October 2025

Investment Case

Virginia Campus Uplift & Eagle Farm Road Operations Centre

EXECUTIVE SUMMARY

This investment case documents the justification for planned investment in the Powerlink Virginia Operations and Support Centre and Powerlink Eagle Farm Road Operations and Support Centre. It is based on the planning undertaken to date, the estimated costs (acquisition, development, relocation, ongoing operations and maintenance), the anticipated business value to be gained and the associated risks.

Due to aged facilities, organisational growth, and the requirement to provide new and extended operational services, the Virginia campus of Powerlink is no longer meeting business needs. Significant new capital investment is required to upgrade facilities to current legislative standards, mitigate the risk of business disruption from a major building service failure, deliver on unmet operational needs, and lower the long-term operational costs of accommodating the current and future workforce and maintaining the property assets on the Virginia campus.

Hence it is proposed to invest in the existing Powerlink Virginia Operations and Support Centre and a new Powerlink Eagle Farm Road Operations and Support Centre through the FY27/28 to FY31/32 regulatory control period (referred to herein as 2028-32). The proposed investment is required to address the following drivers:

1. **End of Life facilities:** Given the age of the campus buildings, there are ongoing and growing maintenance problems. Operational costs for maintenance of the facilities have risen to $5 million per year and will continue to increase into the future as the buildings continue to age. These costs are comparatively high on a $/m2 basis for similar accommodation. More significantly, there is a material risk that a major building issue will lead to building downtime and significant business disruption (likely requiring evacuation of the building/s) for an unknown timespan. In addition to operational maintenance costs, adjusted re-investment capital (maintenance capex) over the next 15 years is forecast to be $45 million in order to meet building compliance. Any major works required to rectify a significant building service failure will lead to much larger re-investment costs in order to bring the impacted buildings up to the current building code.
2. **Current Organisational Requirements:** The organisation has outgrown the facilities on the Virginia campus and is currently running at more than 133% of capacity, requiring additional leased accommodation (at a current cost of $3.366 million/year and growing), shared desking and significant work from home arrangements resulting in a highly dispersed workforce. The redeveloped facilities will allow for employees that are currently off-site in leased accommodation to return to the Virginia campus. Additionally, there has been significant growth in operational functions which gives rise to very specific workplace accommodation requirements.
3. [redacted]

The recommended option is the most cost effective, least disruptive and provides greatest certainty in the delivery of safe and reliable provision of critical network services. There are no other options available to address all of the known critical risks, issues, constraints and operational requirements for accommodation and facilities of Powerlink. It allows for the safe and efficient decanting of people and equipment and the minimisation of greenfield, higher cost development. It also provides for:

- the capital investment in a separate asset which can be divested in the future
- significantly lower investment in the Virginia campus,
- lower residual operational maintenance costs,
- lower residual reinvestment capital (maintenance capex),
- [redacted]
- accommodation for current and future workforce, and
- significantly reduced residual risk of disruptive building service failure.

1. INVESTMENT NEED

1.1 Problem / Opportunity

Powerlink's corporate headquarters in Virginia comprises 68,300m² of freehold land across two adjacent properties with four main buildings. The facilities provide office space, warehouse space, an oil lab, workshop, [redacted] and other specialised areas, plus two multi-storey car parks and open on-grade parking.

The base building structures of 'Edison' (the main building) and 'Tesla' (the adjacent building) are over 50 years old, and the current workspaces and accommodation facilities at the site have reached functional end of life.

The office accommodation within the Edison and Tesla buildings were constructed in 1997 and 2002, and the current ages of these fit-outs are 28 and 24 years, respectively. The age and configuration of the Powerlink workplace is impacting upon the delivery of services in the following ways:

- [redacted]
- The plant and equipment are at significant risk of failure leading to possible disruption to Powerlink's services and a high level ongoing Operational expenditure to maintain.
- The current workplace cannot effectively accommodate additional staff numbers, project teams or flexible work arrangements. The current workpoints are prohibitively expensive to modify or relocate.
- While Powerlink is not in breach of any legislative requirements for disability access, we do not meet current access code requirements. This significantly impacts upon our ability to accommodate, attract, retain and provide a satisfactory work experience for staff with a disability.
- Powerlink's fit out does not meet the current building safety code, although compliant with code requirements when built. We also do not meet the Policy for maintenance of Queensland Government Buildings. The opportunity to improve staff and visitor safety and amenity as well as overall business resilience should be given a strong preference when considering options.
- Our lack of modern facilities such as breastfeeding rooms make return to work arrangements for new parents a more difficult transition and reflect poorly upon our culture of inclusiveness.
- The physical workplace prohibits effective collaboration and engagement with screening, desk configuration and lack of collaboration spaces inhibiting modern work practices.
- Increasingly staff are demanding workplaces that operate in a manner consistent with environmental sustainability and reflecting upon Powerlink's role in a climate friendly future. Our facilities need to be mindful of our reputational, social and cultural requirements to be environmentally conscious. The age and construction of our facilities are not reflective of this role.

