



# Fleet business plan

## Fleet

### 2024–29 regulatory period

All values are in middle of the year 2023-24 real dollar terms

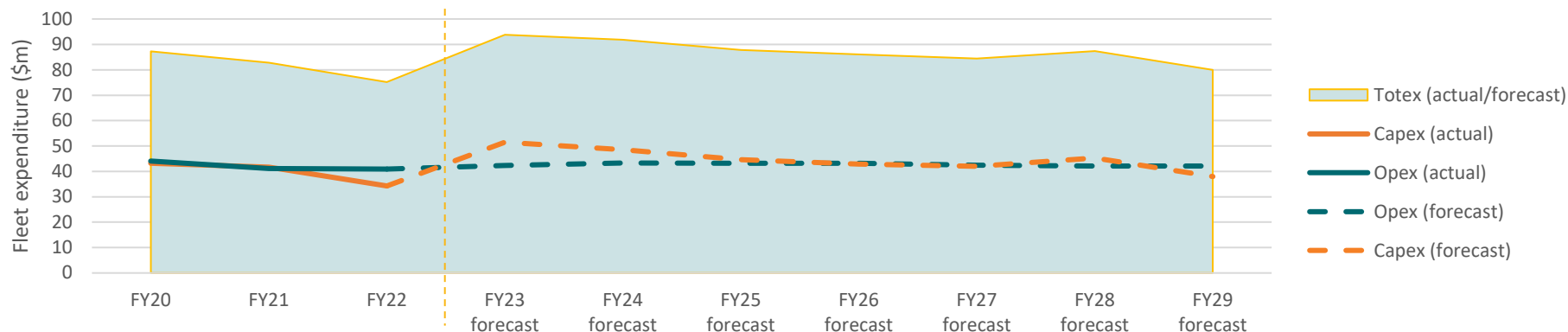
# Executive summary

**\$212.6 m**

CAPITAL INVESTMENT PLAN FY25 – FY29

**\$213.1 m**

OPERATIONAL INVESTMENT PLAN FY25 – FY29



## Current state

Asset class age profiles trending positively and health-related incidents continue to decline

Asset management systems and processes have been implemented

Our fleet's risk profile is decreasing

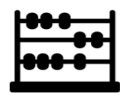
Our asset capabilities and technologies have been enhanced

## Key initiatives and drivers next period

- Continued investment in the fleet of the future, including in alternative propulsion technologies
- Continued portfolio investment, age profile optimisation and expenditure stabilisation
- Targeted substitution of light fleet with heavy fleet
- Continued enhancement of mobile asset management systems and processes
- Lowering our environmental impact
- Enabling enhanced network resilience and natural disaster recovery
- Continued development of internal capability to ensure supply chain resilience
- Ongoing support to ensure community resilience

