Preliminary Business Case
Maryborough Consolidation

ERGON. ENERGY
NETWORK

Executive Summary

Ergon Energy currently operates from two facilities in Maryborough: Searle Street Depot (Searle Street) and the Adelaide Street Office (Adelaide Street). Searle Street is a minor hub serving the operational needs of Ergon Energy within the Fraser Coast region. It accommodates 119 operations and asset management staff. Adelaide Street supports the delivery of services in the broader region accommodating 73 office based operations and administration staff.

The proposed investment is required to address needs including:

- Requirement to rectify building condition defects;
- Requirement to align with modern building codes and industry standards;
- Requirement to address ongoing issues associated with aged and deteriorated assets at or approaching end of life;
- Requirement to provide a safe, sustainable workplace;
- Opportunity to achieve efficiency through property portfolio rationalisation and asset modernisation; and
- Opportunity to achieve efficiency through improved space utilisation and workplace design.

This business case considers the following options:

- **Base Case**: Maintain the existing facilities on an ongoing basis
- **Option A**: Consolidate into Searle Street - Partial Refurbishment and Redevelopment (preferred)
- **Option B**: Consolidate into Searle Street - Full Redevelopment
- **Option C**: Develop a Greenfield Site

Each option (A to C) also includes a sensitivity analysis which assesses the merits of each option with alternative parameter values.

The business case recommends that the optimal proposal is Option A, with the capital investment to begin in 2020/21. The total capital expenditure associated with this option is [redacted] (2018/19 real terms) in the 2020-25 regulatory control period with an NPV of [redacted] over 20 years.

The proposed investment will mitigate risks including:

- Building code issues and condition defects;
- Site safety risks; and
- Commute safety risks.

The proposed investment will enable benefits including:

- Reduced and avoided future operational costs;
- Operational productivity improvement through co-location and the optimisation of field delivery services via a key operational hub servicing the Fraser Coast region;
- Supporting the local community within Maryborough by providing opportunities for local trades in various sectors of the building industry during the construction of this project; and
- Site sustainability improvement in energy and water conservation, storm water management and hazardous material management.

Maryborough investment was approved to be undertaken in the 2015-20 regulatory control period but was deferred due to replanning and strategy development associated with the formation of Energy Queensland. The Maryborough investment is the highest priority project in the Ergon Energy property portfolio and will commence in 2020. It will support the customer and community through improving the efficiency of Ergon Energy's distribution operations, asset management and administration functions.

Lower operational costs will deliver on Energy Queensland's financial commitments to its customers and Maryborough will be positioned as an efficient minor hub, supporting operational staff to sustainably maintain the network in the Fraser Coast region.

Contents

1. Introduction

This business case proposes property investment in the Fraser Coast region to ensure the ongoing safety, sustainability and efficiency of the property portfolio. Ergon Energy currently provides services through two facilities in Maryborough: Searle Street Depot (Searle Street) and the Adelaide Street Office (Adelaide Street).

Adelaide Street was previously the Wide Bay Burnett Electricity Board headquarters and is a legacy asset within the Energy Queensland property portfolio. Searle Street is an operational minor hub servicing the wider Fraser Coast region. The site is characterised by aged and deteriorating primary buildings, augmented by a range of temporary buildings introduced incrementally to address operational demand.

It is proposed to dispose of Adelaide Street and transition the workforce and related services into Searle Street. An upgrade of Searle Street will be required to address current building condition defects, building and safety compliance issues and achieve the expanded footprint required to accommodate the additional 73 staff from Adelaide Street.

Maryborough investment was approved to be undertaken in the 2015-20 regulatory control period but was deferred due to replanning and strategy development associated with the formation of Energy Queensland.

1.1 Purpose of document

This is a preliminary business case describing the need for investment in the Maryborough property portfolio and the options to address that need. As a preliminary business case, the document has been developed for the purposes of forecasting the required investment in coordination with the revised revenue proposals to the Australian Energy Regulator (AER). Prior to investment, a Gate 3 business case will be prepared with further detail to be assessed in accordance with the established Energy Queensland investment governance processes.

1.2 Scope of document

This document describes the scope and options for investment in the Maryborough sites to meet the investment needs below.

1.3 Identified Need

The Maryborough consolidation will maintain Energy Queensland's capability and commitment to the community in the Fraser Coast region. The need to invest through this initiative is primarily driven by building code and safety issues, building and site condition defects and the opportunity to reduce ongoing operational costs through the planned consolidation into a single site.

The Maryborough property portfolio consists of two properties located at Searle Street (Depot) and Adelaide Street (Office). The properties are located 4.5km apart and take approximately 9 minutes to travel between by car. Figure 1 (over page) depicts the locations of each site.

The Maryborough properties currently accommodate 192 staff performing functions across the business, primarily centred on Ergon Energy distribution operations and asset management. Searle Street is comprised of two adjacent sites with total land area of approximately 61,000m^2 with an approximate Gross Floor Area (GFA) of 5,322m^2. Adelaide Street has a GFA of 2,461m^2.

To facilitate the rectification of issues, defects and the planned rationalisation of properties in the 2020-25 regulatory control period (RCP), capital investment will be required to partially refurbish and redevelop Searle Street. The proposed investment is required to ensure the ongoing safety, sustainability and efficiency of Maryborough Property portfolio.

Figure 1: Maryborough Property Portfolio Locations

The specific drivers for this investment include:

- **Requirement to rectify Searle Street building condition defects**

  There is a requirement to rectify building condition defects including building interior, building exterior, site, mechanical services and hydraulic services to uplift the facilities to a sustainable standard.

- **Requirement to align with modern building codes and industry standards**

  Achieving building code compliance against current-day standards will be necessary given the substantial nature of required refurbishments. Since the facilities were developed, building construction codes have significantly changed. The proposed investment will renew the Searle Street facility in alignment with modern building standards related to health and safety, sustainability, amenities and accessibility

- **Requirement to provide a safe sustainable workplace**

  Searle Street has several safety issues with mitigation strategies in place. These mitigation strategies are however at the lower end of the control effectiveness scale and rely on human behaviours to be effective (e.g. "be aware of heavy vehicles when moving between buildings").

  It is prudent to implement mitigation strategies that are towards the higher end of the control effectiveness scale (e.g. designing vehicle and pedestrian circulation paths to avoid intersection).

- **Opportunity to achieve efficiency through property portfolio rationalisation and asset modernisation**

  Through the rationalisation of sites and renewal of Searle Street, a reduction in operating costs can be achieved. Fixed costs including rates and land tax will be saved upon disposal of Adelaide Street.

- **Opportunity to achieve efficiency through improved space utilisation and workplace design**

  By optimising field delivery services with a key operational hub servicing the Fraser Coast region, Ergon Energy will deliver efficiencies including better connections across related work disciplines, support effective collaboration and innovation, and the optimisation of square meterage allocation per staff member consistent with Energy Queensland guidelines.

1.4 Energy Queensland Strategic Alignment

Table 1 below details how the Maryborough consolidation investment contributes to Energy Queensland's corporate and asset management objectives.

Strategic Objectives	Relationship of Initiative to Objectives
1. Community and customer focused Maintain and deepen our communities' trust by delivering on our promises, keeping the lights on and delivering an exceptional customer experience every time.	The Maryborough consolidation will provide fit-for-purpose work environments enabling the local workforce to maintain delivery of critical services for the energy customers and communities of the Fraser Coast region. Providing a work environment that has flexibility to support business functions during severe weather response activities and other major network events is key to providing a safe and reliable supply to the energy customers and communities of Queensland.
2. Operate safely as an efficient and effective organisation Continue to build a strong safety culture across the business and empower and develop our people while delivering safe, reliable and efficient operations.	The strategy to address compliance issues, rectify condition defects and rationalise the Maryborough properties into a single multi-purpose site will provide a safe workplace for Energy Queensland staff while also delivering efficiencies through reduced operating costs.
3. Strengthen and grow from our core Leverage our portfolio business, strive for continuous improvement and work together to shape energy use and improve the utilisation of our assets.	The co-location of Maryborough staff in a consolidated workplace will support cross workgroup cooperation and collaboration. It will enable Energy Queensland to achieve better utilisation and efficiencies through the consolidation of multiple operational and office buildings and structures into a single depot building and a single office building.
4. Create value through innovation Be bold and creative, willing to try new ways of working and deliver new energy services that fulfil the unique needs of our communities and customers.	The rationalised Maryborough portfolio will provide a more flexible workplace. This will support cross business collaboration by locating common business functions within close proximity of each other and also allowing staff to work in collaboration spaces that foster cross workgroup cooperation and innovative thinking. In addition, the workplace environment will support more flexible working models for staff by offering "hot desk" configurations" that complement work-from-home and other efficient arrangements.

Table 1: Strategic Alignment

1.5 Legislative compliance obligations

The Maryborough consolidation needs to comply with a range of legislation, standards and codes of practice as indicated in Table 2 below.

Legislation, Regulation or Code	Obligations	Relevance to this investment
Queensland Work Health and Safety Act 2011 **and Work Health and Safety Regulation 2011**	We have a duty of care, ensuring so far as is reasonably practicable, the health and safety of our staff and other parties. This includes the suitable provision and maintenance of work environments, premises, plant and structures, such that workers are not exposed to risks to health and safety.	The proposed Maryborough consolidation must ensure that staff, service providers and visitors are not exposed to health and safety risks so far as is reasonably practicable.
Queensland Building Act 1975 (QBA)	We must comply with development obligations as defined through the QBA. This includes obligations for development approvals, building certification and compliance with the Queensland Development Code and the Building Code of Australia.	Any new construction or redevelopment associated with the Maryborough consolidation must be undertaken in compliance with the act, with the NCC, BCA and QDC codes, and with the Queensland Building Regulation. Construction compliance considerations for the Maryborough consolidation include: • Structural safety • Access and egress • Fire safety • Fall protection • Sustainability
National Construction Code (NCC) **and** **Building Code of Australia (BCA)**	The NCC and the BCA provides the minimum necessary requirements for safety, health, amenity, accessibility and sustainability in the design, construction, performance and liveability of new buildings (and new building work in existing buildings) throughout Australia. This includes provisions related to: • building structures and fire resistance • access and egress (including access for people with a disability) • services and equipment (including firefighting, smoke management, lifts, lighting) • health and amenity (including weatherproofing, sanitary facilities, ventilation, noise insulation) • sustainability and energy efficiency • other (atrium construction, construction in bushfire prone areas etc)	
Queensland Development Code (QDC)	We must comply with the QDC, which complements the NCC and BCA, defining Queensland-specific obligations relating to fire safety installations and maintenance, development in flood prone areas, building sustainability and others.	

Legislation, Regulation or Code	Obligations	Relevance to this investment
Queensland Building Regulation 2006	We must comply with additional regulations prescribed through the Queensland Building Regulation, consistent with our obligations under the Queensland Building Act. The regulations define acceptable building works, development on land liable to flooding and bush fires, water saving targets and other regulated obligations.	
Australian Standard 2626	We must comply with the Australian Standard for Industrial Safety Belts and Harnesses - Selection, Use and Maintenance. The standard identifies matters considered essential to the safe use of safety belts and harnesses, and sets out appropriate recommendations for proper selection, use and maintenance	
The Disability Discrimination Act 1992 **and** **Disability (Access to Premises – Buildings) Standards 2010** **and** **Design for Access and Mobility AS1428.1-2009 and relevant supplements**	We must comply with the act and the corresponding standard, to ensure that dignified, equitable, cost-effective and reasonably achievable access to buildings, facilities and services within buildings, is provided for people with a disability. This includes obligations related to: • signage • lighting • emergency management systems • accessways, doorways, passing areas and manoeuvring areas • stairways, handrails and grabrails • toilets and sanitary facilities • lifts and controls • tactile ground surface indicators • car parking	Particular considerations for the Maryborough consolidation include: • Provision of suitable office accessibility and facilities for people with a disability, while also increasing site occupancy and utilisation. • Provision of suitable sanitary facilities for people with a disability. • Provision of tactile indicators on pedestrian paths that intersect a vehicle path. • Provision of disabled car parking bays. • Provision of building signage to cater for people with disabilities. • Provision of access and egress paths for people with disabilities.
Queensland Environmental Protection Act 1994 and AS1940 and Environmental Protection Regulation 2008	We must comply with the Queensland Environmental Protection Act and related policies which define our obligations regarding environmental impacts of our property portfolio.	Particular considerations for the Maryborough consolidation include stormwater management and quality control.

Legislation, Regulation or Code	Obligations	Relevance to this investment
Car Parking Standards AS/NZS 2890. Part 1 & 2 (2004) and Part 6 (2009)	We must comply with standards regarding the provision of car parking. We must similarly meet the car parking obligations for each site as defined through the site development approval and/or material change of use (MCU) approvals.	Particular considerations for the Maryborough consolidation include maintaining sufficient and compliant car parking while increasing site occupancy and utilisation.
Safe Work Australia – Managing the Work Environment and Facilities. Code of Practice – Dec 2011	Consistent with the Work Health and Safety Act, this code of practice defined specific safe work obligations relating to: • access and egress • work areas and workstations • flooring, lighting and housekeeping • ventilation, heating and cooling • provision of worker facilities • emergency planning	Particular considerations for the Maryborough consolidation include: • Pedestrian circulation mixing with heavy vehicle and materials handling paths. • Operational work area zoning. • Identification of work zones requiring PPE.

Table 2: Relevant Legislation, Regulations and Codes

1.6 Limitation of existing assets

1.6.1 Searle Street

Searle Street is comprised of twelve separate buildings, hardstand and storage areas across the 61,400m^2 site. All the buildings are in excess of twenty-five years old, are aged and showing signs of dilapidation. The layout of the site's services and functions leads to inefficient work patterns which pose safety risks to pedestrians, requiring them to cross heavy vehicle and material handling paths. The numerous offices and amenities at the Searle Street depot are spread across 10 separate buildings and cover 15,870m^2.

Figure 2: Searle Street Workshop Building

A summary of asset limitations includes:

- Building structural issues
- Building condition issues including external surface dilapidation, cracking and corrosion, roof corrosion, corrosion to exposed steel elements, corrosion to hydraulic services, moisture related issues, loose and damaged wall surfaces and floor covering dilapidation
- Aged fire management systems, including lack of fire sprinklers, hydrant systems, sub-optimal fire reel coverage, emergency lighting and fire-resistant doors protecting critical equipment
- Safety issues concerning vehicle and pedestrian circulation paths and lack of zoning of operational areas requiring personal protective equipment
- Access, egress, signage, sanitary and parking issues for persons with a disability
- No works systems to prevent fall risks

- Hazardous materials storage issues
- Stormwater management and quality control
- Water consumption management issues
- Water supply cross connections issues
- Lack of alternative water sources

The disjointed nature of the existing Maryborough facilities impact the operational effectiveness of the Field Delivery function servicing the Fraser Coast region. The Searle Street hub requires investment for operational sustainability and improvement, with particular focus on the operational workshop, storage area, laydown area and operational office space.

