Powercor
AUSTRALIA

PROPERTY, FLEET AND OTHER NON-NETWORK

GEELONG DEPOT UPGRADE

PAL BUS 8.03 – PUBLIC
2026–31 REGULATORY PROPOSAL

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1. Overview

Our Geelong depot is located at 72-118 Roseneath St, North Geelong. The depot currently houses 342 operational employees (comprising 285 office staff and 84 field workers) on a land size of 39,583m^2. It is the major hub supporting the network in the south-west of Victoria.

The building was constructed in the 1970s and the last capital improvements were completed at the depot in 2014. This upgrade project consisted of a light refurbishment, and installation of a series of portables offices to accommodate the growth in staff numbers, with no structural modifications.

The site is in a central location to service the region, due to its proximity to major arterial roads, allowing optimal access to the area for fault response and project works. The location of the site in a dedicated industrial area also provides good road access into the depot for heavy fleet vehicles.

The depot comprises a range of infrastructure to support the delivery of our services, including workshops, warehouse buildings, storage, and office administration. The Geelong 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.

Our current Geelong depot configuration, however, does not allow for sufficient storage of required stock levels, has a sub-optimal layout, and aged facilities. Further, the current design and layout will not accommodate forecast growth in the greater Geelong over the next five to ten years.

A fit-for-purpose depot is critical to ensure the safe and efficient delivery of our services. It is important that 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 Geelong depot. 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 existing Geelong depot	6.4	22.6	15.6	-	-	44.6

2. Identified need

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

Our current Geelong depot design does not allow for sufficient storage of required stock levels, has a sub-optimal layout, and aged facilities. Further, the current depot and layout will not accommodate forecast growth in the greater Geelong over the next five to ten years.

The identified need, therefore, is to ensure the Geelong 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

Our Geelong depot does not have sufficient storage capacity to hold required stock levels, including accommodating project requirements for our current pole replacement program and rapid earth fault current limiter (REFCL) program. As a result, external lease arrangements for offsite storage of materials have been required in the surrounding areas to accommodate overflow materials.

Continuing to store materials offsite will lead to additional lease costs and increasing inefficiency as this arrangement requires multiple trips to multiple sites when preparing for certain network maintenance jobs. Moreover, the alternative sites are not purpose-built material storage facilities like those installed at a depot. For example, there is not appropriate racking for wood pole storage. This is leading to increasing safety risks with the loading and unloading of materials, as well as limiting the opportunity for alternative external lease arrangements, given these safety concerns.

While we currently store some overflow materials at third-party owned sites, we are also increasingly needing to store high-value materials at our own zone substation control rooms. This due to the current depot's limited secure storage capacity.

Zone substations do not 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 with break-ins growing significantly over the past five years. This security risk also poses safety risks to the persons with unauthorised access, our staff, and the network assets.

Further, due to insufficient storage at our Geelong depot, some materials have required inappropriate storage arrangements. Certain types of materials require specialised storage requirements, such as cables that must be stored indoors, and transformers that need to be stored within a bunded area. Currently, we are having to store cables in uncovered areas, which leads to faster deterioration of these assets, as they are not designed to withstand direct weather exposure.

In addition to exposed and offsite materials storage, capacity constraints are also resulting in heavy vehicles, including electronic work platform (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

Our Geelong depot has a sub-optimal layout which leads to poor traffic and logical workflow. Currently, the depot design means heavy fleet and staff vehicles are parked and stored within the same area. This causes bottlenecks throughout the depot as operational field staff and office staff are using the same spaces. Office workers must cross depot grounds where vehicles are operating to access the office building, which also creates a potential safety issue.

The current layout prevents efficient workflows, due to requiring that materials be stored in various sections of the site. This means heavy fleet must traverse the site and load materials in multiple areas to complete a full load of required materials. In addition, vehicles must reverse to navigate the site, rather than being able to drive through. This leads to increased traffic flow throughout the site, heightening the chance of vehicle related safety incidents, given staff are operating within proximity of heavy vehicles loading heavy materials.

Further, our Geelong depot office is at capacity, with insufficient seating for our staff. During and following the COVID-19 pandemic, there has been an increasing number of staff utilising our regional depots to work, as opposed to their original office base in the CBD. The depot inhibits the ability for office staff to utilise this site as an alternative office (in line with flexible working arrangements).

In addition, as the depot was built over 50 years ago with no material renovations since, it has aged significantly, resulting in sub-par amenities for our office and field workers.