The above points can be categorised under (3) major emerging risks and issues:

1.1.1 End of Life Facilities

The condition of the buildings on the Virginia campus have been assessed in the last 12 months. Significant capital and operational expenditure will be required over the next 15 years, with no value return for this spend outside of compliance.

External operational costs for maintenance of the campus facilities have risen to $3.75 million per year (excluding statutory charges and expenses) and are forecast to grow over the coming years as the buildings continue to age. At $161/square metre these costs are comparatively higher than the Property Council of Australia's benchmark data which provides a market range of $79 - $143/square metre for operating expenses across similar office accommodation in the Brisbane fringe.

For the site, adjusted re-investment capital (maintenance capex) over the next 15 years is forecast to be $45 million. This does not include the requirement to decant buildings for major works (for example, the air handling units in Edison are approaching the end of life, and to replace the units, the roof needs to be lifted off the building. To do so will trigger a range of building compliance requirements, significantly adding to the cost and disruption).

A future upgrade in the Tesla building would trigger contemporary compliance requirements leading to approximately $10 million in investment for in-place fire protection and electrical services replacement. Consistent with the lesser building regulations and requirements at the time, the existing facilities were not fitted with a fire suppression system (i.e. sprinklers) presenting a risk from a safety and asset perspective.

Given the age of critical infrastructure within Edison and Tesla, there is a material risk that an unrecoverable issue in a major building system will lead to building downtime for an unknown timespan during remediation. This would result in a workplace disruption with a likely need to source additional rental accommodation on short notice, and lengthy 'work from home' requirements. In addition, rectification works would likely trigger compliance requirements making these costs substantially higher.

Powerlink does not maintain asset risk models for commercial building assets, as it does with network assets, so there is no definitive modelling of the likelihood and/or cost impact. However, considering overall business impact, emergency works, decanting costs and short-term leasing costs, such an event could be priced at between $5 million and $8 million per episode, excluding any people, contractual (for project disruption) and reputational impacts. The extent of any works will dictate whether additional costs are required to bring the facilities to the building code requiring potentially further significant investment.

1.1.2 Current Organisational Requirements

The current configuration of accommodation across the Virginia campus provides 1,435 desks and the campus is currently at 133% capacity with accommodation issues arising across all divisions. The current configuration of the workplace impedes accommodating additional staff and contractors, and car parking is becoming a campus-wide constraint.

Due to a lack of space, leasing arrangements for additional office accommodation away from the Virginia campus have been entered into for major projects at a cost of approximately $3.366 million/year, and these costs will grow without mitigating action.

[redacted]

1.2 Investment Objectives

This investment will deliver on the following objectives:

- [redacted]
- Provide accommodation capable of housing the organisation's workforce, including the technical and operational field functions, at a lower operational cost without the need for additional leased premises.
- Ensure efficient and prudent expenditure through reduced operational costs and maximisation of the life of the asset;
- Reduced risk of business disruption from a failure of building services;
- Enhanced safety, diversity and inclusion and legislative compliance;
- Ensure the new workplace facilitates improved collaboration and desired culture within the business;
- Enables greater integration and collaboration between staff including field and office based staff;
- Improved staff wellbeing;
- Flexibility inherent to the design to facilitate ease of adaption and scalability into the future;
- Efficient sustainable design and improved building management systems; and
- Reduction in health and safety risks associated with maintaining operational work in close proximity to demolition and construction works.

2 INVESTMENT OPTIONS

In preparing the 2022/27 Regulatory Revenue Proposal, Powerlink commissioned a Future Workplace Accommodation Options Analysis Report in October 2020. The Report undertook a detailed investigation of the options available to Powerlink at the time.

