaped with a taper towards the west and an area of approximately 4.64 hectares. It has abuttals to Keilor Park Drive (east), the Keilor Park Botanic Gardens and a waterway to the south and south-west and a series of warehouses/light industrial properties to the north (refer to Figure 2-1).

[3] Refer to Jemena's Distribution Annual Planning Report to observe the significant growth: https://dapr.jemena.com.au/

[4] Refer to Attachment *77 Keilor Park Drive Tullamarine. PRE-FEASIBILITY STUDY PREPARED FOR JEMENA*, 8 March 2022.

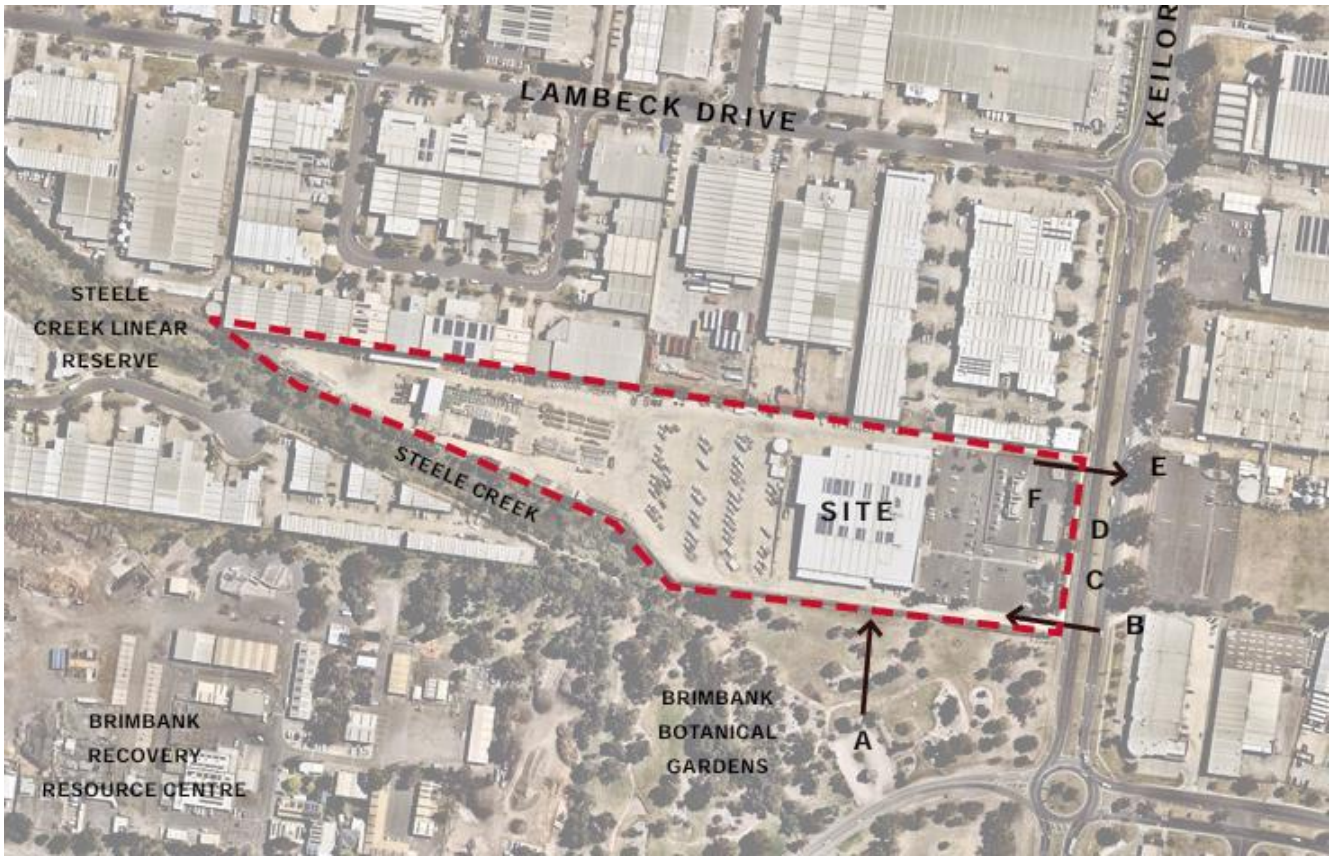

Figure 2-1 Aerial map of Tullamarine Depot site

Vehicle access/egress is via two one-way crossovers located to the south (in) and north (out) of the road frontage. A substation is located immediately south of the northern crossover and extends roughly halfway along the road frontage. Some existing trees are present along the site frontage and south of the substation and within the car park, and a landscape strip extends along the southern boundary. A number of easements affect the site, and relate to a range of purposes (drainage, sewerage, services, carriageway etc).