Further information is provided in the Base Case (section 2).

Figure 3: Searle Street Temporary Structures

1.6.2 Adelaide Street

Adelaide Street was historically the Wide Bay Burnett Electricity Board headquarters and is a legacy asset within the Energy Queensland property portfolio. The site is comprised of an office building with a GFA of 2,461m^2, which is currently underutilised with an occupancy of approximately 73 staff (average 33.7m^2 per staff member, in contrast with Energy Queensland's guideline of 10-12m^2 per staff member).

Colocation of the workforce into Searle Street is the preferred outcome to achieve better utilisation and align functional works streams. After transition to Searle Street, the site will be surplus to operational needs.

Figure 4: Adelaide Street Office

Limitations include:

- Building condition issues including mould, moisture damage and corrosion
- Inadequate/non-functional air conditioning systems
- Fall prevention issues
- Switchboard issues

Further information is provided in the Base Case (section 2).

2 Counterfactual Analysis (Base Case)

The counterfactual analysis describes the base case scenario if the proposed investment were not to proceed.

2.1 Summary

In the Base Case, Energy Queensland would maintain both sites (Adelaide Street and Searle Street) on an ongoing basis. Minimal works will be performed on buildings and structures to enable continued operation of the facility through the 2020-25 regulatory control period.

A physical inspection of the condition of each structure was conducted in September 2018. Required near-term remediation works and lifecycle asset replacements through to 2024/25 are summarised in the table below[1].

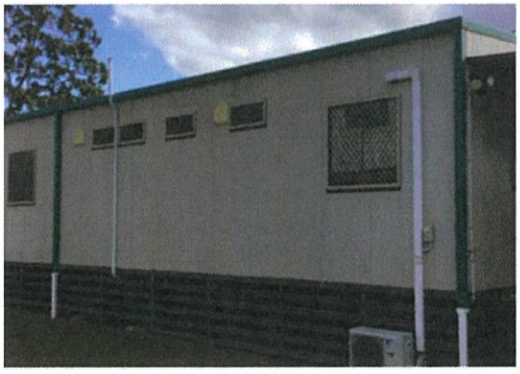
Given the age and progressive deterioration of the sites, mid-life refurbishments would later be undertaken at Searle Street in 5 years (within the 2025-30 RCP) and at Adelaide Street in 10 years (within the 2030-35 RCP).

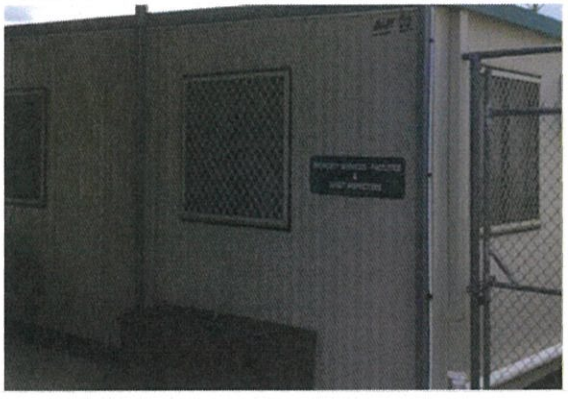
Note in the below table that the Searle Street "Wesley" administration building was identified by the independent property assessor as "beyond economical repair" due to the level of dilapidation and the presence of dry rot and asbestos containing material (ACM). Despite this assessment, under this base case option the building would continue to be operated in its existing form, actioning only the identified urgent remediations. This option is not recommended. Instead, the recommended option (**Option A**) proposes a partial refurbishment of the Searle Street site (warehouse and workshop), together with a redevelopment and consolidation of office space and field delivery buildings (including demountables and interim structures) for long term sustainability.

Scope		Cost (18/19 Real)
Adelaide Street		
Defect Remediations: • Upgrade floor coverings • Upgrade existing ground floor accessible toilets • Vermin proofing louvres - basement • Fire collars basement • **Required tactile indicators to access ground floor** • **Unisex toilet facilities** • **Water chiller unit** • **Plant room - roof and gutter replacement** • **Admin - roof and gutter replacement**		[redacted]
Lifecycle Replacements • First aid kits • Landscaping		[redacted]
	Total (Adelaide Street)	[redacted]

[1] Commercial Building and Asset Condition & Dilapidation Assessment performed by Homeworthy Inspection Services, September 2018.

Scope	Cost (18/19 Real)
Searle Street	
Carparking, Site Grounds & Miscellaneous Structures	
Defect Remediations: • Demolish existing carport (corroded) and replace • Replace signage • Safety line marking to new asphalt surfaces • Upgrade asphalt including surfaces prep • Provide stormwater drainage to site • Provisional sum for hydraulic engineering design • Provide fire hydrant mains to site 	[redacted]
Lifecycle Replacements • Fire extinguishers	[redacted]
Wesley Administration Building	
Given the level of dilapidation and the presence of dry rot and ACM, the independent property assessor identified this building as "<u>beyond economical repair</u>".	
Near term urgent defect remediations: • Provide safety - line marking paths & carparking • Stormwater drainage to downpipes & driveway • Provide fire hydrant main & standpipe booster • Prepare sub-grade & upgrade asphalt surfaces 	**<u>Beyond economical repair</u>** Near term urgent remediations [redacted]
Lifecycle Replacements • N/A	N/A
Building A (Systems Control Building)	
Defect Remediations: • **Flooring works and upgrade** • **Reconstruct western exit concrete steps to PWD access ramp** • **Provision PWD accessible facilities to both floors** • **Drainage upgrade** • **External building works** • Provide accessible lift core to eastern front entry • Replace roof & box gutters & flashings • Replace ACM parapets prior to re-roof • Replace and install new signage & shade sails • Replace timber fence to recreation area & grounds with PWD carpark • Provide ramps to external access linked to facilities • Relocate training building to adjacent facilities of project services 	[redacted]

Scope	Cost (18/19 Real)
Lifecycle Replacements • Fire extinguishers • Air conditioners	[redacted]
Main Building & Workshop	
Defect Remediations: • Install and correct signage • Rear storage awning roof • Internal building works and upgrades • Provide PWD unisex facilities & accessible ramps • Workshop floor upgrade • Remove ACM floor tiles & vinyl sheeting to offices • Upgrade roller doors • Drainage upgrade • Install insulated wall cladding Colorbond • Install adequate ventilation • Replace roof & gutters 	[redacted]
Lifecycle Replacements • Fire extinguishers • Air conditioners • Backup diesel generator	[redacted]
Project Services Communications Workshop Building	
Defect Remediations: • Provide threshold ramps to external access • External building upgrade works • Modify existing to include unisex toilet facilities with ramp access • Drainage upgrade • Site works including excavate cut embankment and retaining wall • Roof and gutter upgrade	[redacted]
Lifecycle Replacements • Fire extinguishers • Air conditioners	[redacted]
Line & Metering Services Buildings	
Defect Remediations: • Amenities upgrades • Air conditioning upgrade • Install new signage • Replace ACM vinyl flooring to metering services • Drainage works and upgrade • External building works • Roof and gutter upgrade 	[redacted]
Lifecycle Replacements • Refrigerators • MCP & alarms • Fire extinguishers • Air conditioners	[redacted]

Scope	Cost (18/19 Real)
Main Depot Managers Office	
Defect Remediations: • Provide accessibility ramp • Roof and gutter upgrade 	[redacted]
Lifecycle Replacements • N/A	N/A
MDP Building	
Defect Remediations: • Internal refurbishment including finishes • Drainage works and upgrade • Provide accessible unisex toilet • Provide accessibility ramp • Provide accessibility ramp to secondary required exit at rear (min 2 exits) 	[redacted]
Lifecycle Replacements • N/A	N/A
Property Services Facilities & Asset Inspectors Building	
Defect Remediations: • Provide Accessibility Ramp 	[redacted]
Lifecycle Replacements • N/A	N/A

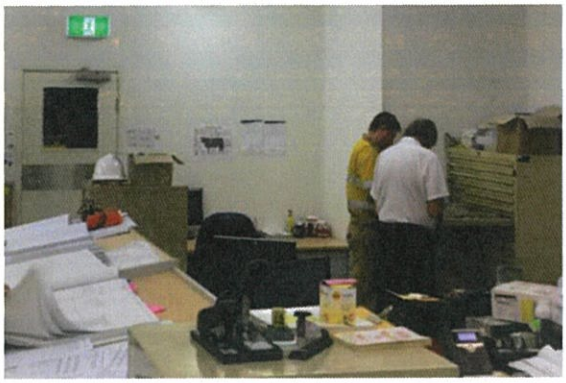
Scope	Cost (18/19 Real)
Administration Building	
Defect Remediations: • External building works • New carpet & vinyl floor coverings • Replacement ceilings (suspended) • Install external cladding • Remove and replace A/C internal sheeting • Remove and replace external decks & ramps • Remove asbestos external cladding • Roof and gutter upgrade • Air conditioning upgrade • Install new signage • Unisex WC to ground floor • Install vermin protection • Provide accessibility ramp to secondary required exit at rear (min 2 exits) • Reconfigure front stairs for accessibility • Accessibility ramp to comply with AS1428 • Surface and drainage upgrade and works • Upgrade asphalt parking & drainage • 	[redacted]
Lifecycle Replacements • Coldroom	[redacted]
Total (2018/19 real terms)	[redacted]

Table 3: Base Case Site Defect Remediations and Lifecycle Replacements

2.2 Assumptions

For the base case, it is assumed that:

- 2020-25 capital works costs have been estimated by the external condition assessor at [redacted] (Adelaide Street) and [redacted] (Searle Street) as listed in Table 3 (above) based on their independent assessment of required near-term remediation works and lifecycle asset replacements to 2024/25. However, as noted above, the assessor also indicated the Wesley building is beyond economical repair.
- Operating costs at each site have been forecast based on historical annual actuals and assumptions as follows:

[redacted]

- During the subsequent RCP (2025-30) a deferred partial refurbishment and redevelopment of the Searle Street site would be undertaken to address the investment needs identified in section 1.3. This will involve a redevelopment of Searle Street similar to Option A, but with reduced scale given the existing Adelaide Street staff will continue to be housed at Adelaide Street.
  - The deferred capital works at Searle Street are estimated at [redacted] (Appendix 3). I.e. [redacted] de-escalated by 2.1% to 2018/19 real terms. This estimate is based on the AECOM quantity surveyor cost estimate for Option A (Appendix 4) with the cost elements associated with the office space redevelopment reduced by 38% due to the continued operation of the Adelaide Street site.
  - Ongoing operating costs for maintenance and energy have been reduced [redacted] respectively following the site redevelopment due to the efficient modern building standards.
- In the 2030-35 RCP, refurbishment of the Adelaide Street site will be undertaken to address the investment needs identified in section 1.3.
  - Refurbishment costs of [redacted] for the GFA of 2,461m^2 have been assumed.
  - Ongoing operating costs for maintenance have been reduced [redacted] reflective of the refurbished fittings and facilities.
  - Energy costs remain unchanged.

2.3 Benefits

As the base case, no financial benefits are attributable to the counterfactual analysis. However, the following non-financial benefits are recognised.

Area	Benefits Identified
Change Impact	Continued operation of the two existing sites represents the lowest change impact to our staff and to operational service delivery.

Table 4: Counterfactual (Base Case) Benefits

2.4 Risks

The risks described in the table below represents the inherent risk exposure by the end of the coming RCP (2024/25) if the Base Case "Counterfactual" were favoured over the preferred investment option. The subsequent options analysis (section 3 below) describes the mitigations associated with each option and the resultant residual risk exposure. The risk analysis has been performed based on the Energy Queensland Network Risk Framework (Appendix 1).

Risk Scenario	Risk Type	Mitigation Status	Consequence	Likelihood	Risk Score
Risk 1. Building code issues and condition defects The Searle Street assets remain at end-of-life, as such building code issues and condition defects will continue to emerge after the known set are resolved. As a result, operational costs will initially reduce, however will begin to escalate through to the end of the 2020-25 RCP.	Business Impact	Pre Mitigation	3 (Moderate) Business impact of >$500k	5 (Very Likely)	**15 (Moderate)**

Risk Scenario	Risk Type	Mitigation Status	Consequence	Likelihood	Risk Score
Risk 2. Site safety risk The Searle Street assets remain at the end-of-life, as such safety compliance issues will continue to emerge after the known set of issues are resolved. As a result, safety risks will initially reduce, however may begin to escalate through to the end of the 2020-25 RCP. Risk controls will be put in place however given the nature of the safety issues (e.g. pedestrian paths mixing with heavy vehicle movement) it is expected that controls will be at the least effective end of the controls effectiveness scale. **Scenario -** A staff member suffers cuts / sprains / strains as a result of interaction with any one of multiple hazards at Searle Street	Safety	Pre Mitigation	2 (Low) Minor illness/injury	4 (Likely)	**8** **(Low)**
Risk 3. Commute safety risk With the continued operation of two Maryborough sites, there is a continued risk of travel injuries as staff commute between the sites. Minor travel injuries to, from and between sites are a relatively frequent event but often of relatively low impact. Major travel injuries are rare but can have a very high impact on the individuals involved and to the company. Given this wide variability in both Likelihood and Consequence, mid-range assessments of "Likely" and "Moderate" has been selected respectively. **Scenario -** During the frequent commute between Maryborough offices a staff member is involved in a traffic accident and suffers a single serious injury requiring hospitalisation	Safety, Business Impact	Pre mitigation	3 (Moderate) Single serious injury or illness	4 (Likely)	**12** **(Moderate)**

Table 5: Counterfactual (Base Case) Risks

2.5 Retirement decision

Maryborough operations are required on an ongoing basis to support the core business functions of Ergon Energy. Options to consolidate properties and retire Adelaide Street are described in section 3 below.

3 Options Analysis

This section considers the following options, in comparison against the counterfactual (base case) as described above:

- **Option A**: Consolidate into Searle Street - Partial Refurbishment and Redevelopment (preferred)
- **Option B**: Consolidate into Searle Street - Full Redevelopment
- **Option C**: Develop a Greenfield Site

3.1 Option A: Consolidate into Searle Street - Partial Refurbishment and Redevelopment (Preferred)

3.1.1 Summary

Through this option, the Searle Street warehouse and workshop will be retained and refurbished. The Searle Street office and field delivery buildings will be redeveloped for long-term sustainability, safety and efficiency.