The Report assumed that all staff could be accommodated in the refurbished Edison and Brian Sharp (E&BS) buildings therefore no allowance has been made for the refurbishment of the Tesla building. Any ongoing Operational and Capital expenditure for the Tesla building was to be addressed separately. This report analysed the following options in detail:

- **Option 1 - Full Workplace Refurbishment:** Full refurbishment of the E&BS buildings providing a fully modern, open plan workspace including collaboration spaces, appropriate meeting rooms and inherent flexibility within the design. Scope includes full upgrades to meet current disabled access guidelines, upgrades to achieve current building code compliance, and building services upgrades.
- **Option 2 - Light Touch Workplace Refurbishment:** This option sought to restrict the scope of works to the minimum required to achieve a new workplace fit-out and therefore this option assumes the retention of the majority of walls, amenities, stairs and structural elements in current locations. The level of works assumed under this option do not elicit an obligation under the National Construction Code requiring additional upgrades to achieve current building code compliance (i.e. modern safety and disabled access compliance).
- **Option 3 - Do Nothing Different:** Implementation of maintenance capex as required to replace failing equipment only. No fit-out works are provisioned within this option.
- **Option 4 - Demolish and Rebuild:** Considered the demolition of the Virginia Site, and replacement to create a new purpose-built single office facility at Virginia.
- **Option 5 - Relocate – Single Leased Premises:** Assessed the lease of new purpose-built facilities to house the office, [redacted] and warehouse capability.
- **Option 6 - Relocate – Leased Office and New Warehouse Split Locations:** This option considered the lease of new office facilities and construction of a new warehouse at Powerlink's property at Narangba.

Each option was assessed in line with these criteria and scored and ranked accordingly. A combined weighted score was determined by weighting the financial and non-financial outcomes.

The study found that the option with the greatest overall value to Powerlink was a large re-investment in the Virginia campus.

The report recommended a full refurbishment of the Edison and Brian Sharp buildings to provide a modern hybrid workplace in a shared desk environment with a preliminary estimated cost of $48 million.

The scope of the study was based on constraints and assumptions developed well before Powerlink understood the significant growth required to meet the demands of the Energy Roadmap and other major initiatives. [redacted]

The workforce and operational service growth now required to meet Powerlink's current and future needs means that investing only in the Edison and Brian Sharp buildings is no longer a viable option. In line with the report's overall findings, a broader campus-wide option has been developed with a focus on redeveloping the Tesla site as it is the largest and oldest structure on the campus. Repurposing the existing Tesla building is impossible as it requires prohibitive re-investment costs due to a wide array of compliance issues that would be triggered on redevelopment.

[redacted] a new network control centre on-site is seen as the most prudent option for Powerlink to deliver against this identified need.

This new building option addresses all known critical risks, issues, constraints and operational requirements for accommodation and facilities across the Virginia campus. It will lower the ongoing operational costs associated with facilities management [redacted]

The plans for the Virginia Uplift project involve demolition of large parts of the Tesla building with replacement facilities constructed on the current Telsa building footprint. There are known hazardous materials in the Tesla building (including asbestos). In addition, there are potential environmental hazards in the substrate of the building arising from previous building uses giving rise to significant health and safety concerns as a result of maintaining a workforce in the vicinity near to demolition and construction activities.

Mitigation strategies can effectively segregate office-based employees from the construction and demolition area; however, this is not feasible for operational teams whose work necessitates them being in close proximity to the demolition and construction zone.

As a result, it is not considered plausible for these teams to maintain safe and efficient operations at the Virginia campus while the demolition and construction works take place, necessitating a relocation of the field delivery and operational teams for the period of demolition and construction (approximately 5 years). The following options have been considered to address the investment needs identified in section 1.

Option	Description
Option 1: Do Nothing (Counterfactual)	No capital investment in Powerlink facilities, significant and growing operational maintenance costs, significant and growing reinvestment capital (maintenance capex), [redacted] constrained workforce accommodation and car parking issues, high risk of disruptive building service failure. **This option does not meet the investment objectives and is therefore not a viable option.**
Option 2: Refurbishment of Edison and Brian Sharp buildings (Previously recommended solution)	Capital investment in Edison & Brian Sharp buildings (only), high residual operational maintenance costs, high residual reinvestment capital (maintenance capex), [redacted] constrained workforce accommodation and car parking issues, some residual risk of disruptive building service failure.
Option 3: Relocate the Field and Asset Management division to a new Powerlink-owned site (175 Eagle Farm Road, Pinkenba) permanently with a reduced scope of facilities built at Virginia (Recommended)	Capital investment in a separate asset which can be divested in the future and significantly less investment in the Virginia Uplift, lower residual operational maintenance costs, lower residual reinvestment capital (maintenance capex), [redacted] increased workforce accommodation and on-site car parking, significantly reduced residual risk of disruptive building service failure.

3 EVALUATION OF OPTIONS

3.1 Do Nothing

Due to the age, condition and current designed capacity of the facilities across the Virginia campus, Powerlink is forecast to spend at least $40 million in re-investment capex, $84 million in external operational maintenance and in excess of $36 million in leasing costs to accommodate staff over the next 15 years to maintain "as-is" facilities.

