

12.3 VINCENT UNDERGROUND POWER PROJECT - FIVE ADDITIONAL PROJECT AREAS

- Attachments:**
1. **Undergrounding Invitation No. 2 - five additional project areas**
 2. **Preliminary Business Case - five additional project areas**
 3. **MoU No.2 - five additional project areas**

RECOMMENDATION:**That Council:**

1. **NOTES the invitation from Western Power for the City of Vincent to participate in the Network Renewal Underground Program (NRUP) – now changed to Targeted Underground Power Program (TUPP) and the Retrospective Undergrounding Projects (RUP) program (Attachment 1).**
2. **NOTES the proposed project areas would underground power at 10,482 electricity service meters in Leederville, Mount Hawthorn, West Perth, and North Perth as per the boundaries identified in the maps in Attachments 2 and 3.**
3. **NOTES that when combined with existing undergrounded areas and the first three project areas under NRUP-T2, these five project areas complete the undergrounding of all residential areas and town centres within Vincent.**
4. **NOTES the poles and wires would be replaced like for like with an expected serviceable life of 40-50 years in the event the City does not co-partner in an underground power project.**
5. **NOTES the preliminary business case on participation in TUPP and RUP at Attachment 2.**
6. **AUTHORISES the CEO to sign the Memorandum of Understanding at Attachment 3 to enable Western Power to commence detailed design of the project.**
7. **NOTES these projects will be included in the Corporate Business Plan 2023/24-2027/28.**

PURPOSE OF REPORT:

To seek Council approval to sign a Memorandum of Understanding (MoU) to participate in Western Power's new Targeted Underground Power Program (TUPP) and Retrospective Undergrounding Projects (RUP) program.

BACKGROUND:

On 17 May 2022 Council authorised the CEO to sign a Memorandum of Understanding to enable Western Power to commence detailed design for undergrounding of electricity distribution lines to three project areas (covering approximately thirty five percent of the Vincent municipal area) to be completed under Tranche 2 of Western Power's Network Renewal Underground Program (NRUP-T2). Detailed design for the first of these three project areas (North Perth/Mount Hawthorn) is now under way.

On 22 June 2022 Administration wrote to Western Power, expressing the City's interest in participating in the next round of undergrounding projects, with the aim of undergrounding overhead distribution lines to the remainder of the Vincent local government area.

On 30 June Western Power responded with an invitation for the City to consider a further five project areas as outlined at **Attachment 1**. When combined with existing undergrounded areas and the first three project areas under NRUP-T2, these five project areas would complete undergrounding of all remaining residential areas and town centres with the city.

On 7 November 2022 Western Australia's Minister for Energy announced Western Power's new Targeted Underground Power Program (TUPP) and named the City of Vincent among the local governments to be included.

On 15 November 2022, Western Power presented to Elected Members the proposed five additional project areas, three of which are to be included in TUPP. The remaining two proposed project areas are to be included in Western Power's alternative undergrounding program – Retrospective Undergrounding Projects (RUP).

DETAILS:

Three project areas have been identified as suitable for Western Power's new targeted undergrounding program TUPP, due to their ageing overhead infrastructure. These areas are:

- Project no. 406 – Leederville/North Perth;
- Project no. 340 – Mount Hawthorn; and
- Project no. 1190 – West Perth/Perth/Leederville/East Perth.

Two project areas with less aged infrastructure have been identified as suitable for Western Power's alternative program – RUP. These areas are:

- Project no. 34A – Mount Hawthorn/Joondanna/Osborne Park; and
- Project no. 35 – North Perth.

Under TUPP and RUP, Western Power contributes the avoided capital cost of replacing the existing network with overhead assets, while the local government partner pays for the customers' connection costs and any gap in capital costs.

Maps of the five project areas are included in the preliminary Business Case at **Attachment 2** and appended to the MoU at **Attachment 3**.

Participation in TUPP and RUP as outlined above requires the City of Vincent to sign a memorandum of understanding with Western Power (see Attachment 3) which outlines a shared commitment and partnership in the underground programs.

Following the signing of the MoU, community engagement and detailed design for construction would take place over approximately 37 months for the five project areas.

The five projects are expected to vary in duration of construction, with the smallest project area taking 13 months and the longest 29 months.