Planning considerations

The site is partly affected by two overlays:

1. **The Melbourne Airport Environs Overlay – Schedule 2 (MAEO) (refer to Figure 2-2)** This affects the very western end of the site and seeks to ensure that development is compatible with Melbourne Airport and to manage any noise impacts. A permit is required for office use within this overlay and Melbourne Airport needs to be notified of proposals.

2. **The Special Building Overlay (SBO) (refer to Figure 2-3)** This affects an area towards the centre of the site and west of the existing warehouse. The SBO identifies areas liable to inundation by overland flows and ensures that development maintains free passage and temporary storage of floodwater and avoids any increase in flood level or flow. A permit is generally required for buildings and works in the SBO but with some exceptions for specific kinds of open-sided structures and the like.

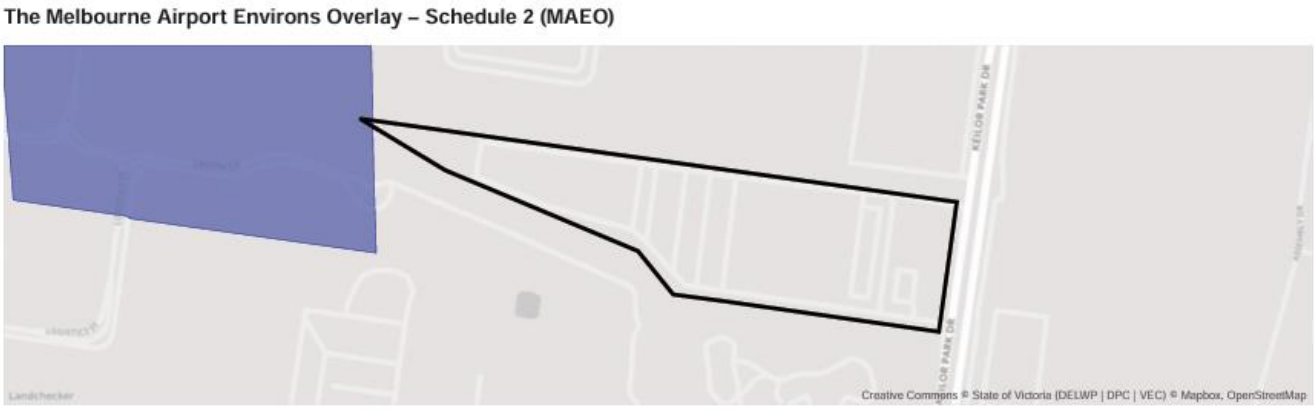

Figure 2-2 Map of the Melbourne Airport Environs Overlay

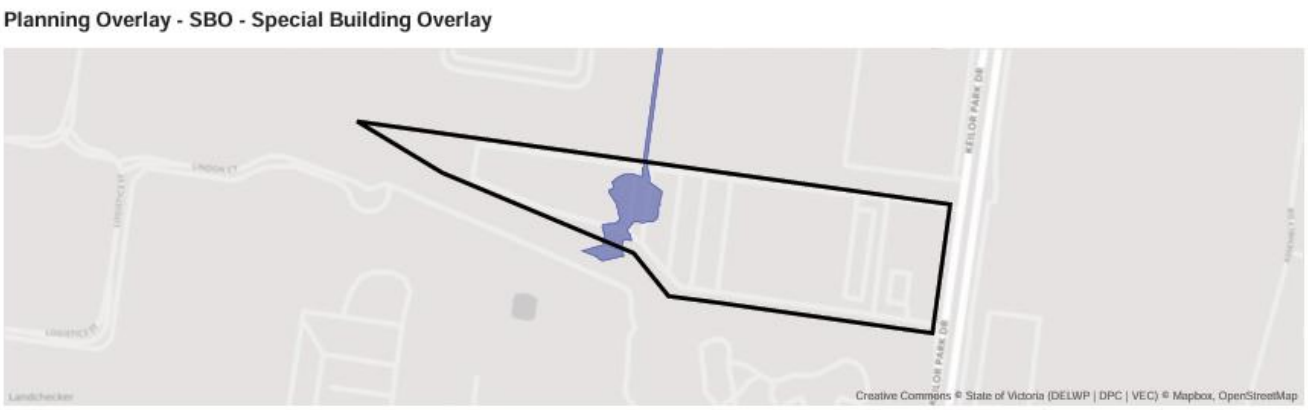

Figure 2-3 Map of the Special Building Overlay

Other considerations

Tullamarine Depot is within the Commercial 2 Zone (C2Z) of Hume City Council.