The new development will be suitably sized to also accommodate Adelaide Street staff, allowing the disposal of the Adelaide Street office.

This option will dispose of a number of temporary buildings, consolidating staff and functions into the new office and field delivery buildings. A further seven smaller buildings on the site will be retained and continue to require maintenance (see Appendix 7).

Ergon Energy has assumed the selection of this preferred option, with the identified financial benefits and operating cost savings contributing to Ergon Energy's forecast opex reductions for the 2020-25 period.

3.1.2 Assumptions

For this option, it is assumed that:

- The number of staff supported is approximately 200.
- Refurbishment and redevelopment costs have been estimated at [redacted] by independent quantity surveyors AECOM. I.e. Appendix 4 estimate of [redacted] (in 19/20 real terms), de-escalated 2.1% to 18/19 real terms.
- A material change of use is not required at Searle Street when the Adelaide Street staff and functions move to Searle Street, because of the continued nature and scale of operations.
- Searle Street operating costs are estimated as follows:
    - Prior to site renewal, historical actual costs have been used as per the base case.

      [redacted]
- Adelaide Street can be disposed of at [redacted] based on a desktop market analysis of the Maryborough commercial property market.
- Adelaide Street does not conduct any operations that require mitigation of contaminants or other environmental hazards. As such, remediation prior to sale of the site has been limited to [redacted]
- Adelaide Street operating costs are per the base case and cease on disposal, six months following the commissioning of the renewed Searle Street site.
- The scope, inclusions, exclusions, costs and impacts of the initiative will be further detailed through the Gate 3 business case and competitive procurement processes prior to investment.

3.1.3 Benefits

The table below summarises the benefits to be enabled through implementation of this option.

Area	Benefits Identified	Value
Productivity Efficiencies	Staff productivity benefit through co-location: • Calculated on the basis of reduced travel costs and lost time and general productivity improvement [redacted]	[redacted]
Maintenance and Energy Costs	Reduced maintenance and energy cost as a result of aged and dilapidated buildings and temporary structures being refurbished or redeveloped with modern building standards.	Reflected in reduced operating costs
Sustainability	The site is expected to: • Improve energy and water conservation • Achieve storm water management compliance • Achieve hazardous material storage compliance	Non-Financial
Safety	Improvement of safety posture: • Reduction of safety risks associated with access, egress, fire, trips, falls and pedestrian/vehicle traffic flow Removal of most ACM	Non-Financial
Community	The refurbishment / redevelopment of the site will improve service and support to our customers	Non-Financial

Table 6: Option A Benefits

3.1.4 Risks

The table below summarises the mitigations of 2024/25 inherent risks identified in the base case (section 2.4). The risk analysis has been performed based on the Energy Queensland Network Risk Framework (Appendix 1).

Risk Scenario	Risk Type	Mitigation Status	Consequence	Likelihood	Risk Score
Risk 1. Building code issues and condition defects The Searle Street assets remain at end-of-life, as such building code issues and condition defects will continue to emerge after the known set are resolved. As a result, operational costs will initially reduce, however will begin to escalate through to the end of the 2020-25 RCP.	Business Impact	**Pre Mitigation**	3 (Moderate) Business impact of >$500k	5 (Very Likely)	**15** **(Moderate)**
		Post Mitigation This option will address many of the building compliance issues and condition defects reducing the likelihood and the consequence. Note that buildings 2,3,8,9,14, the storage structure between buildings 2 & 3 and the wash bay are retained and will have compliance issues/defects addressed resulting in a higher residual likelihood / consequence than alternative options	2 (Low) Business impact of >$100k	4 (Likely)	**8** **(Low)**

Risk Scenario	Risk Type	Mitigation Status	Consequence	Likelihood	Risk Score
Risk 2. Site safety risk The Searle Street assets remain at the end-of-life, as such safety compliance issues will continue to emerge after the known set of issues are resolved. As a result, safety risks will initially reduce, however may begin to escalate through to the end of the 2020-25 RCP.	Safety	**Pre Mitigation**	2 (Low) Minor Illness /injury	4 (Likely)	**8** **(Low)**
		Post Mitigation This option replaces and refurbishes site property assets mitigating safety risks regarding zoning, pedestrian/vehicle traffic management, parking, building and traffic circulation and site security	2 (Low) Minor Illness / Injury	3 (Unlikely)	**6** **(Low)**
Risk 3. Commute safety risk With the continued operation of two Maryborough sites, there is a continued risk of travel injuries as staff commute between the sites.	Safety, Business Impact	**Pre mitigation**	3 (Moderate) Single serious injury or illness	4 (Likely)	**12** **(Moderate)**
		Post Mitigation By consolidating Adelaide Street into Searle Street, the number of travel events will be decreased significantly, reducing the likelihood of an incident occurring.	3 (Moderate)	2 (Very unlikely)	**6** **(Low)**

Table 7: Option A Risks

3.2 Option B: Consolidate into Searle Street - Full Redevelopment

3.2.1 Summary

This option proposes the replacement of all Searle Street buildings and expands the office footprint to accommodate Adelaide Street staff, allowing disposal of the Adelaide Street Office property. The adjoining site will be used to temporarily stage the workforce and would be disposed of following commissioning of the fully redeveloped site. This redevelopment option provides a minor hub consistent with Ergon Energy's Depot (Spoke) Masterplan.

3.2.2 Assumptions

For this option, it is assumed that:

- Refurbishment and redevelopment costs have been estimated at [redacted] by independent quantity surveyors AECOM (Appendix 5).
- Adelaide Street remediation costs, disposal value and operating costs are as per Option A.
- The adjacent Searle Street site (Lot 1) can be disposed of at [redacted] based on a desktop market analysis of the Maryborough commercial property market.
- The adjacent Searle Street site (Lot 1) does not require any remediation prior to sale because the site does not conduct any operations that require remediation of contaminants or other environmental hazards.

3.2.3 Benefits

The table below summarises the benefits to be enabled through implementation of this option.

Area	Benefits Identified	Value
Productivity Efficiency	Staff productivity benefit through co-location: • Calculated on the basis of reduced travel costs and lost time and general productivity improvement [redacted]	[redacted]
Operational costs	Reduced maintenance and energy costs as a result of aged and dilapidated buildings and temporary structures being redeveloped with modern building standards. Removal of future operational costs across the following categories: • Adelaide Street – Maintenance • Adelaide Street – Rates • Adelaide Street – Land Tax • Adelaide Street – Energy	Reflected in reduced operating costs
Sustainability	The site is expected to: • Improve energy and water conservation • Achieve storm water management compliance • Achieve hazardous material storage compliance	Non-Financial
Safety	Improvement of safety posture: • Reduction of many safety risks associated with access, egress, fire, trips, falls and pedestrian/vehicle traffic flow • Removal of most asbestos containing material (ACM)	Non-Financial
Community	The redevelopment of the site will improve service and support to our customers	Non-Financial

Table 8: Option B Benefits

3.2.4 Risks

The table below summarises the mitigations of 2024/25 inherent risks identified in the base case (section 2.4). The risk analysis has been performed based on the Energy Queensland Network Risk Framework (Appendix A).

Risk Scenario	Risk Type	Mitigation Status	Consequence	Likelihood	Risk Score
Risk 1. Building code issues and condition defects The Searle Street assets remain at end-of-life, as such building code issues and condition defects will continue to emerge after the known set are resolved. As a result, operational costs will initially reduce, however will begin to escalate through to the end of the 2020-25 RCP.	Business Impact	**Pre Mitigation**	3 (Moderate) Business impact of >$500k	5 (Very Likely)	**15** **(Moderate)**
		Post Mitigation This option will address all the building compliance issues and condition defects reducing the likelihood and the consequence.	1 (Insignificant) Business impact of >$50k	3 (Unlikely)	**3** **(Very Low)**
Risk 2. Site safety risk The Searle Street assets remain at the end-of-life, as such safety compliance issues will continue to emerge after the known set of issues are resolved. As a result, safety risks will initially reduce, however may begin to escalate through to the end of the 2020-25 RCP.	Safety	**Pre Mitigation**	2 (Low) Minor Illness /injury	4 (Likely)	**8** **(Low)**
		Post Mitigation This option delivers a comprehensive site-wide replacement of building and site assets improving all safety risk areas regarding zoning and pedestrian / vehicle traffic management.	1 (Insignificant) Low level Illness / Injury	3 (Unlikely)	**3** **(Very Low)**
Risk 3. Commute safety risk With the continued operation of two Maryborough sites, there is a continued risk of travel injuries as staff commute between the sites.	Safety, Business Impact	**Pre mitigation**	3 (Moderate) Single serious injury or illness	4 (Likely)	**12** **(Moderate)**
		Post Mitigation By consolidating Searle Street and Adelaide Street the number of travel events will be decreased significantly, reducing the likelihood of an incident occurring.	3 (Moderate)	2 (Very unlikely)	**6** **(Low)**

Table 9: Option B Risks

3.3 Option C: Develop a Greenfield Site

3.3.1 Summary

This option involves the development of a greenfield site to accommodate the current workforce and functions of Searle Street and Adelaide Street. As a result, both the Searle Street and Adelaide Street sites will be disposed.

3.3.2 Assumptions

For this option, it is assumed that:

- A suitable land parcel in the Maryborough region of approximately 30,000m^2 can be sourced at a cost of [redacted].
- Development costs for the greenfield site have been estimated at [redacted] based on independent quantity surveyors AECOM Option B estimate excluding Temporary Accommodation and Staging Costs (Appendix 6).
- Greenfield site operating costs are estimated based on Searle Street costs as follows:
    - Equivalent land tax and rates. During the greenfield development period, land tax and rates are applicable for the existing site and the greenfield site.

    [redacted]
- Adelaide Street remediation costs, disposal value and operating costs are per Option A.
- Searle Street operating costs are as per the base case and cease on disposal, six months following commissioning of the greenfield site.
- The adjacent Searle Street site (Lot 1) can be disposed at [redacted] based on a desktop market analysis of the Maryborough commercial property market.
- The adjacent Searle Street site (Lot 1) does not require any remediation prior to sale because the site does not conduct any operations that require remediation of contaminants or other environmental hazards.
- The main Searle Street site (Lot 264) can be relinquished following the commissioning of the greenfield site. There is no disposal value as the land is State owned and would be returned to the State.
- Prior to relinquishing the main Searle Street site (Lot 264), the existing buildings are required to be demolished at a cost of [redacted]. The site will also require remediation at an estimated cost of [redacted] based on a rate of [redacted] referenced from the historical remediation costs associated with the Brisbane Blinzinger Road site).

3.3.3 Benefits

The table below summarises the benefits to be enabled through implementation of this option.

Area	Benefits Identified	Value
Productivity Efficiency	Staff productivity benefit through co-location: • Calculated on the basis of reduced travel costs and lost time and general productivity improvement [redacted]	[redacted]

Area	Benefits Identified	Value
Operational costs	Reduced and avoided future operational costs across the following categories: • Greenfield site - Maintenance • Greenfield site - Energy • Searle Street – Maintenance • Searle Street – Rates • Searle Street – Land Tax • Searle Street – Energy • Adelaide Street – Maintenance • Adelaide Street – Rates • Adelaide Street – Land Tax • Adelaide Street – Energy	Reflected in reduced operating costs
Sustainability	The site is expected to: • Improve energy and water conservation • Achieve storm water management compliance • Achieve hazardous material storage compliance	Non-Financial
Safety	Improvement of safety posture: • Reduction of many safety risks associated with access, egress, fire, trips, falls and pedestrian/vehicle traffic flow • Removal of most asbestos containing material (ACM)	Non-financial
Community	A greenfield site will improve service and support to our customers	Non-Financial

Table 10: Option C Benefits

3.3.4 Risks

The table below summarises the mitigations of 2024/25 inherent risks identified in the base case (section 2.4). The risk analysis has been performed based on the Energy Queensland Network Risk Framework (Appendix 1).

Risk Scenario	Risk Type	Mitigation Status	Consequence	Likelihood	Risk Score
Risk 1. Building code issues and condition defects The Searle Street assets remain at end-of-life, as such building code issues and condition defects will continue to emerge after the known set are resolved. As a result, operational costs will initially reduce, however will begin to escalate through to the end of the 2020-25 RCP.	Business Impact	**Pre Mitigation**	3 (Moderate) Business impact of >$500k	5 (Very Likely)	**15** **(Moderate)**
		Post Mitigation This option will address all the building compliance issues and condition defects reducing the likelihood and the consequence	1 (Insignificant) Business impact of >$50k	3 (Unlikely)	**3** **(Very Low)**
Risk 2. Site safety risk The Searle Street assets remain at the end-of-life, as such safety compliance issues will continue to emerge after the known set of issues are resolved. As a result, safety risks will initially reduce, however may begin to escalate through to the end of the 2020-25 RCP.	Safety	**Pre Mitigation**	2 (Low) Minor Illness /injury	4 (Likely)	8 **(Moderate)**
		Post Mitigation This option delivers a site-wide renewal of property assets, addressing all safety risk areas including zoning and pedestrian/vehicle traffic management.	1 (Insignificant) Low Level Injury/Illness	3 (Unlikely)	**3** **(Very Low)**
Risk 3. Commute safety risk With the continued operation of two Maryborough sites, there is a continued risk of travel injuries as staff commute between the sites.	Safety, Business Impact	**Pre mitigation**	3 (Moderate) Single serious injury or illness	4 (Likely)	**12** **(Moderate)**
		Post Mitigation By consolidating Adelaide Street into Searle Street, the number of travel events will be decreased significantly, reducing the likelihood of an incident occurring.	3 (Moderate)	2 (Very unlikely)	**6** **(Low)**

Table 11: Option C Risks

3.4 Economic analysis of identified options

3.4.1 Cost versus benefit assessment of each option

Table 12 (below) summarises the Net Present Value (NPV) of the costs and benefits of each option.

Note that avoided property cost benefits (such as avoided lease costs or planned capital works) are reflected as reduced costs in comparison with the base case, rather than as direct benefits.

[redacted]

Table 12: Net present value of options

As indicated in the above table, Option A represents the best overall NPV [redacted]

3.4.2 Cash flow forecast

Table 13 (below) summarises the forecast cashflow of capex and opex costs for Option A (preferred).

[redacted]

Table 13: Cash flow forecast

3.4.3 NPV Calculation Parameters

In addition to the assumptions specific to each option (listed in sections 2 and 3 above), the following parameters apply to the economic analysis as a whole:

- The NPV has been calculated based on a 20-year financial analysis period using the Energy Queensland Non-Network NPV calculation model.
- 2.42% Consumer Price Index (CPI) is used for annual cost escalation.
- 5.13% Regulated Rate of Return/WACC (Pre-tax Nominal) is applied with present values discounted to 2018/19.