2.3 Aged facilities are no longer fit for purpose

The office was originally constructed using a series of portable buildings placed on stumps and joined together to create the current office building. These types of portable buildings are not intended to be permanent. The age of these portables necessitated the modest refresh completed in 2014, however this refurbishment was intended as a temporary measure to extend the life of the building, rather than to be a permanent solution. In addition, due to the nature of these buildings, they are thermally inefficient, increasing the use of heating, cooling, and ventilation (HVAC) systems.

In addition to the structural issues outlined above, the internal office and warehouse areas are showing significant signs of wear and tear, leading to an increase in ongoing maintenance and replacement costs.

2.4 Current facilities cannot accommodate regional growth

Geelong is one of Victoria's fastest growing areas. In the decade from 2026 to 2036, the population served by our Geelong depot is forecast to increase by over 20%, from 343,000 to 415,860 across, the Greater Geelong and Surf Coast regions.

The current depot configuration is not capable of supporting the expansion required to meet this forecast growth in the associated customer service need. A growing customer population increases residential and industry electricity demand, which in turn increases the operational works required at the depot to ensure a reliable and safe energy supply. This includes activities such as increases in fault response works, planned maintenance, replacement, and new connections. It also increases the number of office and resources, and the types and quantities of materials that require on site storage.

The current office facilities and depot layout severely limit our ability to efficiently cater for this forecast increased scope of works. The capacity and layout constraints acting as a barrier to effectively growing to meet customer demand.

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)

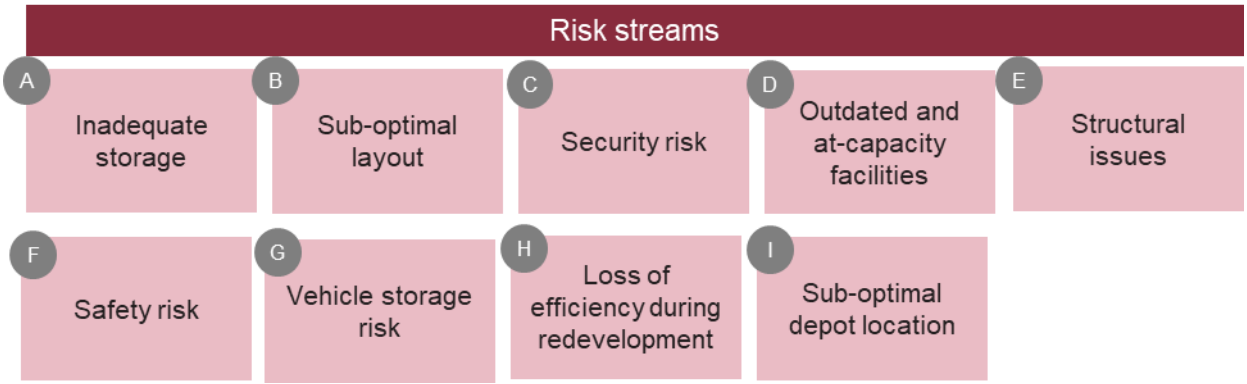
OPTION		NPV
1	Maintain status-quo: do not redevelop Geelong depot	0
2	Redevelop existing Geelong depot	29.4
3	Develop alternative greenfield or brownfield site	20.9

Other options were considered but not considered viable, such as modest renovations at the current Geelong depot. Renovations will not address the identified need, as it is largely driven by structural and layout issues that inhibit adequate storage and capacity, and compromise safety and efficiency.

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]

FIGURE 1 RISK QUANTIFICATION SUMMARY



3.1.1 Option one: do not redevelop Geelong depot

The base case option involves no capital investment. This means we will maintain the status quo and not upgrade our Geelong 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.

[1] PAL MOD 8.03 – Geelong depot – Jan2026 – Public

3.1.2 Option two: redevelop existing Geelong depot

Option two is to redevelop the Geelong depot at the existing location. 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 ($M, 2026)

OPTION	PV COSTS	PV BENEFITS	NPV
Redevelop existing Geelong depot	-46.4	75.9	29.4

Redevelopment of the existing site will comprise a reconfiguration the depot into a two-storey building, reducing the office footprint, in order to optimise use of the current site's land area. This will ensure the site is equipped to support increased operations, as required to accommodate future population growth forecasts, and associated regional expansion.

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

- the addition of approximately 2,000m² of external storage space, including dedicated areas for pole storage and cable hardstand. These areas will utilise various racking systems to maximise efficiency and increase the usable area
- approximately 6,500m² of undercover storage to accommodate the entire heavy fleet, commercial vehicles, and trailers. This includes a total of 190 vehicles
- 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 addition of 110 car parking spaces to support staff and visitor requirements
- an improved office design, comprising the addition of 78 office seats for staff and operational use, additional and improved meeting room, co-working spaces, and amenities, including improved accessibility measures across the building.