The timing of construction commencement for each project area is negotiable to some extent, informed by the City's financial modelling and subject to Western Power's work stream constraints.

Streetlights currently mounted on power poles would be replaced with new light poles and energy saving LED fittings in all project areas. The City would work with Western Power to ensure that a similar light intensity is maintained, while meeting all relevant lighting standards and minimising unnecessary light pollution.

Following Council approval of the MoU, Administration would further develop the business case for Council consideration as part of the annual budget process for financial year 2023/24.

Each individual project is subject to a separate Co-Funding Agreement between the City of Vincent and Western Power, which will require Council authorisation. Construction can only begin after the Co-funding agreement has been executed.

Western Power standard process is to issue the first invoice for each project area two months after the commencement of construction. Payment deferrals can be negotiated, if necessary, as indicated by detailed financial modelling completed prior to signing each Co-Funding Agreement. Deferral of payments by the City to Western Power may be appropriate in certain circumstances, for example where construction of a project area is scheduled to start prior to Council approval of related service charges.

Combined with the three project areas that were subject to the first MoU signed in May 2022, these five additional project areas will provide undergrounding of power to more than 16,000 electricity meters. The total cost of the eight projects is expected to be approximately \$156 million in total, with the City's contribution being approximately \$76 million, inclusive of 10 per cent contingency and project management costs. The eight projects are expected to be completed by the end of the 2028 calendar year.

CONSULTATION/ADVERTISING:

Community survey results received prior to signing of the MoU for NRUP-T2 indicated strong support for undergrounding power, with 80% of respondents rating undergrounding of powerlines as a very high priority.

LEGAL/POLICY:

The MOU is not a legal agreement and is not intended to create legally binding obligations or liabilities on either party; however, all parties commit to using their best endeavours to achieve its purpose.

RISK MANAGEMENT IMPLICATIONS

Medium: It is medium risk for Council to approve participation in TUPP and RUP. Western Power has extensive experience in underground power programs. The construction and performance risk of the underground power project would remain with Western Power as the asset owner and manager (and its contractors). There would be a medium risk associated with managing an extensive community engagement process on these projects. There would be a low to medium risk associated with capacity to pay issues for some property owners. There would be a medium risk associated with financial management of payment obligations to Western Power.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2018-2028*:

Enhanced Environment

Our urban forest/canopy is maintained and increased.

Thriving Places

Our physical assets are efficiently and effectively managed and maintained.

Sensitive Design

Our built form is attractive and diverse, in line with our growing and changing community.

Innovative and Accountable

Our resources and assets are planned and managed in an efficient and sustainable manner.

SUSTAINABILITY IMPLICATIONS:

This is in keeping with the following key sustainability outcomes of the *City's Sustainable Environment Strategy 2019-2024*.

Urban Greening and Biodiversity**PUBLIC HEALTH IMPLICATIONS:**

This is in keeping with the following priority health outcomes of the City's *Public Health Plan 2020-2025*:

Reduced exposure to ultraviolet radiation**FINANCIAL/BUDGET IMPLICATIONS:**

Western Power's funding for the project is subject to approval. If approved, the funds would cover 60 per cent of the total capital cost, with the remainder of the capital cost and the cost of consumer mains connections to be met by the City of Vincent. Western Power's contribution to the overall project cost would equate to 53 per cent.

The high-level estimate for underground power in the five project areas is around \$104 million (\$92 million capital, plus \$12 million consumer mains connection costs). Western Power would contribute \$55.5 million.

The City would need to build a reserve and take out loans to enable deferred payment arrangements for a percentage of ratepayers that is yet to be determined via financial modelling. We will not be able to estimate the amount required for each project area with accuracy until after Western Power has completed its detailed design.

Cashflow would be managed through loans and reserves, subject to financial modelling to be completed as part of the Annual Budget 2023/24 process.

Project management and community engagement resources for this significant project are expected to total \$581,163 over a 40-month project period. This equates to one percent of the overall project cost. We estimate resourcing for this project to entail up to two FTE covering 1) project management and 2) community consultation and engagement.

Following completion of the proposed undergrounding projects, the City could anticipate a significant reduction in street tree pruning costs and street light energy savings. Both are yet to be quantified.