The existing use and development of the site were approved under Planning Permit no P16659 in 2013. The site is not within proximity to the Principal Public Transport Network (**PPTN**) and so the applicable parking rates are:

- 2 spaces per premises plus 1.5 spaces for each 100sqm of floorspace for warehouse; and
- 3.5 spaces for each 100sqm of floorspace for office.

In the context of any redevelopment of the Tullamarine site, the assets impacted would generally include the office, logistics warehouse, support facilities, parking and fleet, external storage and critical environment equipment, including but not limited to the generator, UPS, fire system water supply and solar array.

2.1 Consumer engagement

In our recent engagement with our People's Panel, our customers told us they want Jemena to maintain a resilient and reliable electricity network. To achieve this goal, a functional depot centrally located within the Jemena network that meets emerging needs and growth is imperative.

Our customers also told us that they expect Jemena to show leadership and promote renewable energy sources. To this end, we have focused on a building design that harnesses energy efficiency at its core.

2.2 Overview of consumer sentiment and relationship to this business case

As a part of a safe and reliable electricity supply, our customers expect efficient costs as well as a responsive capability to maintain service levels; these primary expectations of our customers are reflected in our property management principles outlined in our Property Asset Class Strategy.

Our customers expect us and other parts of the energy industry to innovate and plan for the future so that they can access affordable electricity in the longer term as we move towards a lower carbon future. When discussing corporate responsibility, addressing sustainability, and evaluating our carbon footprint during a People's Panel engagement session, our customers recommended that JEN continue to commit to, improve on its environmental practices, and continuously reduce its impact on the environment. This includes investigating and implementing operational improvements to address greenhouse gas emissions to reduce the environmental effects. The People's Panel further recommended that JEN replace existing equipment that has reached the end of their life cycle with sustainable alternatives.[5]

This business case reflects these customer expectations by considering whether new and developing property innovations may represent a more efficient means of meeting our operational requirements and addressing environmental considerations. The alignment of our consumer engagement program with AER expectations has been detailed further in our broader regulatory proposal.

2.3 Description of the affected assets and key issues

Issues associated with the assets have been identified and are discussed below.

Issue 1: Site Design and Functionality

Office Accommodation – is currently limited in a number of work points and meeting spaces, with a training room located externally at the back of the site in an aged portable hut. The standard of the site, as detailed in the pre-feasibility report by [redacted], is satisfactory but not contemporary. The work point size and layout, along with meeting rooms, reflect a fit-out of its time in 2013/14, which is inflexible and unable to increase in capacity unless further fit-out improvement work is completed.

Warehouse - the facility is at capacity and could be improved by sheeting the back section of the warehouse roof. This was not completed as part of the original construction programme. This would allow for additional racking and storage, increase the enclosed capacity of the warehouse and remove impediments in the yard.

External yard – this area is filled largely with bin storage or project materials to the rear and western site of the yard, that should otherwise be stored inside the warehouse. This overflow in the yard impacts on vehicle parking, site efficiency, cleanliness and increased hazards for vehicles and/or pedestrians to traverse.

Issue 2: Compliance with regulations

As the asset ages, we begin to encounter issues greater than fair wear and tear that can be maintained under a general maintenance regime. For example - The roadway at the entrance area of the site is constructed of bitumen. Over time, with heavy loads and vehicle turning, the bitumen is regularly 'cut up' and damaged. This needs to be addressed with a long-term solution to reduce the number of HSE issues. Other examples are the truck wash and interceptor system, which needs to be replaced to ensure that the trade waste agreement for the site is met. Assets such as air conditioning units require replacement to ensure the air intake and output required in office areas, particularly those where Indoor Air Quality can be impacted and where there is a lot of truck/ vehicle movement. At present, the site does not have a weighbridge. It is a recommended requirement to the site to ensure Jemena's fleet is not overloaded and remains within legislated mass limits.