Given the potential maintenance issues across the campus, knowledge gained from previous preventative and routine maintenance operations and the general age of underlying infrastructure, there is a growing risk of major service failure impacting one or more buildings. A major service loss, such as water, electricity and/or mechanical services, would result in significant disruption to the Powerlink business.

Powerlink does not maintain asset risk models for commercial building assets, as it does with network assets, so there is no definitive modelling of the likelihood and/or cost impact. However, considering overall business impact, emergency works, decanting costs and short-term leasing costs, such an event could be priced at between $5 million and $8 million per event, excluding any people, contractual (for project disruption) and reputational impacts. The extent of any works will dictate whether additional costs are required to bring the facilities to the building code requiring potentially further significant investment.

Given the above, the “Do nothing” option is not seen as viable for Powerlink but has been included in the options analysis for reference. [redacted]

3.1.1 Benefits

The following benefits may be achieved with selection of this option. Financial benefits are identified as "per annum" ongoing savings where relevant and will begin accruing six months following implementation of the option.

Benefit Description
1. Minimises project related business change disruption however this is outweighed by the operational impacts and business disruption of operating across dispersed leased office accommodation sites and the business change disruption associated with emergency relocation in the event of a critical infrastructure or plant failure.

3.2 Refurbishment of Edison and Brian Sharp buildings

As per section 2 above, in preparation for its 2022/27 Regulatory Revenue Proposal Powerlink commissioned a Future Workplace Accommodation Options Analysis Report with analysed a wide variety of options available for the future of accommodation services. This report recommended a full refurbishment of Edison and Brian Sharp buildings, includes provision of a fully modern, open plan workspace including a focus on collaboration spaces, meeting rooms and flexible design principles.

Legislative requirements stipulate that refurbishment activities of a certain size trigger compliance with the current National Construction Code. The Full Refurbishment option will therefore require a full building code compliance upgrade which would include fire stair replacements, sprinkler system installation, and replacement of fire systems.

The scope of works will also require compliance with the Disability Discrimination Act (DDA) including amenities, lift refurbishment, flooring replacements.

Required capital upgrades to the building services were also included, which ensures that end of life equipment such as switchboards, mechanical systems (chillers, Air Handling Units (AHUs), pumps, and valves), kitchen exhaust and cold rooms are all replaced.

Although this option is still viable, and would go some way to lowering maintenance costs, it will not mitigate the need to continue to lease addition accommodation into the future as the total capacity of the Virginia campus would not increase to above the projected headcount.

[redacted]

3.2.1 Benefits

The following benefits may be achieved with selection of this option. Financial benefits are identified as "per annum" ongoing savings where relevant and will begin accruing six months following implementation of the option.

Benefit Description
1. Provides full compliance with current building code requirements (e.g. fire stair installation, sprinkler installation, fire system upgrades)
2. Addresses disabled access and facilities compliance
3. Replaces current non-compliant passenger lifts
4. Addresses slip rating to floors throughout

3.3 New Virginia Operations and Support Centre and Field Operations Centre (Recommended)

A broader campus-wide option has been developed with a focus on redeveloping the Tesla site as it is the largest and oldest structure on the campus. Repurposing the existing Tesla building is impossible as it requires prohibitive re-investment costs due to a wide array of compliance issues that would be triggered on redevelopment.

The proposed development includes a new three storey structure which will house:

- A new integrated network operations centre.
- Approximately 720 primary and 700 secondary work points.
- Meeting and training facilities.
- Supporting amenities and services.

The new building option addresses all known critical risks, issues, constraints and operational requirements for accommodation and facilities across the Virginia campus. It will lower the ongoing operational costs associated with facilities management and negate the need for long term leasing once the building is completed.

[redacted] There are however workplace health and safety issues with this option that need to be addressed during construction and demolition that will be difficult to mitigate. As such, relocation of teams that currently work in the vicinity of the demolition and construction area, to a permanent site (with a reduced scope of facilities at Virginia) has been considered.

Under this option it is proposed that a suitable Powerlink-owned site is refurbished for the relocation of field and operational teams and the teams that currently work in the vicinity of the demolition and construction area are relocated there permanently with a reduced scope of the Virginia campus redevelopment delivered. This option provides a capital investment in a separate asset which can be divested in the future and significantly less investment in the Virginia campus.

This option addresses all known critical risks, issues, constraints and operational requirements for accommodation and facilities across the Virginia campus whilst also addressing the identified employee and contractor safety risks associated with demolition and constructions activities in close proximity to business operations. It will also lower the ongoing operational costs associated with Virginia facilities management, avoid operational expenditure associated with leasing a temporary facility and provides Powerlink with a valuable separate asset it can divest in the future if it wishes to.