Contact: Elizabeth Moriarty
9326 6033

30 June 2022

David MacLennan,
Chief Executive Officer
City of Vincent
244 Vincent Street
Leederville 6007

Dear David,

Network Renewal Underground Program (NRUP)

As part of Western Power's Network Renewal Underground Program, five projects have been identified as potential areas for underground power due to ageing overhead infrastructure and the benefits undergrounding would provide for your community. This initiative is a once in a generation opportunity to remove overhead power infrastructure and connect to the new underground power network.

The suburbs identified are:

[Perth/Highgate](#)
[Mount Hawthorn/Osborne Park](#)
[North Perth/Leederville/West Perth](#)
[Perth/North Perth/West Perth](#)
[Mount Hawthorn/Leederville](#)

The opportunity

Underground power delivers lower operating and maintenance costs, improved network reliability and security, better public safety, an improved street appearance and reduced street tree maintenance costs for LGAs, improved LED street lighting with an opportunity for future smart streetlights and enhanced opportunities for emerging technologies.

These areas have been selected for this program because they are areas with a high number of ageing overhead assets which must be replaced, and our modelling indicates underground power is the better supply option for your residents.

Under our the new NRUP program, Western Power will contribute the avoided capital costs (replacing the existing network with overhead assets) with the City of Vincent to pay for the customers' connection costs and any gap in capital costs.



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Electricity Networks Corporation
ABN: 18 540 492 861

Next steps

We would like to arrange a meeting to discuss the program in more detail, and to ensure City of Vincent are interested in participating in this program. This will be confirmed with a Memorandum of Understanding between the City of Vincent and Western Power, committing to the underground power program.

Once the Memorandum of Understanding is reached, the community engagement and detailed design for construction usually takes approximately 12 months, with projects expected to be completed within two years of construction starting.

Further information

We look forward to meeting with you to discuss this opportunity for these locations. In the meantime, please feel free to contact me with any questions.

Yours sincerely,

Elizabeth

Elizabeth Moriarty

Program Manager – Underground Power Projects
Network Maintenance Planning & Delivery

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PRELIMINARY BUSINESS CASE	
TUPP/RUP – UNDERGROUND POWER PROJECT	
City of Vincent	

Date:	31 October 2022		
Project Name:	City of Vincent Underground Power Project – TUPP and RUP (5 project areas)		
Project Manager:	Ziggy Wilk		
Directorate:	Office of the CEO		
Project Code:	TBA		
Accountable Executive Sponsor:	David MacLennan		
Estimated Timeframe:		Start Date: February 2024	
		Finish Date: September 2028	
Total Expenditure:	\$48,704,272 (estimated total project cost to the City) Made up of: - Network services cost \$36,640,000 - Consumer mains (customer) connections \$12, 064,272		
Total Estimated Project Management Cost:	\$581,163 (\$222,000 for FY 2025/2026; \$225,330 for FY 2026/27; \$100,000 for FY 2027/2028; and \$33,833 for FY 2028/29 (project ends in Oct 2028))		
Total Estimated Cost of Recommended Option:	\$54,155,862 (project cost + contingency + project management)		
Sensitivity Analysis: <small>(Indicate the confidence level of your estimate i.e. +/- 20% and provide factors to be considered)</small>	<ul style="list-style-type: none"> Western Power Estimate Construction Costs includes +10% Contingency and is currently E30 i.e. +/- 30% level of confidence. City of Vincent: 10% Contingency Sensitivity related to further factors including pensioner discounts, etc. allowed etc. is to be determined when information is available – refer below. 		
Number of FTE:	2	Required Contingency	\$4,870,427

Has Finance confirmed that funding is available for this project?	1: Project Costs to be recovered through Service Charges to ratepayers; 2: Cashflow to be managed through loans and reserves – subject to financial modelling to be completed as part of the Annual Budget 2023/24 process
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EXECUTIVE SUMMARY - CONTEXT, PURPOSE, OBJECTIVES & RECOMMENDATIONS

Context

The City of Vincent recognises the compelling social, economic and environmental benefits of completing undergrounding of power infrastructure within its boundaries. The City’s ratepayers also support this approach strongly.

In collaboration with Western Power, the City of Vincent is progressing with the plan to replace existing overhead distribution power lines with underground power, covering the entire City. On 17th of May 2022 Council approved the first

Memorandum of Understanding (MOU) with Western Power to deliver three underground projects with 5,517 property connections in North Perth/Mt Hawthorn, North Perth/Mt Lawley and Perth/Highgate areas. It covers about 34.5 per cent of the City.