Issue 3: Energy efficiency

The site currently has limited sustainability initiatives undertaken, and it would be preferred that Jemena is able to maximise the efficiency of the design and offset as much energy consumption as possible; this may include but

[5] MosaicLab, *Jemena People's Panel Process Report*, May 2024, p.43

not be limited to improvements to existing rooftop solar array, conducting site NABERS ratings to sound out energy efficiency approvements to target, improved water management, for example, rainwater harvesting, and biodiversity improvements to the site where possible to improve shading and reduce run off and erosion.

Issue 4: Ability to support business growth

Due to space limitations in the warehouse and yard, the site is unable to accommodate any substantial project uplift or additional requirements.

Issue 5: Project cost

Cost considerations are a significant part of the assessment criteria, and we must ensure that capital expenditures are efficient.

2.4 Project objective

The objective of this project is to increase the operational capacity and functionality of the Tullamarine Depot. This objective must be consistent with JEN's Property Asset Class Strategy.[6] and the project must comply with the associated regulatory requirements.

2.5 Regulatory considerations

The NEO guides JEN's investment decisions. Additionally, considerations such as the capital expenditure objectives set out in the **NER** (clause 6.5.7) are particularly relevant to JEN's investment decisions:

a) *A building block proposal must include the total forecast capital expenditure for the relevant regulatory control period which the Distribution Network Service Provider considers is required in order to achieve each of the following (the capital expenditure objectives):*

(1) *Meet or manage the expected demand for standard control services over that period*

(2) *Comply with all applicable regulatory obligations or requirements associated with the provision of standard control services*

(3) *To the extent that there is no applicable regulatory obligation or requirement in relation to:*

(i) *The quality, reliability or security of supply of standard control services; or*

(ii) *The reliability or security of the distribution system through the supply of standard control services,*

to the relevant extent:

(iii) *Maintain the quality, reliability and security of supply of standard control services*

(iv) *Maintain the reliability and security of the distribution system through the supply of standard control services.*

(4) *Maintain the safety of the distribution system through the supply of standard control services.* [7]

Additionally, the Victorian EDCoP sets out provisions relevant to JEN's planning, design, maintenance, and operation of its network, most notably section 19.2 (Good Asset Management) and section 13.3 (Reliability of Supply):

6 Refer to JEN's Property Asset Class Strategy.

7 NER, cl 6.5.6(a), 6.5.7(a).

Section 19.2 – Good Asset Management

A distributor must use best endeavours to:

a) *Assess and record the nature, location, condition and performance of its distribution system assets*

b) *Develop and implement plans for the acquisition, creation, maintenance, operation, refurbishment, repair and disposal of its distribution system assets and plans for the establishment and augmentation of transmission connections:*

- *To comply with the laws and other performance obligations that apply to the provision of distribution services including those contained in this Code*
- *To minimise the risks associated with the failure or reduced performance of assets*
- *In a way that minimises costs to customers, taking into account distribution losses.*

c) *Develop, test or simulate and implement contingency plans (including where relevant plans to strengthen the security of supply) to deal with events that have a low probability of occurring, but are realistic and would have a substantial impact on customers.*

Section 13.3 – Reliability of Supply

A distributor must use best endeavours to meet targets determined by the AER in the current distribution determination and targets published under clause 13.2.1 and otherwise meet reasonable customer expectations of reliability of supply.

When making decisions to invest, JEN must comply with these obligations.

2.6 Legislative Requirements and Technical Standards Relating to the Property

JEN must adhere to various legislative and technical requirements for the Tullamarine depot; these are outlined in Table 2–1 below.

Table 2–1: of Key legislative requirements and technical standards relating to the Tullamarine depot

Legislative Requirement / Technical Standard	Summary of Requirements
National Construction code and various Australian Standards (AS) and Codes	Provides the minimum requirements for safety, health, amenity and sustainability in the design and construction of new buildings (and new building work in existing buildings) throughout Australia.
Disability and Discrimination Act 1992 (Cth)	Informs requirements for property and building accessibility and facilities.
Several state-based Residential Tenancy Acts	Set out tenant and landlord obligations when leasing property in each state.
Several state-based Conveyancing, Sale of Land Acts, etc	Set out requirements for the acquisition and transfer of land and property in each state.
Several state-based electricity supply-related Acts	Set out the overarching objectives governing the safe supply of electricity and establish obligations for network operations to lodge, implement, and review safety and operating plans.
State-based Environmental Protection Acts	Set out requirements for minimising the environmental impact of electricity operations. This includes requirements relating to land access and conserving Australian biodiversity.