3.5 Scenario Analysis

3.5.1 Cost Benefit Sensitivity Parameters

In order to validate the sensitivity of the above NPV analysis to potential variability of key parameters, a scenario analysis has been performed. Through this analysis, a "best" scenario and "worst" scenario for each option has been assessed, for comparison against the primary ("most likely") scenario as reflected in the primary NPV analysis.

Table 14 (below) summarises the cost benefit sensitivity parameters used in the scenario analysis for this business case.

Type	Element	Worst	Best	Rationale
Costs	Refurbishment / Reconfiguration Costs	+10%	-10%	Estimates have been prepared by AECOM based on proposed scope.
	New Development Costs	+10%	-10%	Estimates have been prepared by AECOM based on proposed scope.

Type	Element	Worst	Best	Rationale
	Land Acquisition Costs	+15%	-15%	Estimates are based on property market research of the value of viable or equivalent target sites.
Benefit	Site Disposal Values	-15%	+15%	Estimates are based on property market research
	Operational Productivity Benefits	-15%	+15%	Based on the preliminary nature of the business benefits analysis.

Table 14: Cost Benefit Sensitivity Parameters

3.5.2 Scenario Analysis

Table 15 (below) summarises the NPV sensitivity to the above listed parameters for each of the options. This business cases recommends the "most likely" scenario associated with the "preferred" Option A.

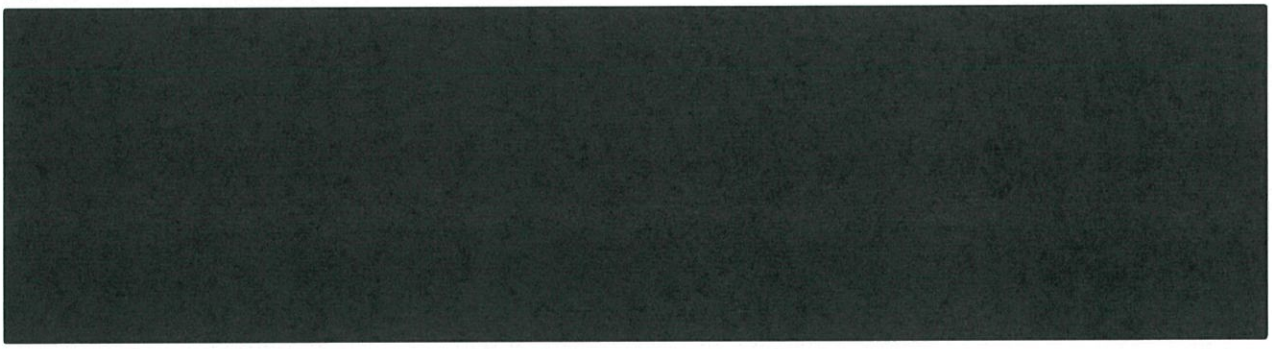


Table 15: Scenario Analysis

The above scenario analysis table indicates that Option A (preferred option) represents the best NPV outcome, even with "worst" scenario cost benefit sensitivity parameters.

3.6 Qualitative comparison of identified options

Table 16 below summarises the advantages and disadvantages of each option considered.

Option	Advantages	Disadvantages
Counterfactual (Base Case)	• Lowest capital cost • Lowest impact on staff	• Not the most preferable NPV • Will only remediate significant defects initially. These issues are expected to re-emerge over the life of the property asset until mid-life refurbishments take place. • Asset portfolio is not optimised as Adelaide Street not disposed
Option A: Consolidate into Searle Street - Partial Refurbishment and Redevelopment	• Most preferable NPV • Lower impact on staff compared to options B and C	• Issues and condition defects may still exist for non-refurbished Searle Street buildings, the storage structure between buildings and the wash bay • For refurbished buildings non-compliances and defects may re-emerge after initial round of remediation

Option	Advantages	Disadvantages
		• Refurbished buildings may potentially attract higher operational costs compared with replaced buildings. • Benefits dependent on sale of Adelaide Street
Option B: Consolidate into Searle Street - Full Redevelopment	• Equal most sustainable long-term solution to optimise the Maryborough property assets	• Less preferable NPV • Moderate disruption to operations • Benefits dependent on sale of Adelaide Street
Option C: Develop a Greenfield Site	• Equal most sustainable long-term solution to optimise the Maryborough property assets • Temporary staging costs avoided • Demolition costs avoided	• Less preferable NPV • High disruption to operations • Benefits dependent on sale of sites including significant remediation at Lot 264 Searle Street (main site) • Elevated operating costs sustained for an extra year.

Table 16: Qualitative Comparison of Options

3.7 Change Impacts

This section details the potential impacts across Ergon Energy during and after implementation of the preferred option.

Unit / Team	Impact	Rating Low / Med / High
Maryborough Operational Teams	• Maryborough teams will be beneficiaries of a redesigned modern workplace driving collaboration, productivity and employee satisfaction. • The current Adelaide Street based staff will be impacted by a change in work location, however this is expected to be minimal as the locations are 4.5km apart. • The current Searle Street based staff will be impacted by site works during the redevelopment.	Medium
Energy Queensland Property Group	• The redevelopment will require the Property Group (and related teams) to dedicate appropriately skilled resources to plan and engage the redevelopment as well as to oversee contractor works.	Medium

Table 17: Change Impact Summary

3.8 Investment Alignment with the National Electricity Rules (NER)

The table below details the alignment of the proposed solution with the NER capital expenditure requirements as regulated by the AER.

NER Capital Expenditure Requirements	Rationale
6.5.7 (a) (2) The forecast capital expenditure complies with all applicable regulatory obligations or requirements associated with the provision of standard control services	This business case proposes the consolidation of Ergon Energy's Maryborough depot and office for operational cost efficiency, sustainability, compliance and risk mitigation purposes. Through this replacement, Ergon Energy can maintain the required safe and efficient operation of their networks (standard control services), compliant with all regulated, legislative and policy obligations.
6.5.7 (a) (3) The forecast capital expenditure maintains the quality, reliability and security of supply of standard control services	Through the provision of cost effective and fit for purpose office accommodation, Ergon Energy can maintain the quality, reliability and security of standard control services.
6.5.7 (c) (1) (i) The forecast capital expenditure reasonably reflects the efficient costs of achieving the capital expenditure objectives	Costs for this investment have been forecast based on knowledge of the likely property re-configuration scope, informed by quantity surveyor estimates from specialist independent assessors and AECOM. Energy Queensland undertakes competitive market procurement processes to ensure cost efficiency in project cost and operational expenditure. Currently this investment has been analysed to a "Preliminary Gate 2" level. Prior to investment, a Gate 3 business case will be prepared with further detail to be assessed in accordance with the established investment governance processes.
6.5.7 (c) (1) (ii) The forecast capital expenditure reasonably reflects the costs that a prudent operator would require to achieve the capital expenditure objectives	
6.5.7 (c) (1) (iii) The forecast capital expenditure reasonably reflects a realistic expectation of the demand forecast and cost inputs required to achieve the capital expenditure objective	

4 Recommendation

"Option A: Consolidate into Searle Street - Partial Refurbishment and Redevelopment" is the recommended option as:

- It has the best overall NPV of all options. [redacted]
- It is aligned with Energy Queensland's strategic objectives;
- Meets the identified investment needs including:
  - Requirement to rectifying building condition defects;
  - Requirement to align with modern building codes and industry standards;
  - Requirement to provide a safe sustainable workplace;
  - Opportunity to achieve efficiency through property portfolio rationalisation and asset modernisation; and
  - Opportunity to achieve efficiency through improved space utilisation and workplace design;
- It is consistent with Ergon Energy's capital expenditure requirements under the National Electricity Rules; and
- The identified efficiency benefits and operating cost savings contribute to Ergon Energy's forecast opex reductions for the 2020-25 period. [redacted]

Total forecast capex in the 2020-25 RCP for this option is [redacted] (2018/19 real terms).

Prior to investment, a Gate 3 business case will be prepared with further detail to be assessed in accordance with established investment governance processes.

This is an Ergon Energy DNSP investment. The Energy Queensland Cost Allocation Model (CAM) allocates the total forecast asset cost between Standard Control Services, Alternative Control Services and Other/Unregulated, reflecting usage of the asset across the DNSP services.

Appendix 1. Network Risk Framework

The Energy Queensland Network Risk Framework assesses individual risks in dimensions of Likelihood and Consequence according to a six by six risk matrix (Figure 5).

Risk Analysis 6x6 multiplication R=C x L	Consequence → 1	2	3	4	5	6
Likelihood ↑ 6	6	12	18	24	30	36
5	5	10	15	20	25	30
4	4	8	12	16	20	24
3	3	6	9	12	15	18
2	2	4	6	8	10	12
1	1	2	3	4	5	6

Network Risks - *Risk Tolerability Criteria and Action Requirements*

Risk Score	Risk Descriptor	Risk Tolerability Criteria and Action Requirements		
30 – 36	***Intolerable*** ***(stop exposure immediately)***			
24 – 29	*Very High Risk*	*ALARP Risk in this range managed to As Low As Reasonably Practicable	**Executive Approval** (required for continued risk exposure at this level)	May require a full Quantitative Risk Assessment (QRA) Introduce new or changed risk treatments to reduce level of risk Periodic review of the risk and effectiveness of the existing risk treatments
18 – 23	*High Risk*		**Divisional Manager Approval** (required for continued risk exposure at this level)	Introduce new or changed risk treatments to reduce level of risk Periodic review of the risk and effectiveness of the existing risk treatments
11 – 17	*Moderate Risk*		**Group Manager / Process Owner Approval** (required for continued risk exposure at this level)	Introduce new or changed risk controls or risk treatments as justified to further reduce risk Periodic review of the risk and effectiveness of the existing risk treatments
6 – 10	Low Risk			
1 to 5	*Very Low Risk*		No direct approval required but evidence of ongoing monitoring and management is required	*Periodic review of the risk and effectiveness of the existing risk treatments*