# Executive summary

## Portfolio overview



3,455 assets in operation



596 heavy vehicles



1,245 light vehicles



1,614 trailers and specialist plant



~ 32.5 million km travelled per annum



In-vehicle duress and incident monitoring system



Changing technology, environment and materials



Diversification into alternative propulsion\* assets

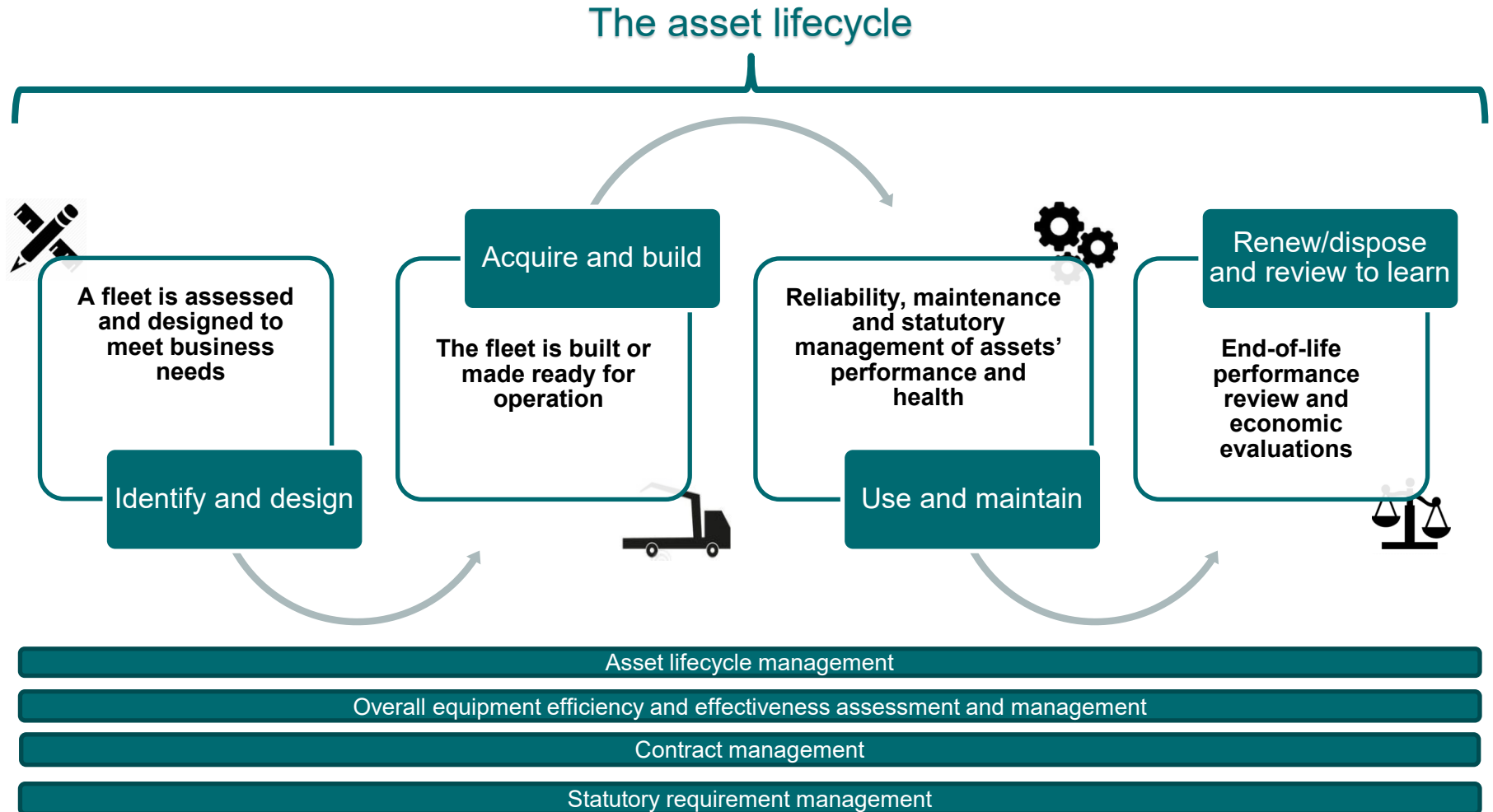


Full lifecycle management services

Asset	Average km travelled per annum	Quantity	Average age (years)	Economic lifespan (years)
Passenger vehicles	19,652	32	3	6
Light commercial vehicles	22,899	1,213	4	6
Heavy fleet (excl. trucks with plant**)	14,925	281	7	15
Specialised plant** (and trucks)	14,704	315	10	10 to 20
Forklifts, minor plant and trailers	–	1,614	9	10 to 20
Total fleet	18,045	3,455	8	6 to 20

# Executive summary

## Fleet functions and services



# Current state



Our assets' age profile and health-related incidents are trending positively



We have implemented asset management systems and processes



Our fleet's risk profile is decreasing



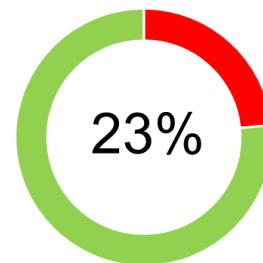
We have diversified into proven and efficient technologies



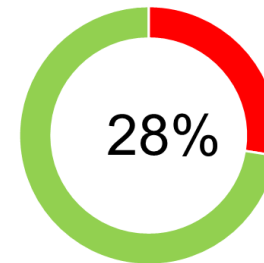
We are continuing to reduce the number of assets that are overdue for replacement



We are ensuring the continued modernisation of fleet and the adoption of new and efficient technologies



Percentage of our fleet that's beyond its operational lifespan

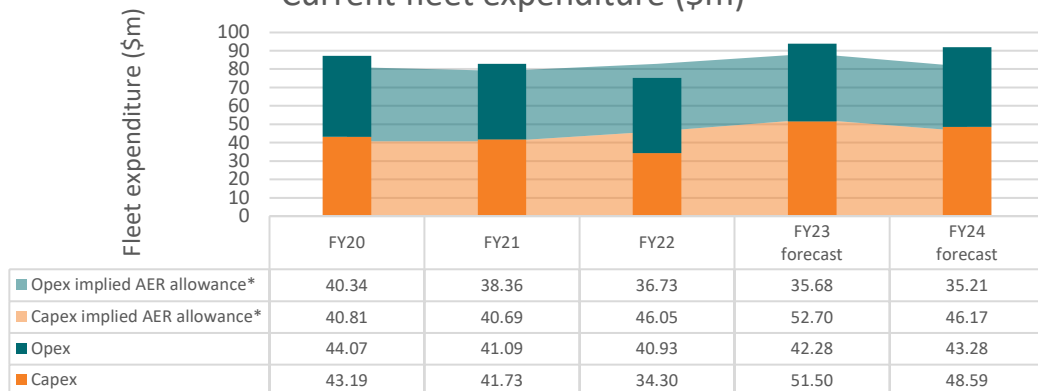


Percentage of our light commercial fleet (LCV) that's beyond its operational lifespan