Legislative Requirement / Technical Standard	Summary of Requirements
Contaminated Land Management Act 1997	Sets out requirements for ongoing maintenance and/or remediation of contaminated land
Jemena Network Operator Rules	Jemena issues these rules and forms part of Jemena's Safety and Operating Plan (SAOP) for its networks.

2.7 AER assessment criteria

In preparing this business case, JEN considered and closely followed relevant AER assessment guidelines. These include, but are not limited to, the Better Resets Guideline and Expenditure Forecast Assessment Guideline.

2.8 Consistency with JEN Strategy and Plans

Jemena seeks to comply with its regulatory obligations through the development and implementation of its Asset Class Strategies. This project is based on the guidelines and principles set out in the JEN Property Asset Class Strategy (**ACS**) (2024).

The ACS covers the creation, maintenance, and disposal of assets, including planned investments to augment owned property investments to meet increasing demand and replace or upgrade degraded assets to maintain reliability. Asset Class Strategies create a line of sight between the Jemena Business Plan and the Asset Management Plan (**AMP**).

3. Credible Options

This section discusses how credible options are identified and developed. Credible options are considered for their commercial and technical feasibility, ability to address the identified needs, deliverability, economic and financial benefits, and legal and regulatory implications.

3.1 Identifying credible options

The following options were identified to address the business need, problem or opportunity:

- Option 1 – Do nothing
- Option 2 – Undertake Tullamarine Depot Augmentation works to accommodate 60 additional staff
- Option 3 – Undertake Tullamarine Depot Augmentation to accommodate 200 additional staff

Preliminary assessments were conducted on all options to determine its credibility to be analysed further. The preliminary evaluation determined that options 4 and 5 would not be considered further due to the following reasons:

- Staff uplift beyond the current business needs and plans for the Depot
- Major changes and disruption to the Depot
- Significant cost escalation above option 2.

3.2 Developing credible options

Table 3-1 shows the extent to which each option addresses the identified issues.

Table 3-1 Options Analysis

Issue	Option 1 Do Nothing	Option 2 Augmentation works to accommodate 60 additional staff	Option 3 Augmentation works to accommodate 200 additional staff	Option 4 Augmentation works to accommodate 300 additional staff (a)	Option 5 Augmentation works to accommodate 300 additional staff (b)
Issue 1 Site Design and Functionality	○	●	●	●	●
Issue 2 Compliance with Regulations	○	●	●	●	●
Issue 3 Energy Efficiency	○	●	◑	◑	◑
Issue 4 Ability to support business growth	○	●	●	●	●
Issue 5 Costings ($2024)	n/a[8]	$7.2M	$26.7M	$57.2M	$55.4M

●	Fully addressed the issue.

[8] Costs are not included, however, a non-functional depot will hinder our ability to provide standard control services.

◑	Partially addressed the issue.
○	Did not address the issue

3.3 Option Analysis

3.4 Option 1: Do nothing

Option 1 is a 'Do nothing' option that maintains current business operations; however, it will not be able to meet the future needs of our customers. This does not propose any additional immediate investment and assumes a continuation of routine maintenance practices at the existing Tullamarine Depot, with replacements of equipment, fixtures and fittings upon failure.

As the "Do nothing" option does not propose any extension or material modification to the property assets at Tullamarine Depot, the capacity of the site to accommodate business operations will remain in its current state:

- 173 FTE field staff
- 45 FTE office staff
- 55 workstations
- 167 carparks for fleet
- 148 carparks for staff private vehicles

As such, this option will not resolve the issues currently occurring at the Tullamarine Depot site regarding:

- **Site functionality:** without the right design to meet the growing requirements of the Jemena electricity distribution network, it will not be possible to maintain the current levels of reliability our customers expect of us. Responsiveness (having a depot in a location that allows practice access, freedom of movement and structured stores is imperative to having a functional depot).
- **Compliance with regulations**: Jemena must have a functional depot to meet a range of regulatory requirements, including good asset management practices under the EDCoP.
- **Ability to support business growth**: Jemena is expected to grow significantly over the coming 5 and 10-year horizon. To meet this need, we require a functional depot that allows the effective deployment of capabilities into the field to construct and maintain the network.
- **Energy efficiency**: With a current aging depot, the current appliance no longer keeps up with the latest technological efficiency advances. To meet new and emerging standards of energy efficiency—as required by our customers—we can no longer rely on the current facility without major works.

