Ballarat depot upgrade

PAL BUS 8.06 - Ballarat - Jan2020 - Public

Regulatory proposal 2021–2026

Powercor

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Contents

1 Overview

Business	Powercor
Title	Ballarat depot upgrade
Project ID	PAL BUS 8.06 - Ballarat - Jan2020 - Public
Category	Other non-network capital expenditure
Identified need	The Ballarat depot has severely aged office facilities and poorly laid out material storage areas which limit the type and volume of materials that can be stored on site and lead to poor traffic flow.
Recommended option	Option 1: redevelopment of current site
Proposed start date	2021/22
Proposed commission date	2022/23
Supporting documents	1. PAL MOD 8.02 - Property - Jan2020 - Public

In-line with a companywide review of the operational performance of all depots, the existing Ballarat depot has been identified as requiring significant upgrades to cater for additional material storage and optimisation of office facilities.

2 Background

The current Ballarat depot is located at 990 Norman Street Wendouree, housing approximately 150 employees on a land size of approximately 86,000 sqm / 21 acres.

Previous capital improvements were undertaken at the depot in 2018. This upgrade consisted of refurbishment of the front offices that amounted to $12.5m in total.

The larger office building that houses the network construction group has however not been upgraded in over 15 years and has a poor layout which limits the number of resources that can be housed in the building. There is also a lack of suitable meeting room spaces.

The Ballarat depot acts as a hub for the storage of spare equipment, and is the sole storage point for power transformer spares which are shipped to site in the event of a transformer failure at a zone substation. Storage limitations have required us to lease additional storage sites for the duration of certain projects, such as rapid earth fault current limiters (**REFCLs**). Furthermore, the current bunded area for the storage of transformers is insufficient to cater for the volume of transformers and thus needs to be upgraded and expanded.

3 Identified need

A well-organised and optimally laid out depot is required to enable us to efficiently deliver network services at low cost to our customers. The current depot is no longer effective because:

- the larger office building that houses the network construction group has not been upgraded in over 15 years and has a poor layout which limits the number of resources that can be housed in the building. There is also a lack of suitable meeting room spaces
- there is insufficient storage space to cater for growth in the volume of spare equipment we hold, in particular, the current bunded area for the storage of transformers is insufficient to cater for growth in the volume of transformers
- due to the lack of space, there major difficulties in loading and unloading of materials
- there is insufficient space for our servicing team to undertake servicing works and store materials.

We must therefore upgrade our depots in order to address these items. We are commencing preliminary works in 2020/2021, with the bulk of the works taking place in 2021/22. Note that this business case is requesting funding only for those costs incurred from July 2021.

4 Options analysis

The three options that have been explored are:

- Option 1 - redevelopment of the existing depot site
- Option 2 - development of a new depot on a "Greenfield" site
- Option 3 - development of a new depot on a "Brownfield" site.

Table 1 Cost analysis, $m June 2021

	Option	Cost
1	Redevelopment of the existing depot site	15.9
2	Development of a new depot on a "Greenfield" site	31.7
3	Development of a new depot on a "Brownfield" site	30.7

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 in the area to determine an average per square meter rate and applying that to the land size required for the depot.

4.1 Option one

Refurbish current depot site including remodelling the office and contact centre areas, construction of material storage sheds and reconfiguration of the existing hard stand storage areas.

Table 2 Options analysis - existing site

Advantages	Disadvantages
Lowest cost option, no need to purchase new land.	Development may be constrained by having to retrofit existing facilities as opposed to a new ground up build.
Allows for the retention of the current location which is considered optimal for servicing the region.	
Will allow for reconfiguration of the site to maximise the available space providing improved traffic flow and material storage to facilitate a more effective service delivery for customers.	

Source: Powercor

4.2 Option two

Purchase vacant land and construct a new depot to a specification that meets operational needs.

Table 3 Options analysis - Greenfield site

Advantages	Disadvantages
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.	Highest cost option as it requires the acquisition of land and a ground up build.
Minimal disruption to staff and customers with the current site to be retained until construction is completed.	The limited availability of suitable land within the region may mean that a compromise may need to be made on location which may impact fault response times.

Source: Powercor

4.3 Option three

Purchase a site with existing commercial/industrial buildings and redevelop it into a productive operational depot.

Table 4 Options analysis - Brownfield site

Advantages	Disadvantages
Lower construction costs due to the ability to utilise existing structures.	Development will be constrained by the existing buildings and site configuration.
Quickest build time (subject to the ability to purchase a suitable site).	Limited supply of suitable sites will make acquisition difficult and may require paying a premium above market. Limited sites may also lead to some compromises in optimal layout and facilities. This in turn may reduce the operational performance and efficient delivery of network support services and lead to inefficient work practices and potential delays in customer response times.

Source: Powercor

5 Recommendation

It is recommended that option 1, the redevelopment of the existing site, be undertaken in order to service Ballarat and the surrounding region. This strategy will allow for more effective service delivery at the lowest cost to customers.

The scarcity of supply of established and vacant sites and the high cost associated with sourcing these sites meant that options 2 and 3 are not considered feasible.

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

Expenditure forecast	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Capital expenditure	7.9	8.0				15.9

Source: Powercor