**Note: SOFAIRP to be used for Safety Risks and ALARP for Network Risks*

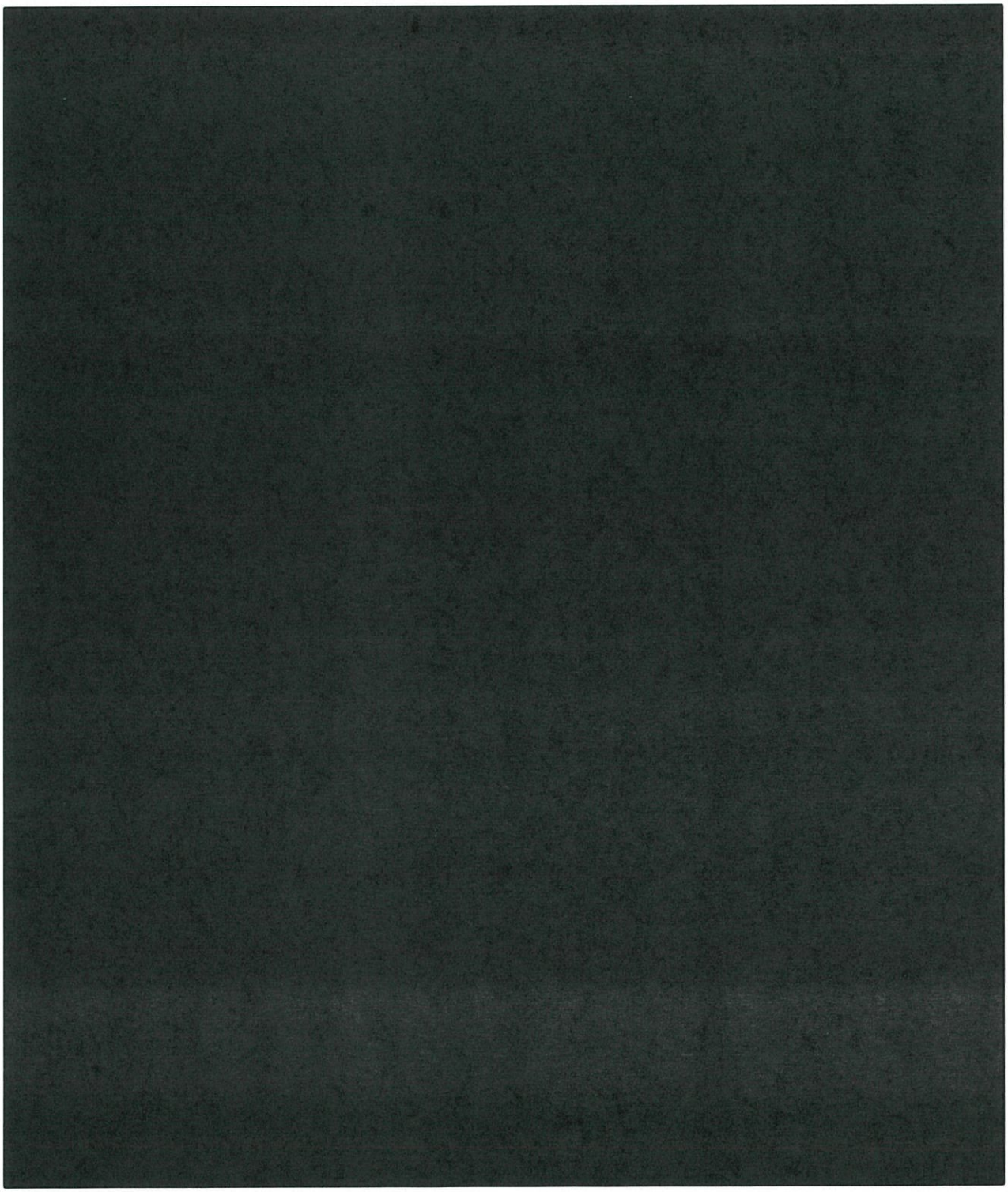
Figure 5 Network Risk Framework

Appendix 2. Definitions

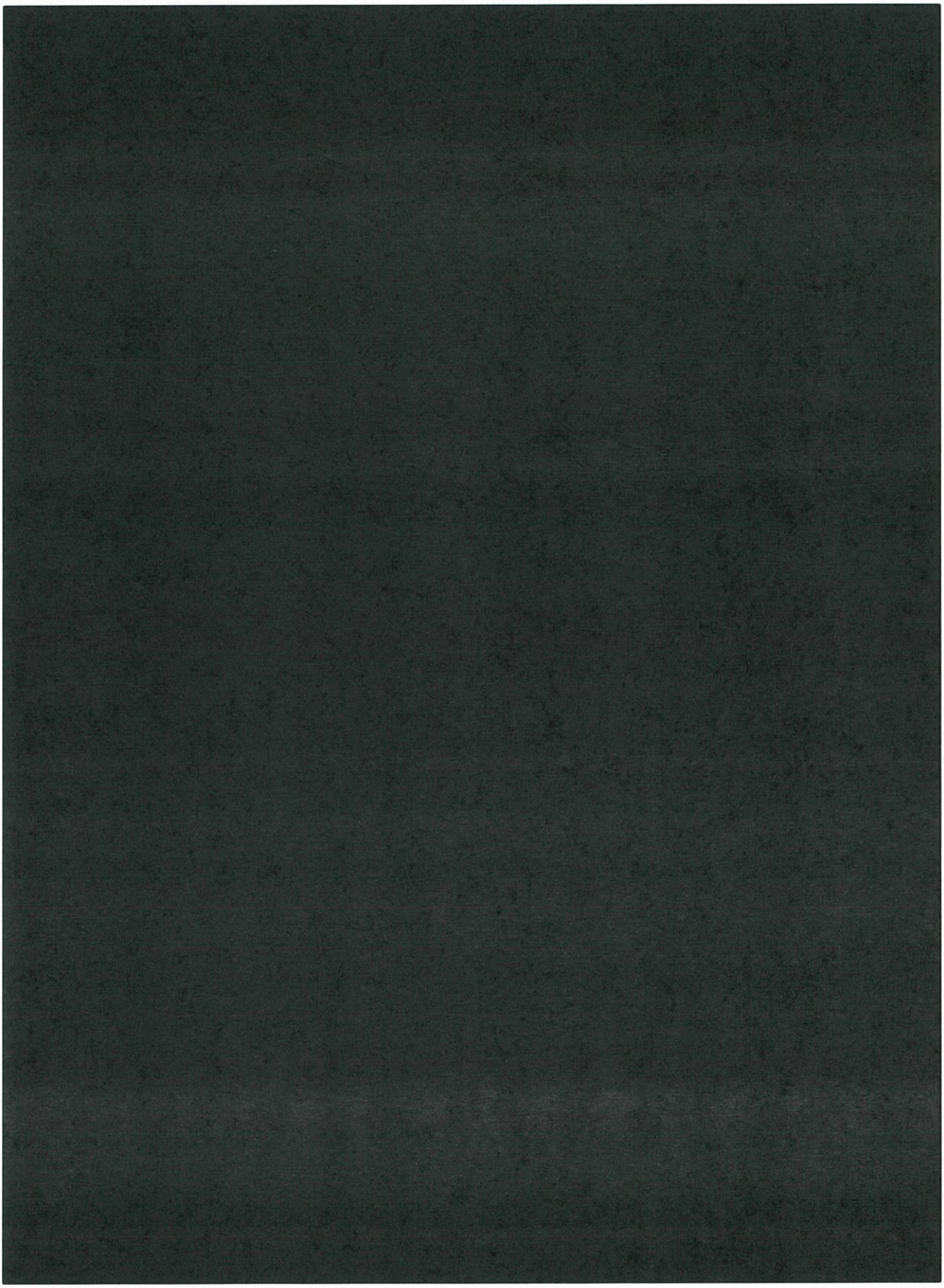
Term	Definition
ACM	Asbestos Containing Material
ACS	Alternative Control Services
AER	Australian Energy Regulator
BCA	Building Code of Australia
Capex	Capital Expenditure
CPI	Consumer Price Index
DNSP	Distribution Network Service Provider
FY	Financial Year (e.g. FY21 refers to financial year 2020/21)
GFA	Gross Floor Area
NCC	National Construction Code
NER	National Electricity Rules
NPV	Net Present Value
OCC	Operational Control Centre
Opex	Operating Expenditure
PPE	Personal Protective Equipment
QBA	Queensland Building Act
QDC	Queensland Development Code
RCP	Regulatory Control Period
SCS	Standard Control Services
SEQ	South East Queensland
SQM	Square Metres
WACC	Weighted Average Cost of Capital

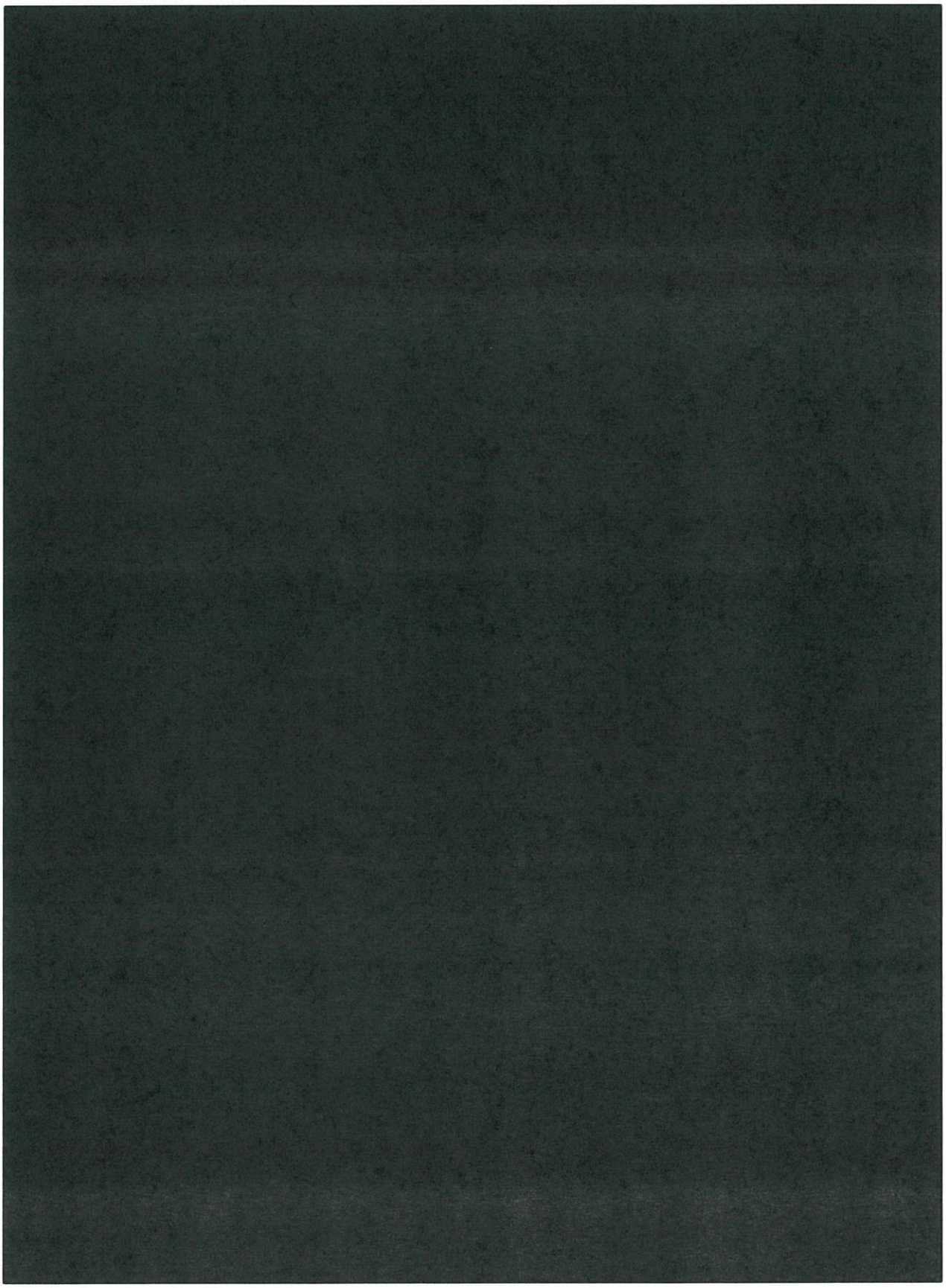
Appendix 3. Base Case Cost Estimate - Deferred Partial Refurbishment and Redevelopment of Searle Street

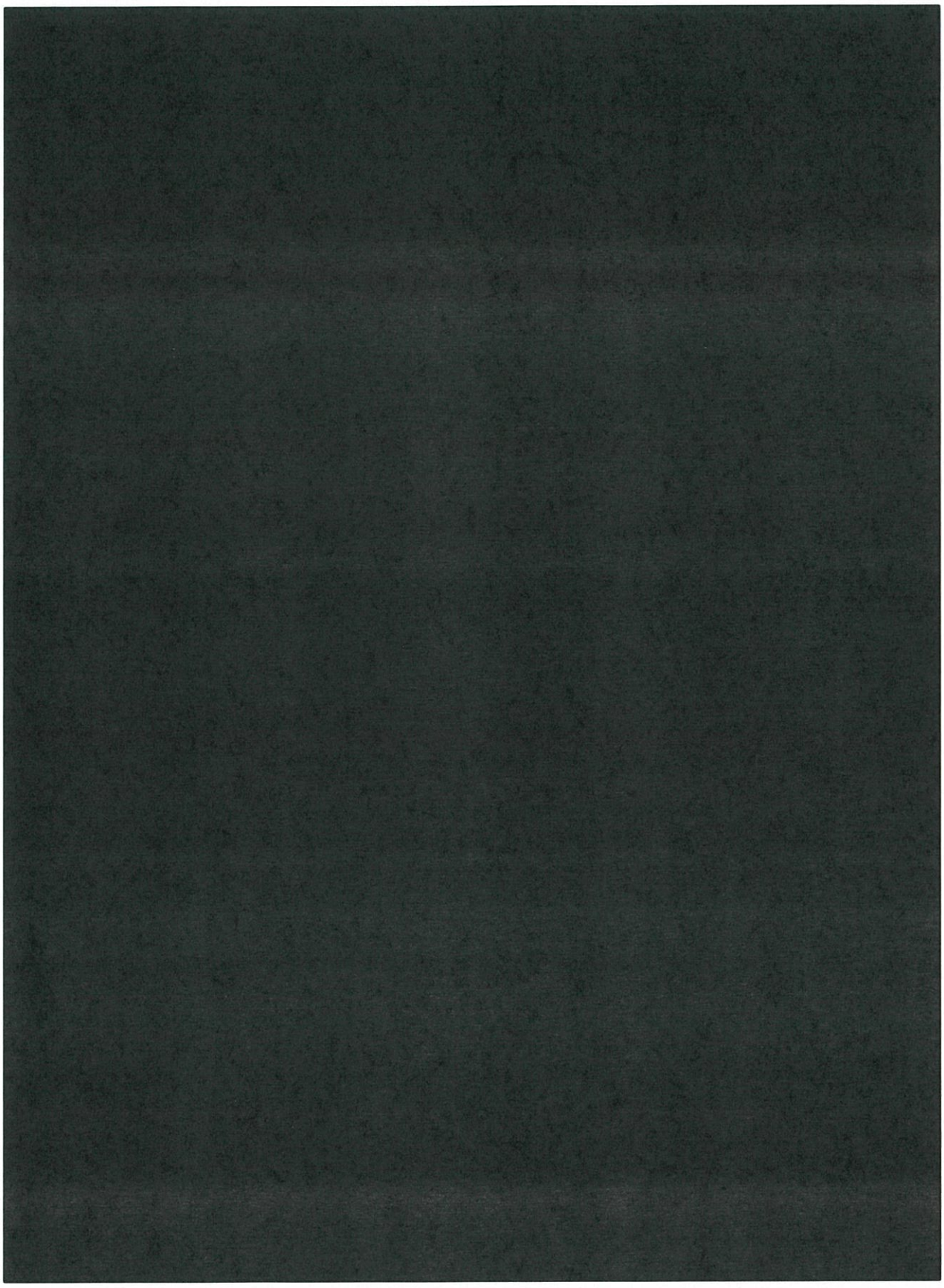
In the Base Case, during the subsequent RCP (2025-30) a deferred partial refurbishment and redevelopment of the Searle Street site would be undertaken to address the investment needs identified in section 1.3. This will involve a redevelopment of Searle Street similar to Option A, but with reduced scale given the existing Adelaide Street staff will continue to be housed at Adelaide Street.