The consequences of doing nothing will result in further aging of the asset, which will increase the likelihood of asset failure, impacting the continuity of service to both staff and, ultimately, the customer. As such, this option is not recommended.

3.5 Option 2: Undertake Tullamarine Depot Augmentation works to accommodate 60 additional staff

Option 2 involves developing an additional 979m^2 of office space above the existing Warehouse (known as "Level 1 Office"). The Level 1 Office will be housed by the existing structure and can support the addition of approximately 60 staff to the site.

Approximately 86 additional On Grade parking spaces will also be built to accommodate the extra staff with minimal site impacts. The proposed design is presented in Figure 3-1and Figure 3-2.

Figure 3-1 Preliminary Development Design for Option 2

Figure 3-2 Proposed Site Plan and Schematic Design for Option 2

Under this option, the capacity of the site to accommodate business operations will be extended to:

- 117 field and warehouse staff (no change)
- 120 office staff
- 147 carparks for fleet (no change)
- 118 carparks for staff private vehicles

The suggested depot uplift by 60 is considered the most conservative option for increasing staff and car park numbers while completing additional floor space within the existing building.

This option supports the Jemena Way of Working and allows for a viable uplift, particularly to office and meeting rooms, that aligns closer to a 50% allocation of total staff. This aligns well with the Jemena standard (50%) across the property portfolio.

This augmentation will ensure a productive and collaborative work environment in the future.

The Planning Risk is deemed Low, and the estimated timelines are 2-3 months to prepare the application and 2-3 months for the Council to process it.

3.6 Option 3: Undertake Tullamarine Depot Augmentation works to accommodate 200 additional staff

Option 3 involves developing a dual-level office space to the south-east of the site that interconnects with the existing Warehouse office space. The building would provide an additional 3200m2 of office space split across two levels, with the capacity to support approximately 200 additional staff on site.

A 2 x 60 Bay 55 Parking Deck will be added behind the existing substation, and Extra on-Grade Parking will also be added to the rear of the site. In total, this will provide an additional 202 parking spaces to accommodate extra staff.

The proposed design is presented in Figure 3-3 and Figure 3-4.

Figure 3-3 Preliminary Development Design for Option 3

Figure 3-4 Proposed Site Plan and Schematic Design for Option 3

Under this option, the capacity of the site to accommodate business operations will be extended to:

- 117 field and warehouse staff (no change)
- 260 office staff
- 147 carparks for fleet (no change)
- 252 carparks for staff private vehicles

4. Option Evaluation

In line with the objectives of the NER with Jemena's Property Asset Class Strategy, JEN augmentation investment decisions aim to endure prudent and efficient investment.

4.1 Expenditure evaluation

JEN has assessed the identified options to assess benefits against objectives under the NER. The following table summarises the economic analysis undertaken.

Table 4-1 Summary of Efficient Costing Analysis

($M)	Option 1	Option 2	Option 3	Option 4	Option 5
Total Expected costs ($2024)	n/a[9]	$7.2M	$26.7M	$57.2M	$55.4M
Option ranking	5	**1**	2	4	3

4.2 Disposals

An assessment of the equipment that will be replaced as part of this project has been made. No disposal is identified from this project.

[9] Costs are not included, however, a non-functional depot will hinder our ability to provide standard control services.

5. Recommendation

This business case proposes a total capital investment of $7.2M ($2024).

It is recommended that Option 2 be adopted. The scope of works includes developing an additional 979m2 of office space above the existing Warehouse and 86 additional on-grade staff car parking spaces.

This option best addresses the need that cannot be addressed by doing nothing. However, it also ensures there is sufficient capacity within the facility to meet the identified need without pursuing the larger capacity options. This measured approach is delivered at the most efficient costs and addresses all identified risks and issues, therefore mitigating negative impacts on the safety, reliability, and security of customer supply.

It is recommended that the project commence in 2027 with completion in 2028.