



SHAREHOLDING MINISTERS FOR
ERGON ENERGY CORPORATION LIMITED

OUR REFERENCE: TOQ-05758; CTS-13180/14

11 JUL 2014

Mr Malcolm Hall-Brown
Chairman
Ergon Energy Corporation Limited
PO Box 15107
CITY EAST QLD 4002

Dear Mr ~~Hall-Brown~~ *Malcolm*.

INVESTMENT APPROVAL: GARBUTT DEPOT REDEVELOPMENT

Thank you for your letter of 20 March 2014 seeking approval for Ergon Energy Corporation Limited (Ergon) to undertake a redevelopment of its Garbutt Depot site in two stages at a total cost of \$76.86 million.

We note that stage one of the redevelopment is estimated to cost \$34.4 million and is included in Ergon's budget and forward estimate numbers and Ergon's 2010-15 regulatory determination from the Australian Energy Regulator (AER). We also note that stage two of the redevelopment, at an estimated cost of \$42.5 million, is included in Ergon's forward estimates and an allowance for the construction will be sought in Ergon's 2015-20 submission to the AER.

We further note that the redevelopment of the Garbutt site is consistent with the overall Ergon property strategy provided to us in July 2013.

We approve the undertaking of stage one of the redevelopment. We conditionally approve the undertaking of stage two of the redevelopment, subject to provision of further advice to us prior to its commencement, confirming the cost estimates and advising whether it has been included in the 2015-20 regulatory determination.

Should the final cost of stages one or two of the redevelopment materially exceed the forecasts, Ergon will need to seek further approval to proceed.

Yours sincerely



TIM NICHOLLS



MARK McARDLE

The Hon. Tim Nicholls MP, Treasurer and Minister for Trade
Level 9 Executive Building
100 George Street, Brisbane
GPO Box 611, Brisbane
Queensland 4001 Australia
Telephone +617 3224 6900
Facsimile +617 3229 0642

The Hon. Mark McArdle MP, Minister for Energy and Water Supply
Level 13 Mineral House
41 George Street, Brisbane
PO Box 15456, CITY EAST
Queensland 4002 Australia
Telephone +617 3896 3691
Facsimile +617 3012 9115