3.3.1 Benefits

The following benefits may be achieved with selection of this option. Financial benefits are identified as “per annum” ongoing savings where relevant and will begin accruing six months following implementation of the option.

Benefit Description
[redacted]
2. Provides full compliance with current building code requirements (e.g. fire stair installation, sprinkler installation, fire system upgrades).
3. Addresses disabled access and facilities compliance.
4. Replaces current non-compliant passenger lifts
5. Addresses slip rating to floors throughout.
6. Delivers integrated operations and accommodation facilities at the lowest cost possible.
7. Lowers the on-going operating costs for facilities management and leasing costs for Powerlink properties.
8. Ensures technical and operational field staff requirements are considered and catered for.
9. Improves staff satisfaction, cultural alignment and inclusivity and efficiencies which will lead to improved customer service and provision of prescribed transmission services.
10. Delivers a new workplace design will reflect the organisation and its objectives.
11. Delivers inherent flexibility in the design to enable the workplace to respond to business requirements in an efficient manner
12. Delivers a building in which the design will facilitate collaboration and communication within the business to enable a broader sharing of knowledge and efficiencies within the business.
13. Delivers a variety of work settings accommodating inclusivity and diverse differences in work styles.
14. Provides a healthier workplace through improved hygienic materials making it significantly easier to clean, improved mechanical systems will improve air quality, low touch options and sanitisation stations can be integrated into the design.
15. Addresses demand for modern facilities that align with current education and workplace environments globally. Improved technology integration into the workplace.
16. Provides flexibility to reconfigure the workspace quickly and low cost in response to small and large changes to the organisation.
17. Aligns with our social and reputational requirements to operate in a matter consistent with environmental sustainability.
18. Ensures technology requirements are embedded into the design will ensure efficient and effective use of space.

3.4 Comparative Options Analysis

This comparative analysis compares all operating and capital costs required to accommodate staff and maintain property assets over a 20-year window, noting Option 1 does not meet the investment objectives and is therefore not a viable option.

NPV Breakdown ($M)	1. Do nothing (Counterfactual)	2. Edison / Brian Sharp refurbishment (Option previously recommended to the AER)	3. New Virginia Operations and Support Centre and field teams relocated to a Field Operations Centre (Recommended Option)
Capex	(49.11)	(209.56)	(232.19)
Opex	(114.84)	(111.88)	(63.18)
Terminal Value	10.28	57.97	78.62
Tax benefit	43.99	52.12	39.16
Total NPV	**(109.67)**	**(211.35)**	**(177.60)**
Number of workstations	1,478	1,727	1,846
Pros	• Least upfront capital investment • Does not require consultation	• Quicker delivery than option 3 • Less upfront capital investment. • Will meet some accommodation requirements	• Mitigates all known risks and unmet needs. • Allows for further growth • Lower NPV than Option 2 • Alleviates employee and contractor safety risks present when constructing in close proximity to operations • Community and Contractor impact will be mitigated due to greater on-site access as a result of operational workforce relocation • Security measures will be more easily implemented • Will meet accommodation requirements in efficient timeframe • Change management is less when compared to Option 2 (teams are disrupted and relocated once not twice) • Powerlink acquires a new asset which can be divested in future if required.

NPV Breakdown ($M)	1. Do nothing (Counterfactual)	2. Edison / Brian Sharp refurbishment (Option previously recommended to the AER)	3. New Virginia Operations and Support Centre and field teams relocated to a Field Operations Centre (Recommended Option)
Cons	• Does not address risk of campus service failure [redacted] • Does not meet any accommodation or operational requirements • Highest annual Opex costs due to leasing and maintenance costs	• Significant change management - Requires significant decanting of staff prior to construction and return post construction hence high disruptive factor • Risk of higher-than-expected construction costs • Does not fully address risk of campus service failure • Higher NPV	• Change management required to relocate Field and Operations teams to new premises • Longest time to deliver • Significant upfront capital investment • Will require consultation due to size of investment • Risk of higher-than-expected construction costs

Financial Assumptions:

1. Post-tax Nominal WACC of 5.90% is used for the NPV calculation.
2. The 20-year horizon is Powerlink's chosen cashflow timeframe commencing 1 July 2024 (FY25).
3. Terminal Value is taken at the end of FY44. (NPV analysis period 20 years), calculated based on the adjusted written down value of the asset value.
4. Capex based on Quantity Surveyor estimates for demolition and construction work packages. …
5. Original capex estimates for option 3 assumed construction to commence in FY26 (now FY28), escalations have been applied in relation to the construction delay in Option 3 at 6.0% p.a.
6. Long term sustaining capex have been included for all scenarios. erm assumptions are aligned to the annual AER allowance i.e. $15m p.a. nominal.
7. Including total sunk cost/commitment: $5m (nominal) for Virginia; $51.3m (nominal) for Eagle Farm Road
8. Building and land assets are assumed to appreciate at a rate of 3.0% p.a.
9. Opex for Options 1 and 2 are based on KPMG figures, escalated by CPI. Opex for Option 3 is assumed to be 30% of Option 1's opex.
10. Long term BAU Opex escalation rate is assumed 3.5% p.a after FY32; lease escalation rate is assumed 3.75% p.a.
11. Leasing for option 1 and 2 are for the entire timeframe.

Non-Financial Assumptions:

12. Risks associated with managing building assets and campus services with underlying age of 25-50+ years. Also, Tesla building compliance risk.
13. Virgina Campus capacity after investment - Includes employees and contractors who require workplace services

[redacted]

	1. Do nothing	2. Edison / Brian Sharp refurbishment	3. New Virginia Operations and Support Centre and field teams relocated to a Field Operations Centre
[redacted]	x	x	✓
Provides full compliance with current building code requirements (e.g. fire stair installation, sprinkler installation, fire system upgrades).	x	✓	✓
Addresses disabled access and facilities compliance.	x	✓	✓

	1. Do nothing	2. Edison / Brian Sharp refurbishment	3. New Virginia Operations and Support Centre and field teams relocated to a Field Operations Centre
Replaces current non-compliant passenger lifts	x	✓	✓
Addresses slip rating to floors throughout.	x	✓	✓
Delivers integrated operations and accommodation facilities at the lowest cost possible.	x	x	✓
Lowers the on-going operating costs for facilities management and leasing costs for Powerlink properties.	x	x	✓
Ensures technical and operational field staff requirements are considered and catered for	x	x	✓
Improves staff satisfaction, cultural alignment and inclusivity and efficiencies which will lead to improved customer service and provision of prescribed transmission services.	x	x	✓
Delivers a new workplace design will symbolically reflect the organisation and its objectives.	x	x	✓
Delivers inherent flexibility in the design to enable the workplace to respond to business requirements in an efficient manner	x	x	✓
Delivers a building in which the design will facilitate collaboration and communication within the business to enable a broader sharing of knowledge and efficiencies within the business.	x	x	✓
Delivers a variety of work settings accommodating inclusivity and diverse differences in work styles.	x	x	✓
Provides a healthier workplace through improved hygienic materials making it significantly easier to clean, improved mechanical systems will improve air quality, low touch options and sanitisation stations can be integrated into the design.	x	x	✓
Addresses demand for modern facilities that align with current education and workplace environments globally. Improved technology integration into the workplace.	x	x	✓

	1. Do nothing	2. Edison / Brian Sharp refurbishment	3. New Virginia Operations and Support Centre and field teams relocated to a Field Operations Centre
Provides flexibility to reconfigure the workspace quickly and low cost in response to small and large changes to the organisation.	x	x	✓
Aligns with our social and reputational requirements to operate in a matter consistent with environmental sustainability.	x	x	✓
Ensures technology requirements are embedded into the design will ensure efficient and effective use of space.	x	x	✓

4 RECOMMENDATION

4.1 Recommended Solution

This Investment Case recommends proceeding with the development of new network operations and support centre on the site of the Tesla Warehouse and the establishment of a Field Operations Centre at Eagle Farm Road to allow for the safe and efficient decanting of people and equipment and the minimisation of greenfield, higher cost development.

There are no other options available to address all of the known critical risks, issues, constraints and operational requirements for accommodation and facilities of Powerlink. The recommended option is the most cost effective, least disruptive and provides greatest certainty in the delivery of safe and reliable provision of critical network services.

4.2 Recommended Delivery Approach

The project will be delivered in two stages as detailed below.

4.2.1 Stage 1: Project Establishment (Early Works, Design and Tender)

This stage establishes the project team, governance structure and processes for the delivery of the project. It also includes the preparation of required Board Paper/s and Business Case/s for project approval, Project Management Plan, Site Planning and Due Diligence, Risk Assessment, Detailed Programme, Significant Procurement Plan, Design activities, Tender activities, and Change Assessment.

To deliver these outputs will require the engagement of Project Manager/s, Quantity Surveyor, Design and Engineering Services, and (part-time) Change consultant.

Powerlink participants will include the Project team, Procurement team, legal team, leadership team and participants as necessary to provide input into project governance structure, design requirements and change assessment.

