



Brooklyn Depot Construction

PAL BUS 8.04 - Brooklyn - Jan2020 - Public
Regulatory proposal 2021–2026

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1 Overview

Business	Powercor Australia
Title	Brooklyn Depot Construction
Project ID	PAL BUS 8.04 - Brooklyn - Jan2020 - Public
Category	Other non-network capital expenditure
Identified need	We will develop a depot at a site in Brooklyn depot and reallocate resources from the Ardeer depot. The Ardeer depot was initially established as a gas and fuel site and was not constructed to service an electricity distribution business. As a result, the site has an inefficient layout with an oversupply of office space and insufficient space for effective material and fleet storage.
Recommended option	Option 1: Development of a new depot
Proposed start date	2021/22
Proposed commission date	2022/23
Supporting documents	<ol style="list-style-type: none">1. PAL MOD 8.02 - Property - Jan2020 - Public2. PAL BUS 6.03 - Tarneit supply area - Jan2020 - Public3. PAL BUS6.01 - Surf Coast supply area - Jan2020 - Public

In-line with the company-wide review of the operational performance of all depots, we will develop a depot at a site in Brooklyn. This will provide sufficient resources for workforce growth and additional material storage needs to cater for the rapid network growth in the western region.

2 Background

Powercor's site at 594-596 Geelong Rd Brooklyn (**Brooklyn**) is a vacant 19.4 ha site which previously functioned as the distribution centre for the State Electricity Commission. A 5.6ha portion of this site has been identified for the construction of a new operational depot, with the proximity to the CBD and major arterial roads providing an ideal location to service the western part of the Melbourne CBD and the residential growth corridor west of Melbourne.

The development of this site has commenced with planning applications currently being finalised and internal road and traffic infrastructure being constructed.

These works will be conducted over the 2019-2020 period at a cost of approximately \$10.7m.

3 Identified need

The development of this depot at Brooklyn will allow for the relocation of resources from the Ardeer depot.

The Ardeer depot currently houses approximately 200 operational resources. This depot has an inefficient layout with an oversupply of office space and insufficient space for effective material and fleet storage. The limited onsite storage space means that materials are scattered throughout the site making loading materials prior to commencing works cumbersome and time consuming. This site was initially established as a gas and fuel site and was not constructed as a purpose built facility for servicing an electricity distribution business. There is also a lack of secure fencing, creating safety concerns.

The Ardeer depot services the Western growth corridor which is experiencing strong growth at the moment. For example, the number of customer connection assessments has nearly doubled from 504 in 2014, to 938 in 2017 and between 2016 and 2026, the number of residential dwelling is forecast to grow by 38%.¹ Zone substations including at Torquay and Tarneit are also being built in the upcoming period,² which will add to operational requirements. Accordingly, the volume of work managed from this depot is expected to increase significantly.

We forecast continued strong growth in the western corridor of Victoria over the 2021-2026 regulatory period. If we do not invest, we will not be able to efficiently manage the volume of works required with consequential adverse impacts on operational performance, including deteriorations in connection times, emergency response times and network reliability.

The location of the new Brooklyn depot also provides an ideal location for the storage of materials required to service the network. Currently bulky materials such as cable and distribution transformers that are required to service the growing Western Corridor area are stored at a number of sites and various zone substations due to a lack of available space, presenting significant logistics and security issues.

¹ PAL MOD 9.03 - CIE customer number forecast - Jan2020 - Public.

² See PAL BUS 6.03 - Tarneit supply area - Jan2020 - Public and PAL BUS6.01 - Surf Coast supply area - Jan2020 - Public.

4 Options analysis

The three options that have been explored are:

- Option 1 - development of a new depot at Brooklyn
- Option 2 - development of a new depot at an alternate "Greenfield" site
- Option 3 - redevelopment of Ardeer depot

Table 1 Cost analysis, \$m June 2021

	Option	Cost
1	Development of a new depot at Brooklyn	21.3
2	Development of a new depot on a "Greenfield" site	31.7
3	Redevelopment of Ardeer depot	16.8

Source: Powercor

To determine efficient spend, the proposed options were determined using historic information as follows:

- material and construction costs are based on prior depot builds of a similar size and scale. Our depot builds are outsourced to independent third parties through market tender processes
- lease costs for any temporary facilities are based on reviewing the average rate for suitable properties currently available for lease in the area
- land costs are derived by reviewing recent land sales and market valuations in the area to determine an average per square metre rate and applying that to the land size required for the depot.

4.1 Option one

Establish a new purpose built operational depot on Powercor vacant land at Brooklyn to service the western growth corridor and western area of the Melbourne CBD. Ardeer would subsequently be sold following the completion of the depot build in 2024/25.

Table 2 Options analysis - develop new depot at Brooklyn site

Advantages	Disadvantages
Location provides the ability to service multiple areas from one depot	Not the lowest cost option
The proximity to the Western Growth Corridor will allow for secure storage materials while minimising transportation time from storing materials at surrounding sites	
The land is currently owned by Powercor meaning there are no land acquisition costs	
Not constrained by current site configuration, allowing the construction of a purpose built operational depot and the allocation of sufficient space to house adequate materials to meet planning / stock requirements.	

Source: Powercor

4.2 Option two

Purchase vacant land and construct a new depot to the specification that meets operational needs. Ardeer would subsequently be sold following the completion of the depot build in 2024/25.

Table 3 Options analysis - Greenfield site

Advantages	Disadvantages
Minimal disruption to staff and customers with the current site to be retained until construction is completed.	Highest cost option as it requires the acquisition of land and a ground up build.
Not constrained by current site configuration, allowing the construction of a purpose built operational depot and the allocation of sufficient space to house adequate materials to meet planning / stock requirements.	The limited availability of suitable land within the region may mean that a compromise may need to be made on location which may adversely impact fault response times.
Maintain our operational performance while managing increased workloads due to growth in the western corridor of Victoria.	

Source: Powercor

4.3 Option three

Redevelopment of the current Ardeer depot.

Table 4 Options analysis - Redevelopment of the Ardeer depot

Advantages	Disadvantages
Lowest cost option, no need to purchase new land or relocate staff.	Development will be constrained by having to retrofit existing facilities as opposed to a new ground up build.
Maintain our operational performance while managing increased workloads due to growth in the western corridor of Victoria.	It is a less efficient location to store materials and service the growing Western Corridor.

Source: Powercor

5 Recommendation

It is recommended that option 1, the development of a new purpose built depot at Powercor's Brooklyn site be undertaken in order to service the western growth corridor and western area of the Melbourne CBD. This strategy will allow for more effective service delivery and cater for the continued growth in the region.

The scarcity of supply of other vacant sites and the high cost associated with sourcing these sites meant that option 2 was not feasible, whilst the redevelopment of the Ardeer depot would not provide the benefits of servicing multiple regions and providing effective material storage for the growing network.

Table 5 Recommended option 1: expenditure profile, \$m June 2021

Expenditure forecast	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Capital expenditure	12.7	8.6				21.3

Source: Powercor