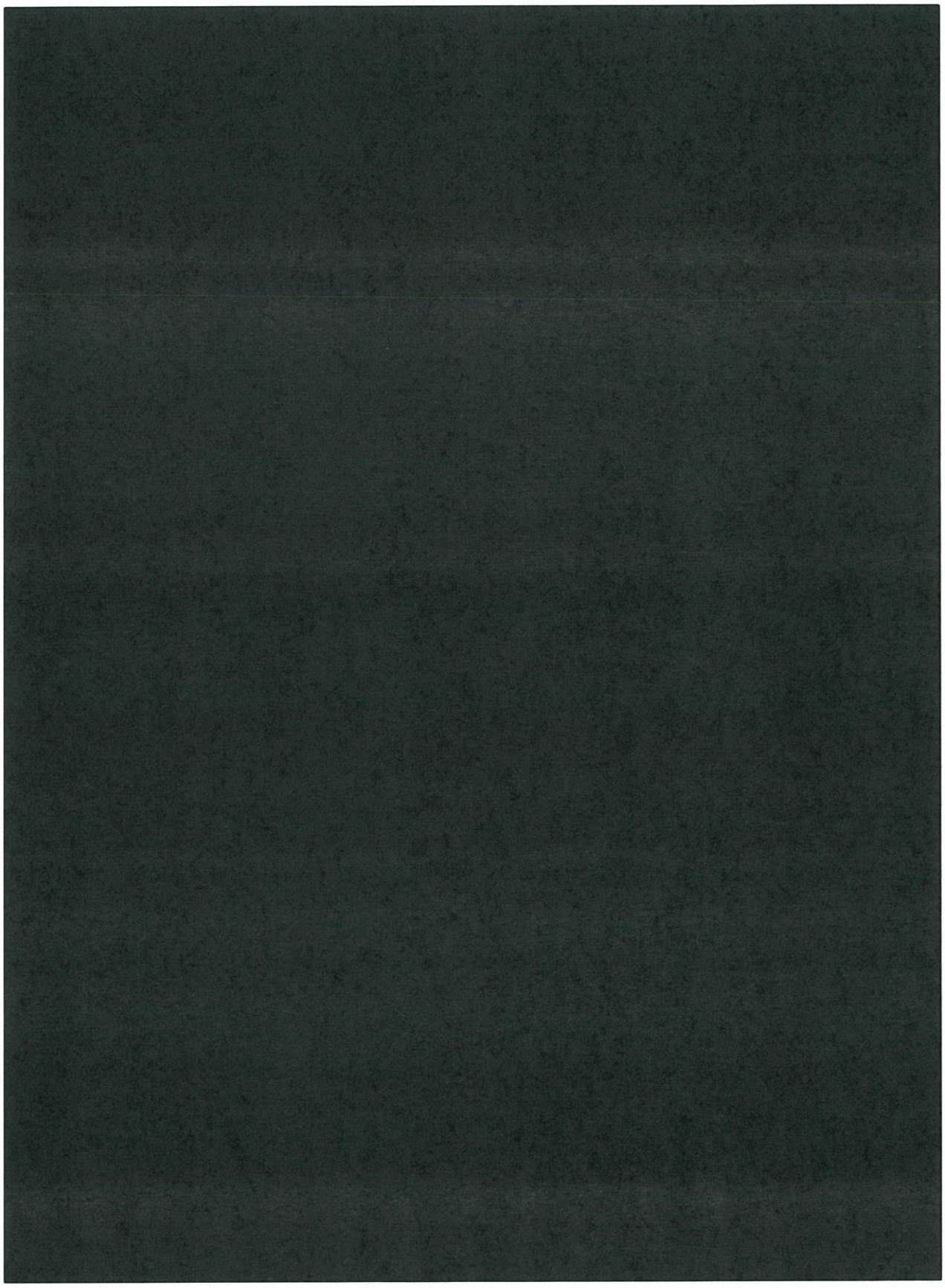


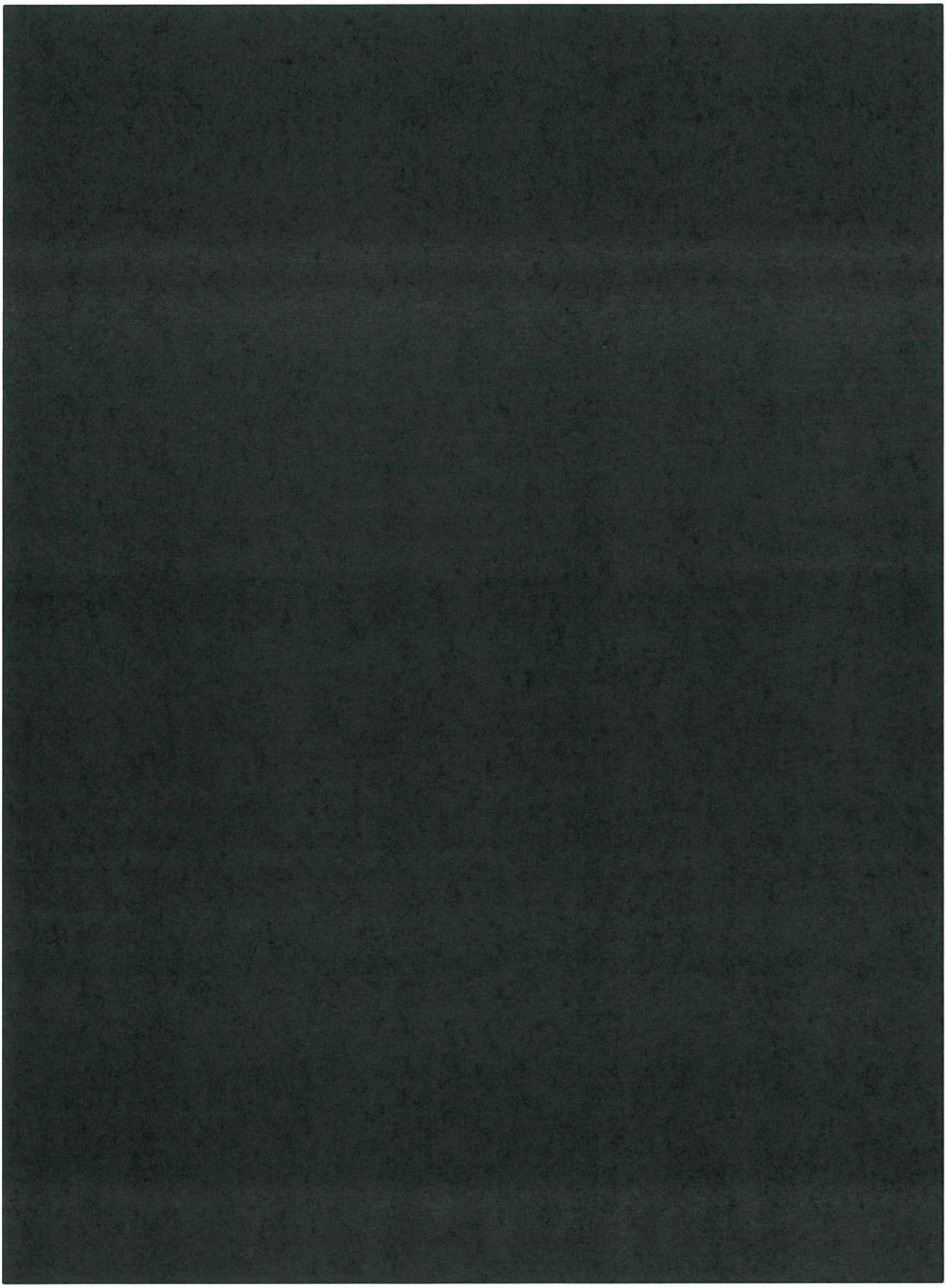
Appendix 4. AECOM Cost Estimate - Partial Refurbishment and Redevelopment (Option A)