Following the signing of the Memorandum of Understanding on 18 May 2022, the City of Vincent formally requested Western Power to proceed with plans to complete the balance of the City's Underground Power Program.

On 15 November 2022 Western Power presented a proposal to underground power to the remaining parts of Vincent under the Targeted Underground Power Project (TUPP) and Retrospective Undergrounding Project (RUP) schemes.

The proposal includes all residential and most commercial properties in the nominated project areas. Commercial properties excluded from the proposed project areas have previously been undergrounded.

Overall Western Power's second underground power proposal includes five project areas with 10,482 property connections at the overall cost of \$104,194,272, of which \$48,704,272 is payable by the City of Vincent.

Purpose

This second Preliminary Business Case for underground power focuses on matters to be considered and managed in relation to:-

- Signing of a second MOU with Western Power to deliver five undergrounding projects covering the remainder of the city's residential and commercial areas.
- Project Management team delivering planning, budgeting and management for efficient completion of the agreed Underground Power Projects.
- Prudent cashflow management to facilitate financial capability to support the project and its payment obligations.
- Effective engagement with City of Vincent residents and property owners about the project.

To ensure that the City is fully prepared for the implementation of the next Underground Power Project, there is further information required from Western Power and financial modelling to be completed by the City to inform the Final Business Case. This Preliminary Business Case is intended to provide guidance for Council to progress with the project in partnership with Western Power.

This second Preliminary Business Case has been prepared using the latest information from Western Power and is subject to change.

Objectives

The objectives of this undergrounding project are to:

- Manage and complete undergrounding of power to the remaining parts of the Vincent municipal area by the end of the 2028 calendar year.
- Complete this project at an affordable cost to ratepayers and with minimum imposition on the City's finances.
- Pro-actively engage with Western Power to agree and schedule the future completion of undergrounding in the remaining areas of Vincent.
- Deliver for the community, the full range of proven environmental, safety, energy efficiency, aesthetic and other benefits of undergrounding electrical infrastructure.
- Progressively engage with the community and other relevant stakeholders to ensure that all are appropriately informed about the project and its impact.

Recommendation

Subject to further evaluation and preparation of Final Business Cases, informed by detailed design, project costing and joint planning with Western Power, this Preliminary Business Case recommends:

- Collaboration with Western Power to complete undergrounding power to the entire city :-
 - Authorise CEO to sign MOU with Western Power to proceed with five underground power projects as presented to Elected Members on 15 November 2022.

- Project Management Budget – Council to note that a \$581,163 total Project Management budget will be required to support:
 - Fit-for-purpose Project Management Capability
 - Efficient joint Program planning and execution with Western Power
 - Efficient Coordination of matters requiring the input of various City service units/departments
 - Good practice project governance through regular reporting of progress to Executive and Council.

- Project Financing Approach – Administration will undertake detailed financial modelling during the 2023/24 budget process to provide possible funding options for the the project.

Deliverables (MoSCoW Priority)	(M, S, C, W)
1. COST - Affordability and cost efficiency; reduction in tree pruning and street lights costs	M
2. SAFETY - Safety of the Community and people Involved in the Project	M
3. SCHEDULE - Timely completion of Program to Plan	M
4. RELIABILITY – Of services and Amenities for the Community	S
5. ENVIRONMENTAL – Minimum negative impact on environment	S
6. COMMUNITY SATISFACTION – Program approach, cost recovery approach and charges, project delivery	S