This stage requires the development of Functional Brief/s, Concept Design/s, completion of Tender Documentation, contractor recommendation and contract documents, Cost Plans and detailed Project Budget Cash Flows.

4.2.2 Stage 2: Project Delivery (Decant, Demolition, Construction, Relocation)

This stage involves establishment of a Field Operations Centre at the Powerlink property at 175 Eagle Farm Road Pinkenba and execution of the people and equipment relocation and decanting process in a timely manner to ensure Powerlink's operations are not impacted in the relocation of equipment. It also includes the delivery of the required demolition, construction, refurbishment, and fit out works.

The output of this stage is a detailed relocation plan and detailed contract documentation associated with each work package.

Powerlink participants will include the Project Team, Change consultant, Procurement team, impacted leaders and accountable operations team members. For each work package an appropriate contractor will be engaged with the required expertise and experience following comprehensive evaluation of shortlisted tenderers to ensure the most suitable and cost-effective outcomes for Powerlink.

This stage also involves the redevelopment work required on the Virginia campus, specifically the demolition of the Tesla warehouse and Edison buildings and the construction of the new three storey structure which will house the new integrated, fit-for-purpose network operations centre.

4.3 High Level Timeline

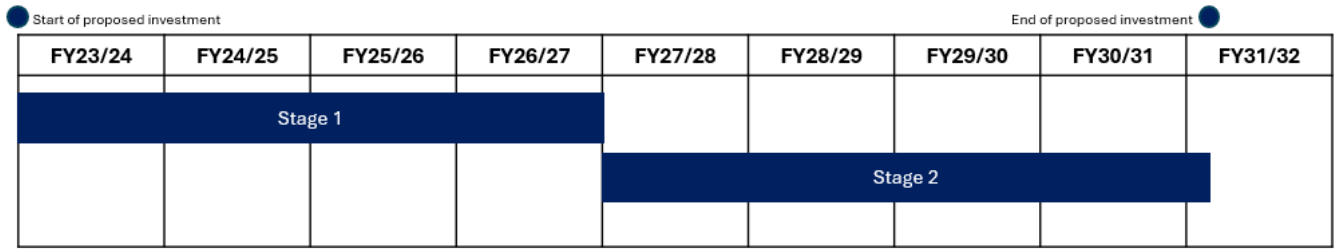

Figure 5: High Level Investment Timeline

5 INVESTMENT SUMMARY

The updated total anticipated cost for the project is $237.65M (CAPEX, Nominal) for the delivery of the uplift program at the Virginia campus and establishment of the permanent, new facility at 175 Eagle Farm Road, Pinkenba and associated relocation of field and operations teams.

The table below is reflective of the forecasted spend for stage 1 across FY24/25, FY25/26 and FY 26/27.

Stage	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Stage 1	-	-	$2.72M	$3.63M	$8.62M

The table below is reflective of the forecasted spend for stage 2 across FY27/28, FY28/29, FY 29/30, FY 30/31 and FY 31/32.

Stage	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32
Stage 2	$49.16M	$87.33M	$21.28M	$5.30M	$6.92M

6 SUPPORTING DETAIL

6.1 Implementation Risks

The risks of proceeding with the recommended option and delivery approach from an enterprise perspective are tabled below.

ID	Risk Categories	Risk Description	Risk Level	Mitigation Strategy	Residual Level
01	Change Management	Insufficient change management leading to organisational issues (e.g. unions, staff dissatisfaction)	4 - Moderate	• Strong internal leadership support for the project. • Ensure that a suitable Change Management Consultant is appointed to assist the Powerlink internal and consultant team to manage the change activities and communications. • Proactively engage with the workforce as necessary to achieve project outcomes.	3 - Low

Significant known risks associated with the delivery of the project are tabled below.

ID	Risk Categories	Risk Description	Risk Level	Mitigation Strategy	Residual Level
01	Scope	Standard of fit-out does not meet expectations of stakeholders due to budget constraints.	5 – High	• Cost Consultant on-boarded early to prepare progressive cost plans. • Consultant team to work in close collaboration to achieve best quality within available budget. Stakeholder expectations managed as design progresses. • Deep level of engagement with stakeholders • Programme to allow for value engineering.	3 - Low
02	Scope	Scope creep	4 – Significant	• Ensure that budget aligns with the design brief and address any discrepancy prior to commencing detailed design. • Agree scope change impacts, assess scope creep impact to budget and time with Executive and seek specific and informed approval.	3 – Moderate