Asset	Quantity	Overdue for replacement	Percentage of fleet
Passenger vehicles	32	6	19
Light commercial vehicles	1,213	338	28
Heavy fleet (excl. trucks with plant)	281	0	0
Specialised plants (and trucks)	315	0	0
Forklifts, minor plants and trailers	1,614	463	29
Total fleet	3,455	807	23

# Expenditure profile and drivers – current period

Current fleet expenditure (\$m)



Capex implied AER allowance\* Opex implied AER allowance\* Capex Opex

Fleet health-related incidents



## Current period successes

- ✓ 100% of road-registered, driven assets can be located when in duress and provide real-time notifications of high-impact and rollover events
- ✓ 25% improvement in fleet's average age profile
- ✓ Heavy asset midlife overhaul and replacement program underway, with over 100 assets overhauled
- ✓ > 90% of our LCV fleet now has a 5-star ANCAP\*\* rating
- ✓ Continued reduction of health-related incidents per million kilometres

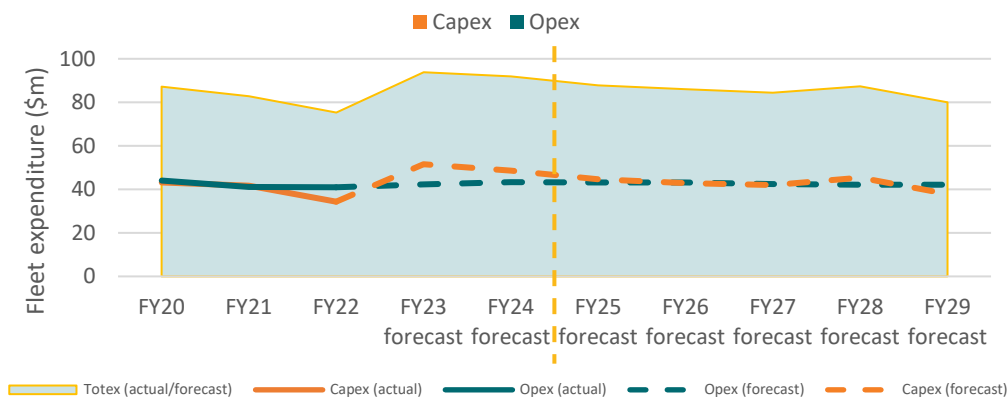
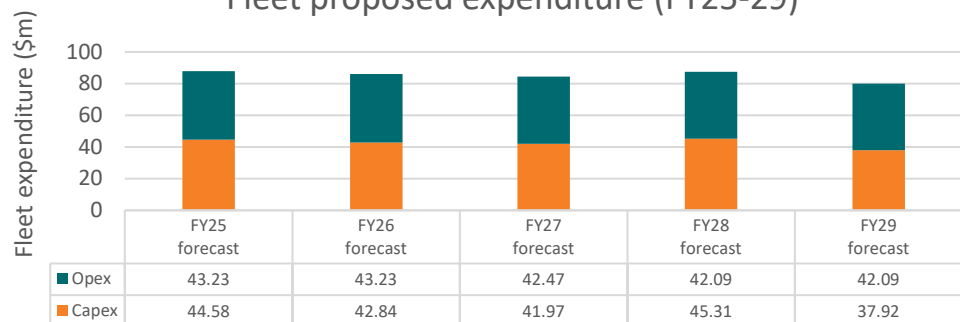
- Current period capex forecast to be **\$219.3 m**, compared to a **\$226.4 m** allowance. The primary drivers for this change include:
  - Supply chain constraints following impacts of the global COVID-19 pandemic
  - Internal deliverability of investment schedule.
- Current period opex is forecast to be **\$211.6 m**, compared to a **\$186.3 m** allowance. The primary drivers for this change include:
  - A **20–30% factor** has been applied to outer year fuel, servicing and tyres to account for **crude oil price volatility**. If this was not considered, forecast opex would be aligned to the implied Australian Energy Regulator (AER) allowance.
  - There as been spending on natural disaster responses and to support network recovery
  - The fleet count has stabilised from previous reductions
  - The gap between forecast and allowance is offset slightly due to a reduction in total distance travelled – down to ~32.5 million km from ~40 million km.