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: develop alternative greenfield or brownfield site

Option three includes the purchase of either a greenfield or brownfield site, and the construction of a new purpose-built depot, with an appropriate configuration to meet the spatial and functional requirements of the Geelong depot operations.

As shown in table 4, option three includes up-front capex, but a negligible level of long-term risk.

The residual risk includes the cost of a sub-optimal depot location. This risk cost is due to our current depot site existing in an optimal location: it is close to densely populated areas, where the majority of operational works are required, whilst being within an appropriate industrial area.

Given the land size required to accommodate depot operations and storage requirements, either a greenfield or brownfield site will be difficult to procure in a similarly favourable location. As such, relocating the Geelong depot is likely to result in increased travel time and associated efficiency costs of field operations, as well as potential delays to outage responses, due to the high likelihood that an appropriately sized alternative site will only be available for purchase in locations which are sub-optimal to meet the requirements of our Geelong depot operations.

TABLE 4 OPTION THREE: DEVELOP ALTERNATIVE SITE ($M, 2026)

OPTION	PV COSTS	PV BENEFITS	NPV
Develop alternative site	-55.0	75.9	20.9

4. Recommended option

Option two is the preferred option with the highest NPV.

Our recommended option includes a redevelopment of the existing Geelong depot site. This option will allow for a more effective and safe delivery of services, as well as enabling continued growth in the region to be catered for, without compromising efficiency of operations. A breakdown of the project delivery plan is in table 5.

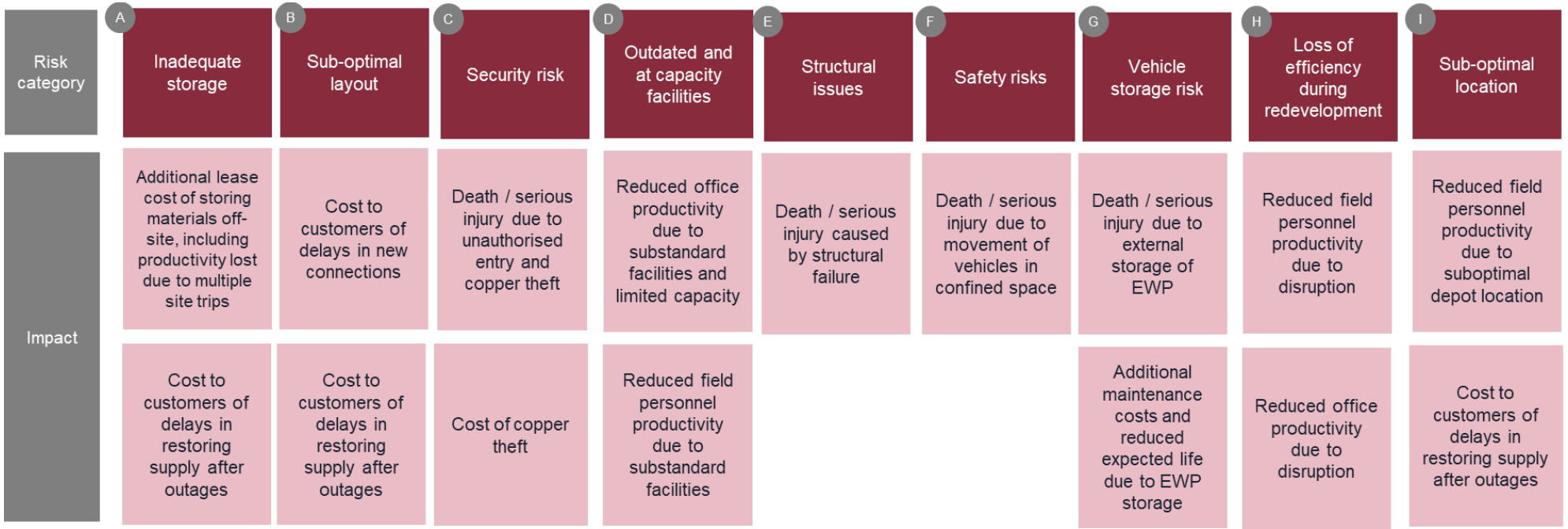
TABLE 5 PROJECT DELIVERY PLAN

STAGE	DELIVERY DATE
Finalise Geelong depot redesign	July 2026
Temporarily relocate staff	March 2027
Depot redevelopment	April 2027 – February 2029
Relocate staff to redeveloped depot	April 2029

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



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