ID	Risk Categories	Risk Description	Risk Level	Mitigation Strategy	Residual Level
03	Approvals	Delays in obtaining approvals, permits or compliance certification will impact project programme	4 – Significant	• Early engagement with relevant authorities • Track approval timelines and integrate into project programme	3 - Low
04	Procurement	Reduced availability of qualified contractors due to increased demand from infrastructure projects related to the 2023 Olympics, leading to delays or inflated costs	5 - High	• Engage contractors early through EOI or prequalification process to secure interest and availability • Consider alternative delivery model e.g. early contractor involvement to lock in resources • Monitor the industry to stay informed of workforce and capacity trends	3 – Moderate
05	Costs	Budget is inadequate	4 – Significant	• Clearly define the scope of the project and identify cost risk including, compliance upgrades and authority requirements. • Engage Quantity Surveyor to prepare the project budget. Ensure cost plan updates completed at each stage of the design process. • Undertake value management exercises in response to budget escalations • Understand the South-East Queensland construction market impacts from the 2032 Olympics and apply strategies to mitigate against construction cost escalations and shortages in resources/ materials	4 – Moderate
06	Cost Control / Quality	Constrained budget - Quality standards are compromised/ additional funding is required.	4 – Significant	• Competitive Tendering to target overall project savings. • Project Manager to manage Variation Claims. High level of documentation detailed included in tender less likelihood of additional costs.	3 - Moderate
07	Time	Client decisions are not provided and Requests For Information not answered in reasonable time for inclusion in project cost or scope	4 – Significant	• Ensure the Client is informed of program and decision making timeframes, and impacts should these not be met	3 – Low

ID	Risk Categories	Risk Description	Risk Level	Mitigation Strategy	Residual Level
08	Time	Head contractor does not adhere to the Contract programme	4 – Significant	• Liaise with project stakeholders to mitigate impact of programme extending and manage the Contractor to minimise delay • Contract to contain Liquidated damages	3 – Moderate
09	Procurement	Tenders received are higher than the project budget	4 – Significant	• Stringent cost control measures with QS estimates obtained at milestones and value management of design if necessary • Prepare comprehensive tender documentation and ensure design team accountable for mitigating variation and delay claims in their documentation	3 – Low
10	Construction	Detrimental latent conditions discovered	5 – High	• Amend project contingency in line with site investigations and make allowance in the delivery program for latent conditions. • Retain contingency as project progresses. • Project Manager to provide regular cost reporting to Powerlink and consider cost saving options if necessary to offset.	3 - Moderate
11	Construction	WHS Risks	5 – High	• Head contractor is the Principal Contractor for the site, clear WH&S guidelines and responsibilities set out in the RFT, works do not commence until WHS obligations are met, close supervision of the Contractor during the works to ensure WHS guidelines are adhered to and obligations met. • Obtain input from PQ's HSE team	3 - Low

6.2 Implementation Constraints

Key constraints associated with the delivery of the program are tabled below.

ID	Type	Description
01	Resources	Both the effectiveness and progress of the project is constrained by the capacity and availability of Powerlink's internal and consultant resources.
02	Time	The project programme is based upon specific timeframes for Powerlink approvals, should approvals not be obtained in the timeframe stated, the project programme will be affected.
03	Financial	The project budget is based on a negotiated purchase price, known costs of purchase and Quantity Surveyor estimates based on high-level requirements and concept designs for similar facilities on the Virginia campus. As the fit-out requirements and designs evolve there is a risk that project budget may need to be increased, or project scope omitted.

6.3 Implementation Assumptions

Key assumptions associated with the delivery of the program are tabled below.

ID	Type	Description
01	External	Authority development approvals will be received for both sites and any conditions of approval will be acceptable to Powerlink.
02	Time	The buildings for demolition will be completely decanted of all people and equipment prior to handover to awarded demolition contractor.
03	Financial	The budget will be sufficient to achieve the proposed scope of work. The allowance for latent conditions will be sufficient.
04	Safety	Powerlink's health, safety and environmental processes will be abided for all associated work.

6.4 Implementation Dependencies

Delivery of this program is inter-dependent with the projects and activities tabled below.

ID	Type	Description
01	External	Authority development approvals must be received before work can commence on either site.
02	Time	Powerlink Board approval for timing of delivery must be received before the program can proceed.
03	Financial	Powerlink Board approval of budget must be received before the program can proceed.

7 APPENDIX

The following terms or abbreviations are used within this document.

Term	Definition
AEMC	The Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
ALM	Asset Lifecycle Management
Capex	Capital Expenditure
NPV	Net Present Value
Opex	Operating Expenditure
PQ	Powerlink Queensland
TNSP	Transmission Network Service Provider
WACC	Weighted Average Cost of Capital

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