\* AER allowance increased to a whole-of-business basis.

\*\* Australasian New Car Assessment Program (ANCAP)

# Expenditure profile and drivers – next period

Fleet proposed expenditure (FY25-29)



## Next period's expenditure drivers

- Total capex for the period **\$212.6 m**
- Total opex for the period **\$213.1 m**
- Continued investment in the fleet of the future, including in alternative propulsion technologies (EVs, PHEVs and FCEVs) where viable. We will be quick adopters of proven efficient technologies to ensure we remain focused on the future
- Continued portfolio investment to further improve our age profile and to stabilise year-on-year capex across our core asset classes
- Targeted investment to shift light fleet to heavy fleet
- Continued enhancement of mobile asset management systems and processes
- Continued smoothing of heavy plant replacement cycle
- Continued investment in bringing asset fit-out and plant overhaul activities in-house to create a resilient supply chain
- Enabling enhanced network resilience and natural disaster recovery through fit-for-purpose assets that support operational requirements and changing environments
- Ongoing support for community resilience with a targeted towable and heavy commercial class investment in FY25 of **\$1.13 m**

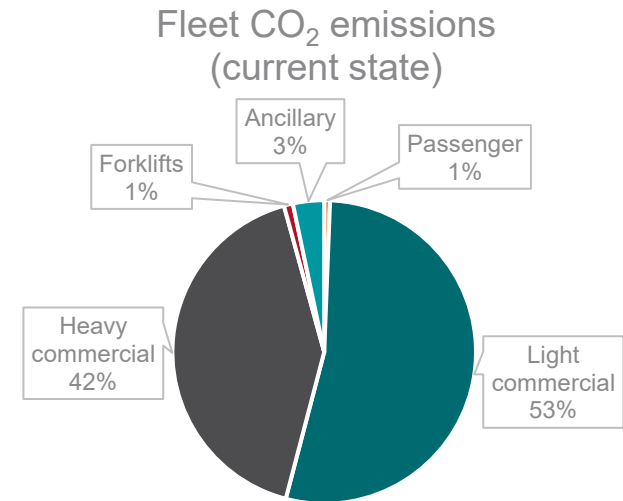
- Portfolio investment and smoothing
- Maintenance system enhancement
- Alternative propulsion

- Fleet of the future
- Enhanced systems, capabilities and portfolio
- Network and supply chain resilience

# Alternative propulsion drivers



Current state	2030 target*
50% AP** Passenger	100% AP 63% reduction CO <sub>2</sub>
0% AP Light commercial	70% AP 42% reduction CO <sub>2</sub>
0% AP Heavy commercial	30% AP 18% reduction CO <sub>2</sub>
11% AP Forklift	100% AP 62% reduction CO <sub>2</sub>



## Alternative propulsion drivers

- Continued investment in creating the fleet of the future using efficient, future-focused technologies, bolstered by the knowledge that the majority of our customers (93%) support sustainability investment to reduce emissions and lower our environmental impact
- Continued focus on responsible procurement and supply chain management practices to deliver and maintain the right assets at the right time, ensuring we use cost-effective methods to provide our workers with the tools they need to safely maintain and operate the network
- Continued focus on fulfilling operational requirements by having fit-for-purpose assets that provide high reliability and availability, and on reducing risk associated with our asset portfolio
- Continued improvement of our operational resilience to mitigate supply chain disruptions by increasing the diversity of our asset portfolio
- Community engagement and our corporate strategy, which encourage the facilitation of EV uptake in regional NSW and charging on our distribution network
- The efficient reduction of environmental impact in line with Essential Energy's business objectives
- Sustainable and feasible strategic alignment to match industry changes and developments, and customer, operational and environmental needs

# Regulatory breakdown

	FY25	FY26	FY27	FY28	FY29	Total
Standard control	\$37.7	\$36.5	\$35.7	\$38.4	\$32.1	\$180.4
Alternate control	\$5.1	\$5.0	\$4.9	\$5.5	\$4.7	\$25.2
Other	\$1.7	\$1.4	\$1.3	\$1.4	\$1.1	\$7.0
Capex total	\$44.6	\$42.8	\$42.0	\$45.3	\$37.9	\$212.6
Standard control	\$36.6	\$36.8	\$36.1	\$35.6	\$35.7	\$180.8
Alternate control	\$5.0	\$5.0	\$5.0	\$5.1	\$5.2	\$25.3
Other	\$1.7	\$1.4	\$1.3	\$1.3	\$1.2	\$7.0
Opex total	\$43.2	\$43.2	\$42.5	\$42.1	\$42.1	\$213.1
Grand total	\$87.8	\$86.0	\$84.5	\$87.4	\$80.0	\$425.7