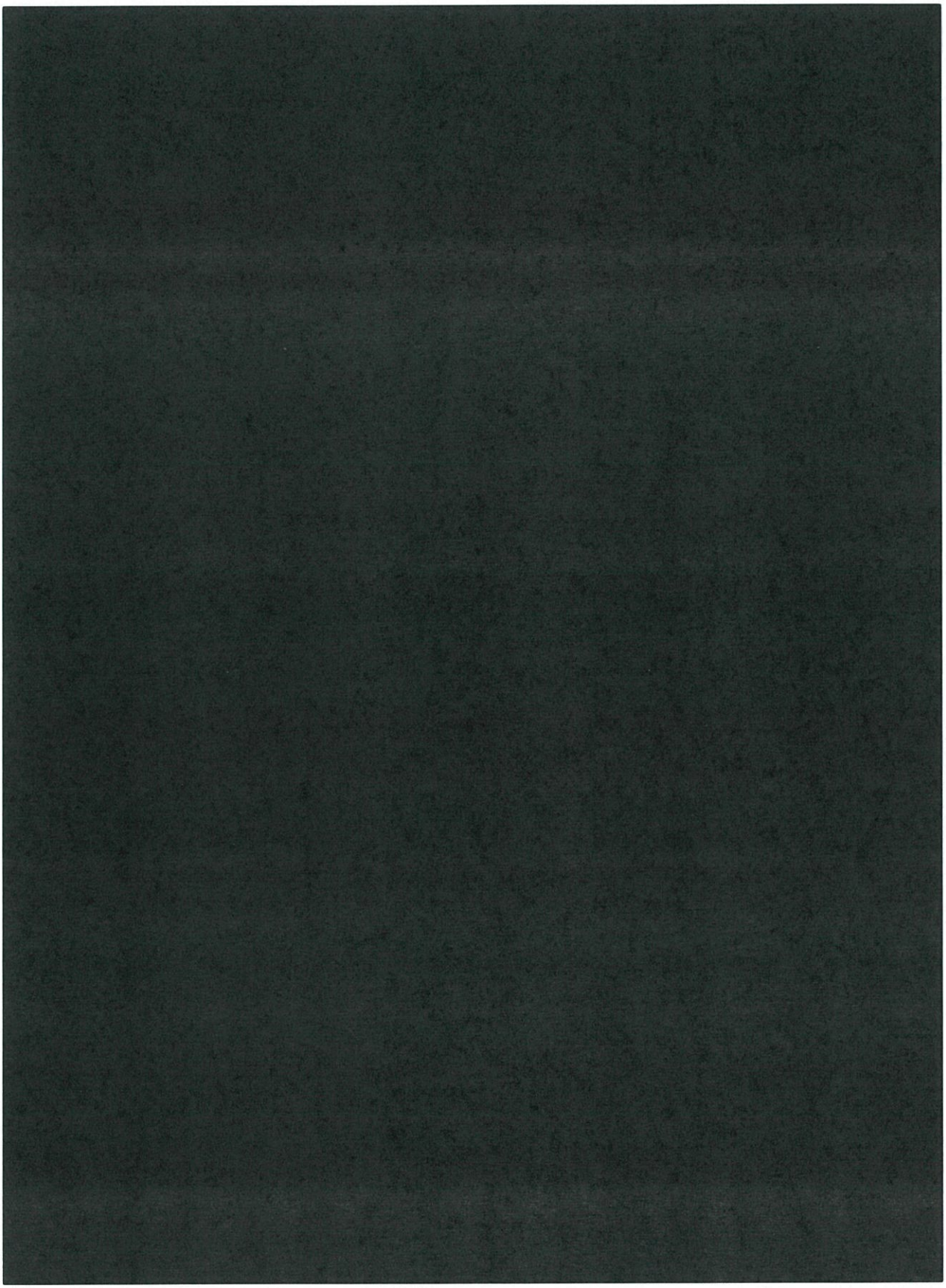


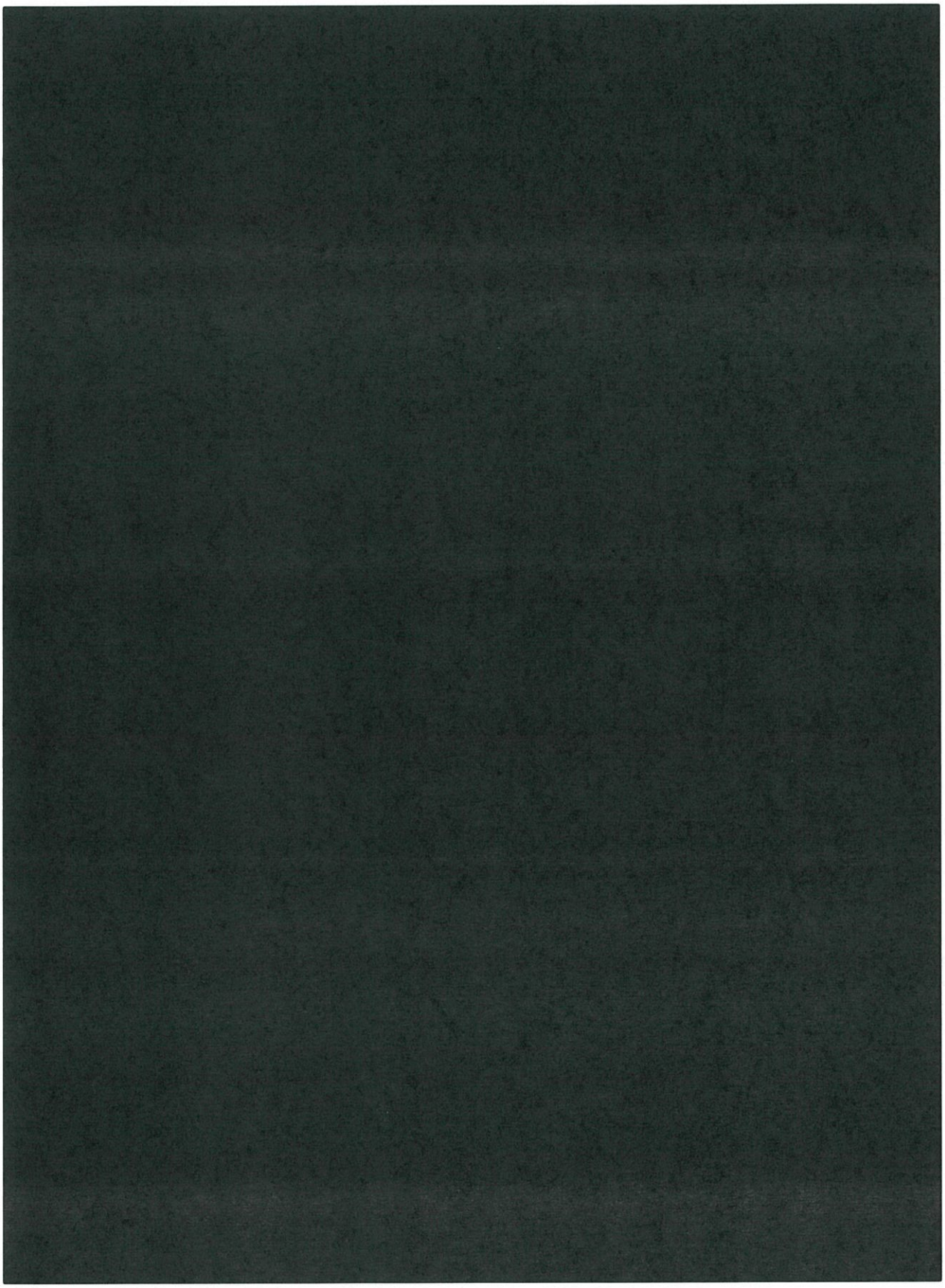


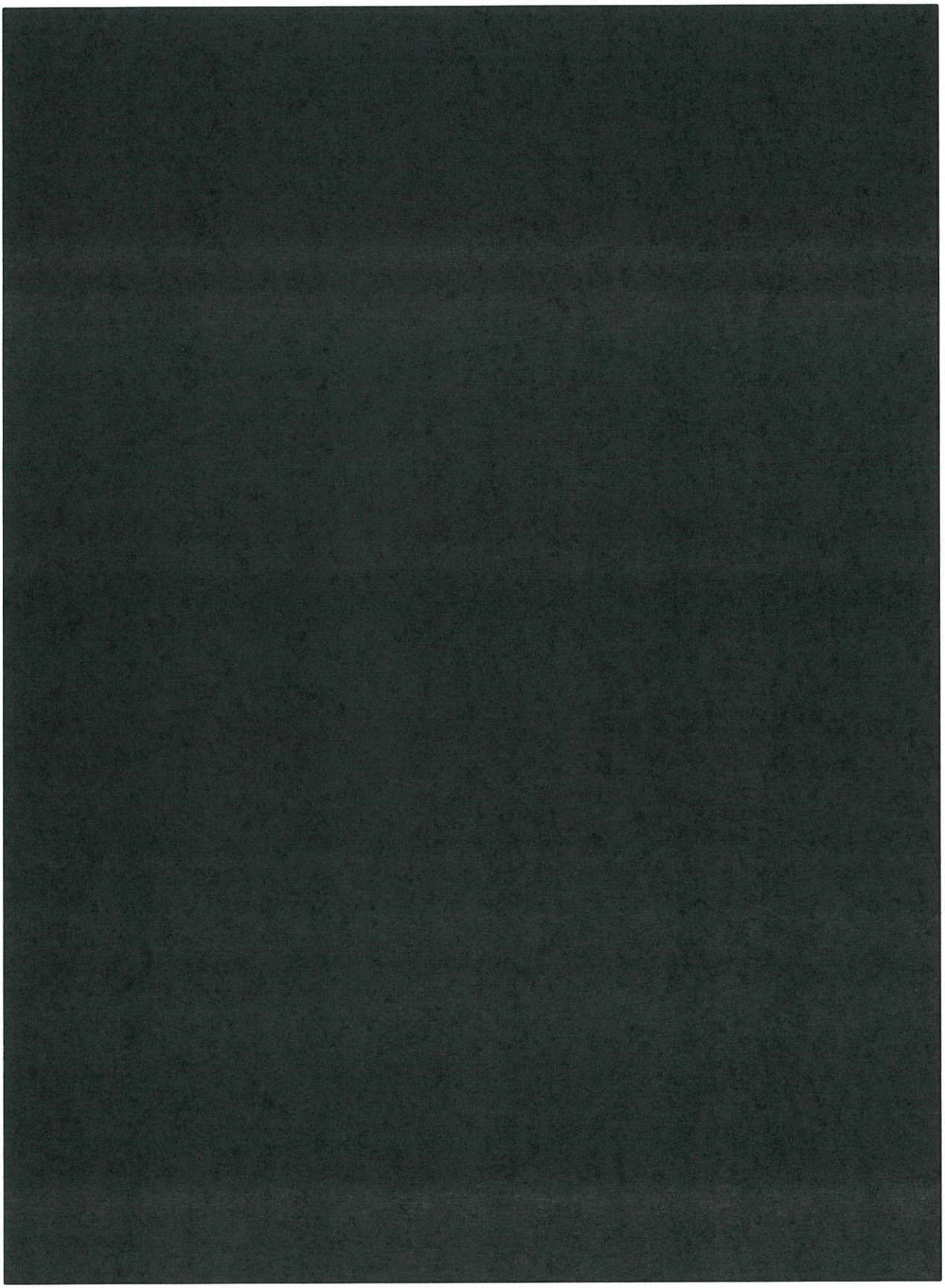


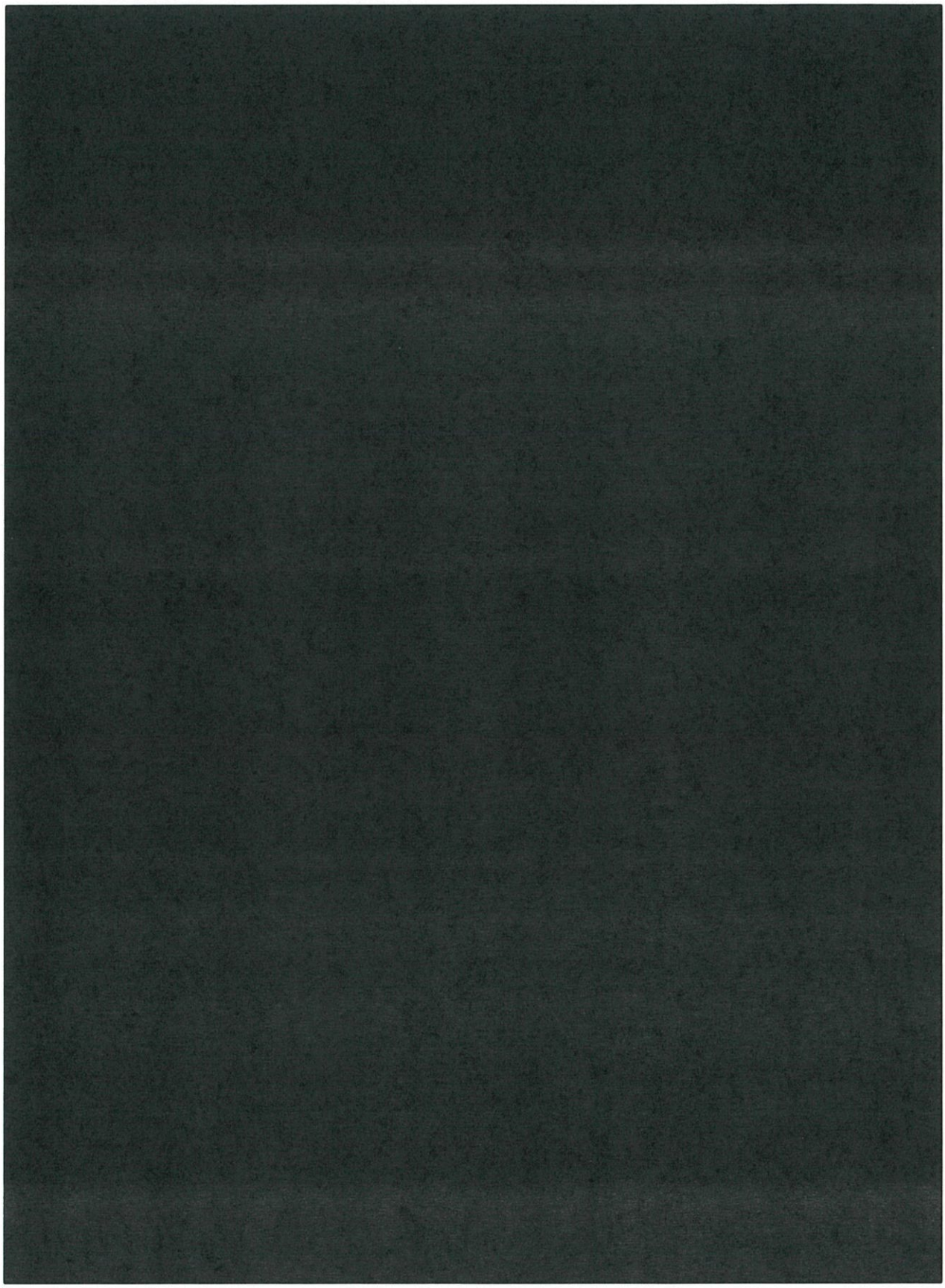


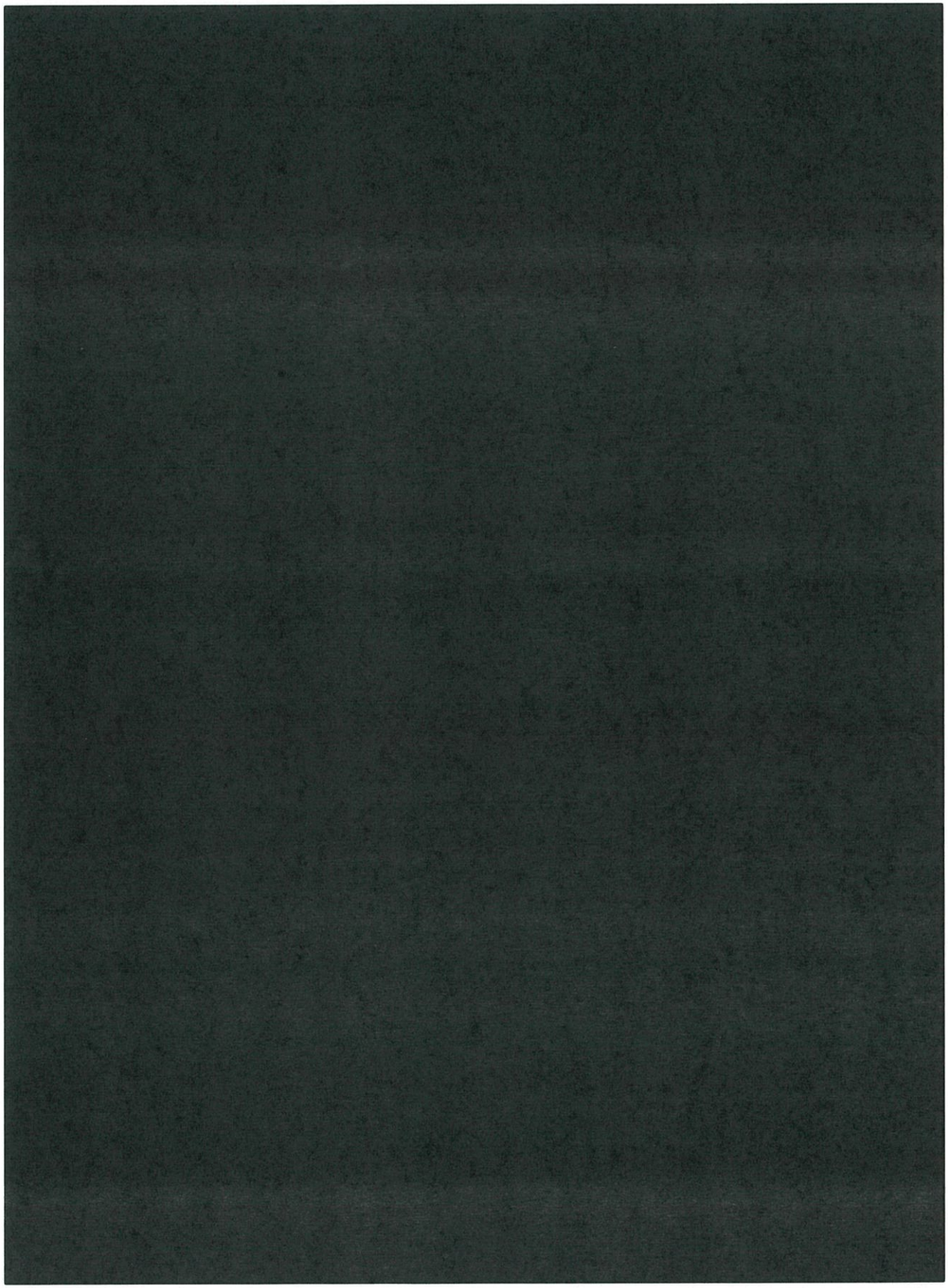


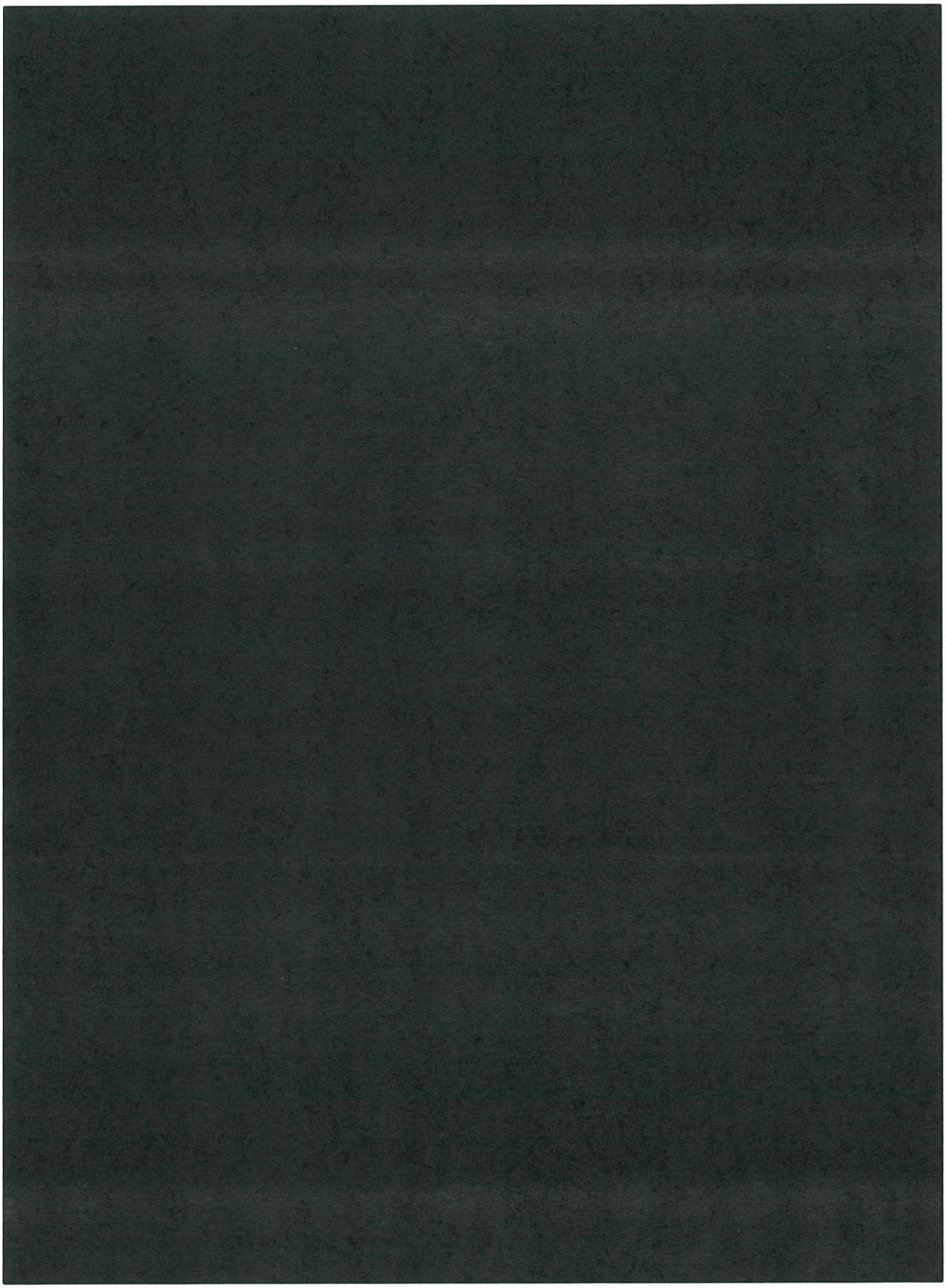


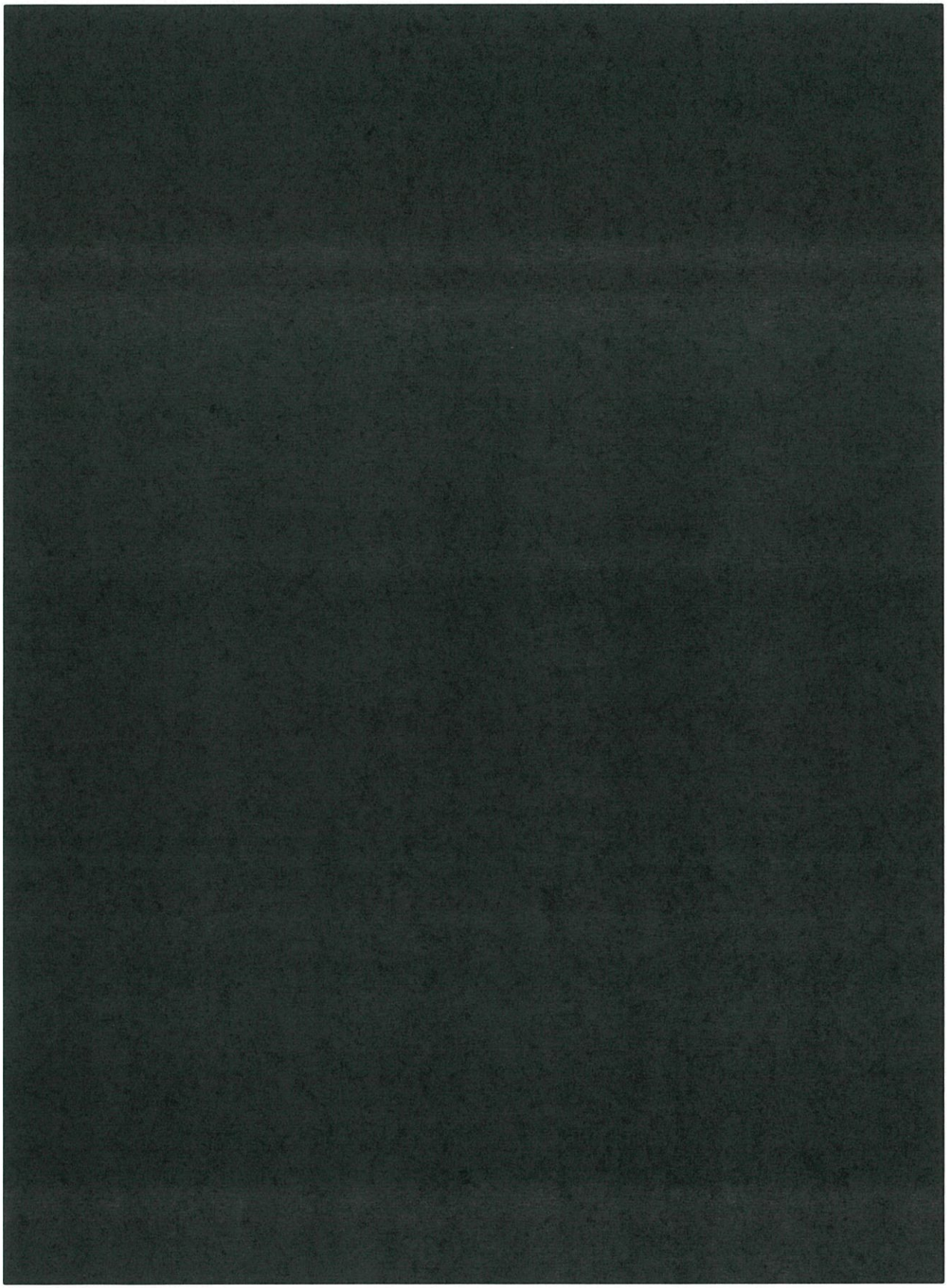




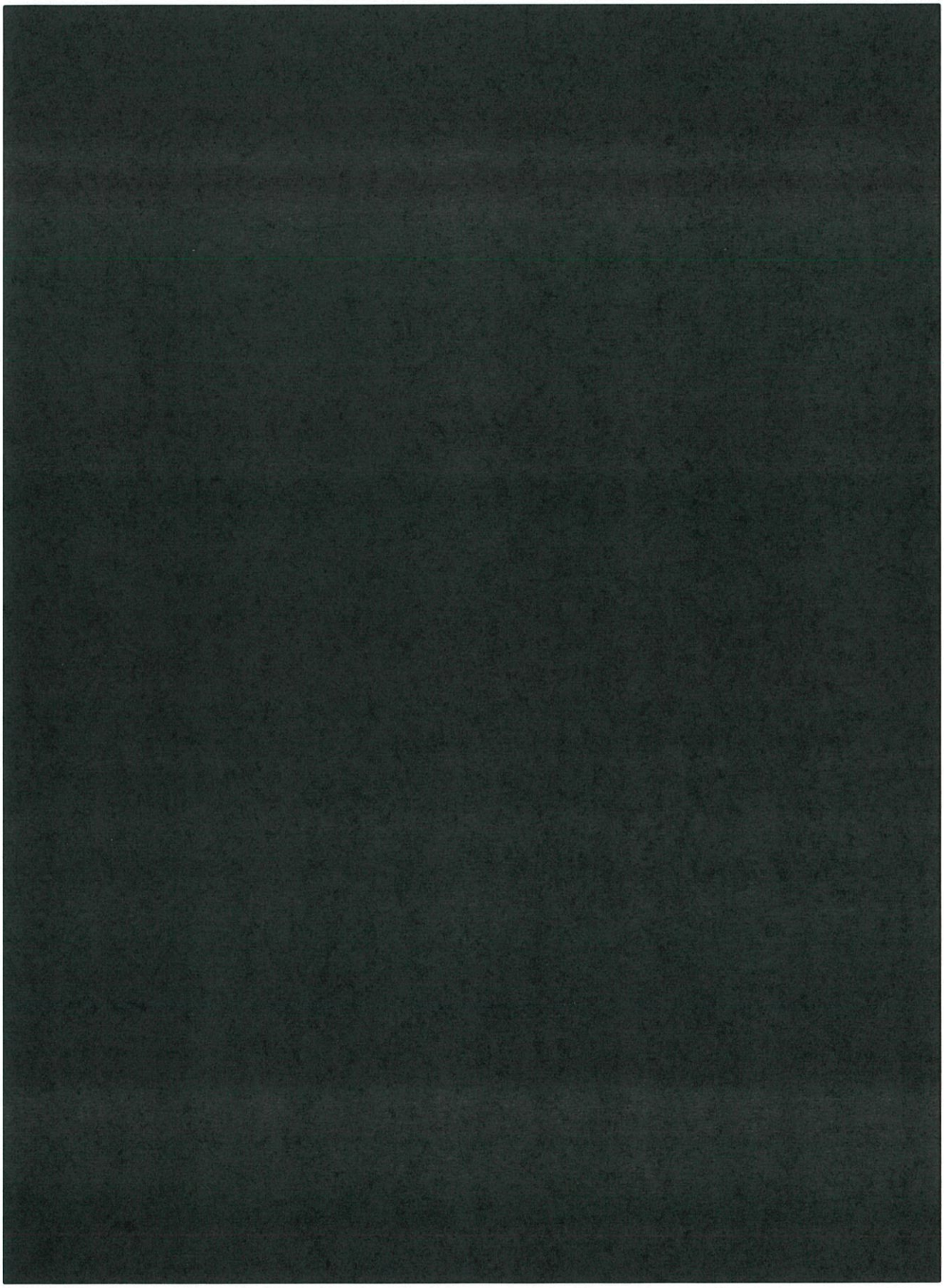


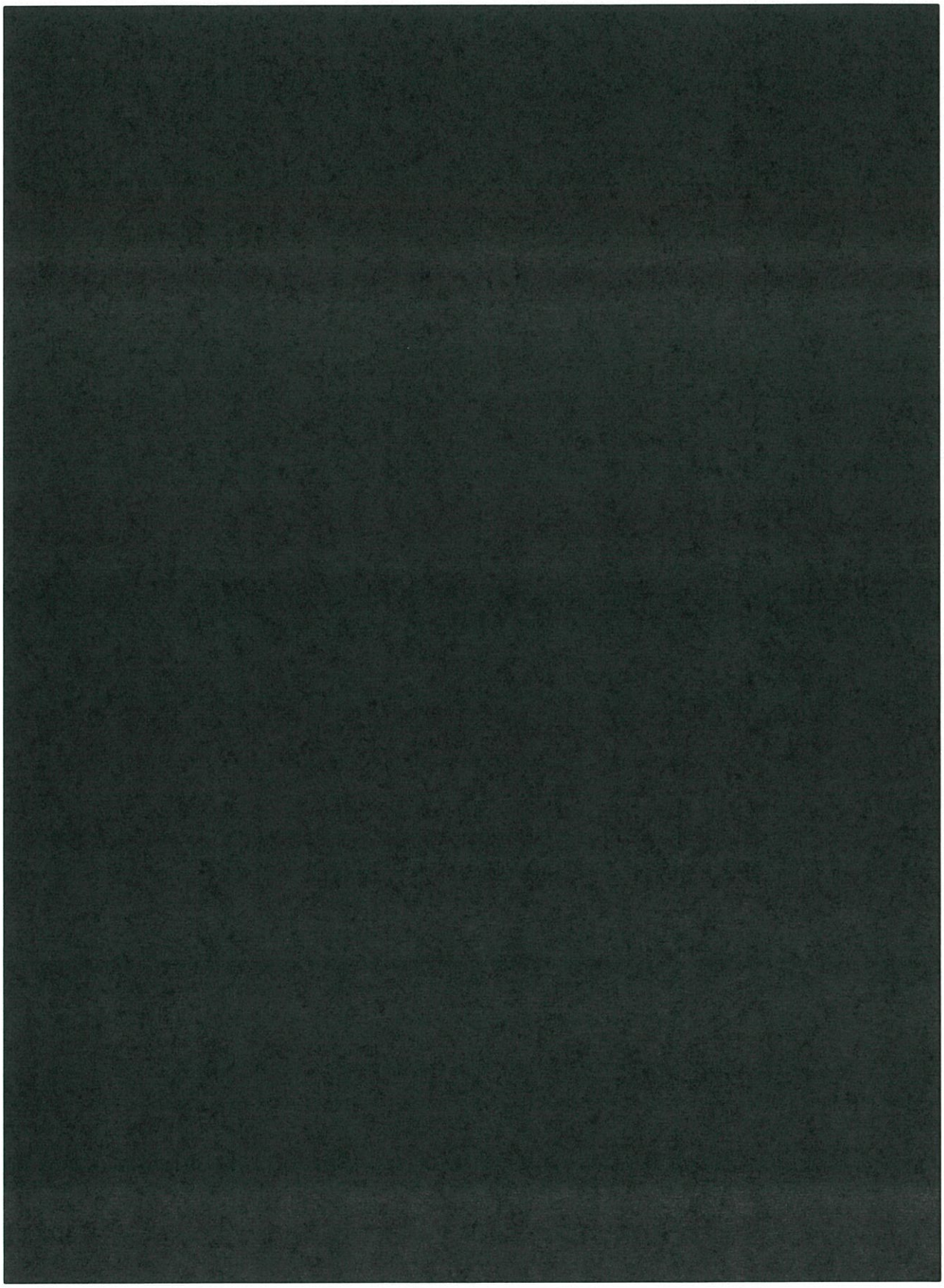




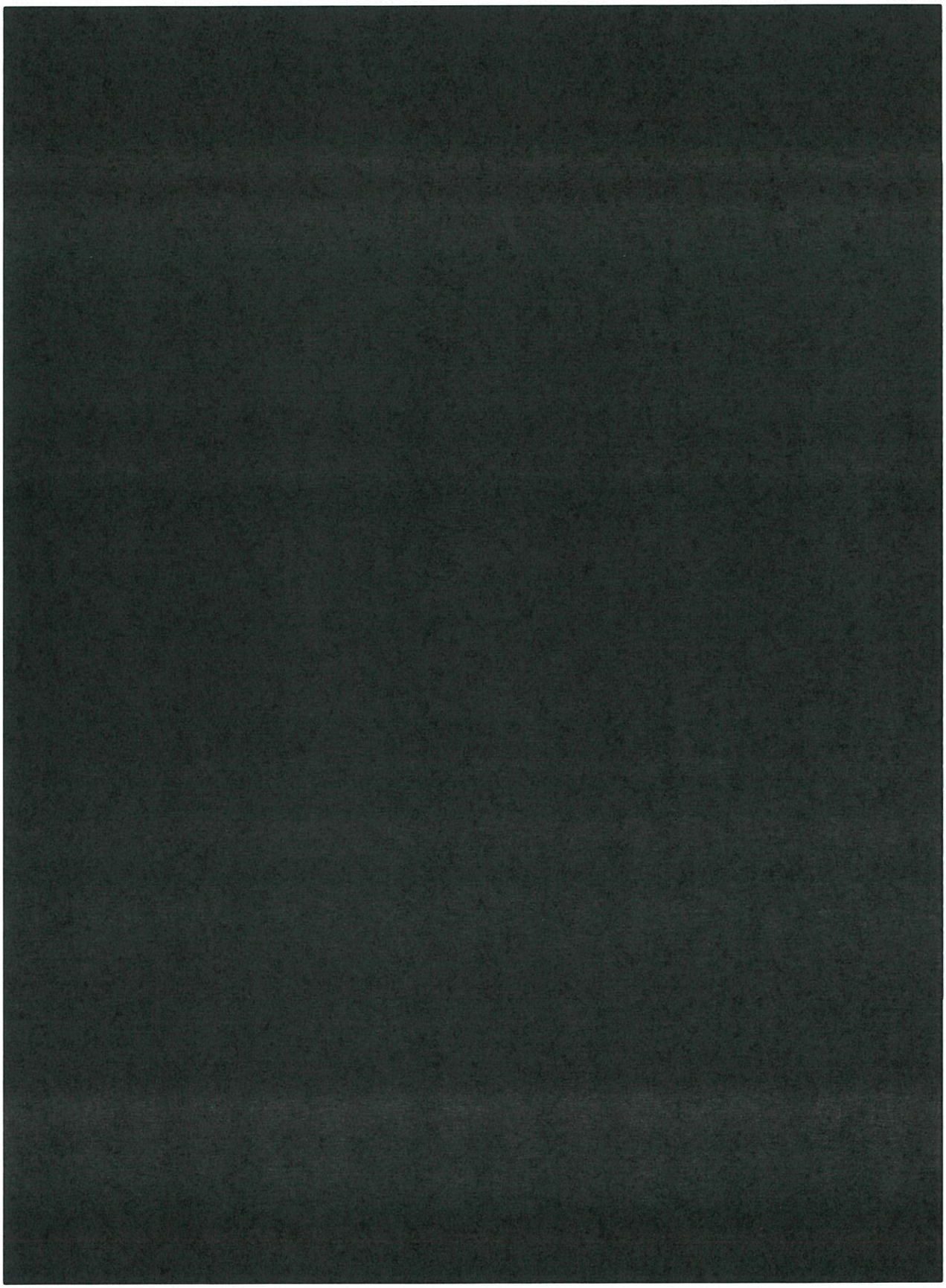


Appendix 5. AECOM Cost Estimate - Full Redevelopment (Option B)





Appendix 6. Cost Estimate - Greenfield Development (Option C)



Appendix 7. Searle Street Site Map

Figure 6 below depicts the current Searle Street Site layout. The red "hashed" structures indicate offices and amenities to be consolidated through this investment. Other structures, including the main workshop will be refurbished and retained.

Figure 6: Searle Street Site Map