BENEFITS & MEASURABLES	
Alignment of the Undergrounding with the City of Vincent Strategic Community Plan	
The Undergrounding Project and its benefits align strongly with the City’s Strategic Community Plan, as demonstrated below:	
City of Vincent Strategic Community Plan	Undergrounding Project Benefits Alignment with SCP
<p>VISION</p> <p>“In 2028, the City of Vincent is a leafy and vibrant 24-hour city, which is synonymous with quality design and sustainability. Its diverse population is supported in their innovative endeavours by a Council that says YES!”</p>	<p>Common to All Electrical Undergrounding Projects</p> <ul style="list-style-type: none"> • Potential reduction of the negative impacts of climate change. • More tree canopy cover from not having to prune trees reducing heat sink areas through tree growth across the city. • Reduced impacts of annual severe weather events on citizens (Note: State underground project (SUPP) established in 1996 after severe storms causing major disruptions across the metropolitan area). • Improved reliability and security of electrical supply to consumers. • Enhanced streetscapes and amenity. • Reduced street tree maintenance (currently estimated to be approximately \$850,000 per annum) – benefit to be realised progressively as each project area is completed. • Improved street lighting and LED cost savings. • Improved access and space for pedestrians with the loss of pole infrastructure from verge areas, particularly in commercial precincts. • Reduced maintenance and operating costs for the City and the State. • Increased property prices (note the Valuer General believes the increases can be between 1.25% - 2.5% on average).
<p>VALUES</p> <ul style="list-style-type: none"> • Engaging – Listening, understanding, and communicating is the key to our success. • Accountable – We work openly and transparently to earn our community’s trust. • Making a difference – Our work improves our community and the lives of our residents. 	
<p>PRIORITY AREAS</p> <ul style="list-style-type: none"> • Enhanced Environment • Accessible City • Connected Community • Thriving Places 	

<ul style="list-style-type: none"> • Sensitive Design • Innovative and Accountable 	<ul style="list-style-type: none"> • Health and safety benefits to the community and outdoor worker resulting from reduced interaction with electrical infrastructure.
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PROJECT MEASURABLES

How will the success of this project be measured?
What will success look like? How and when will the benefits of the project be realised? The success of the project will be measured by the following:

Priority Areas	Project Success Factors	Target Measures
Enhanced Environment	1. COST – Affordability and cost efficiency	=/ < Budgets
	2. SAFETY – Safety of the Community and people Involved in the Project	Zero LTI; <3 Safety Incidents p.a.
Accessible City	3. SCHEDULE – Timely completion of Program to Plan	=/ < Schedule
Connected Community	4. RELIABILITY – Of services and Amenities for the Community	<25 disruptions to utilities’ services p.a. <10 access and road related complaints
Thriving Places	5. ENVIRONMENTAL – Net positive impact on aesthetics and the environment	<5 environmental incidents p.a.
Sensitive Design	6. COMMUNITY SATISFACTION – With program approach, cost recovery charges and project delivery	>70% community satisfaction
Innovative and Accountable		

PROJECT RISK

Inherent risk:

Risk Category	Risk Description	Comment	Likelihood	Consequence	Remarks	Actual Risk
Management of Vincent Underground Power Project (VUPP)	Failure to adequately manage the community engagement and financial management of payment obligations to Western Power to be recouped from the impacted property owners	This risk has major financial and reputational implications	3	4	As project co-owner, the City shares project risks with Western Power.	H

Mitigated:				
Current Risk Management Strategy (what happens now)	Risk Management Actions (RMA)	Strength (S<M<W)	Risk Acceptance (Y/N)	Net Risk (after RMA)
Establish and deliver sound project management practices and maintain close partnership with Western Power.	1) Appoint project manager and establish sound project governance 2) Develop and implement Financial Plan to include detailed financial modelling, determination of services charges, cash-flow management, and adequate financial reserves 3) Develop and implement Community Engagement Plan 4) Work in close partnership with Western Power on project delivery 5) Monitor and manage project delivery	Strong	Y	M

OPTIONS			
Option 1: Maintain the Status Quo – DO NOTHING			
Total Estimated Cost:	Approx. \$600,000 per annum for street tree pruning in the five proposed project areas; plus cost difference between LED and non-LED street light tariffs (TBC)	Sensitivity Analysis: (Indicate the confidence level of your estimate i.e. +/- 20% and provide factors to be considered)	n/a
Advantages:	Disadvantages: Continued exposure to: <ul style="list-style-type: none"> public safety risks. reliability and security issues. poor street appearance. slower property value increase. ongoing high cost of street tree pruning. higher than possible asset maintenance costs. delay in access to emerging technologies for community. community dissatisfaction from lagging behind other Councils. Note: If the City does not support further roll-out of underground power, Western Power will replace existing distribution power lines on a like-for-like basis.		
Option 2: Extend roll-out of underground power to entire City.			

Total Estimated Cost:	\$53,995,699 (project cost + contingency + project management)	Sensitivity Analysis: (Indicate the confidence level of your estimate i.e. +/- 20% and provide factors to be considered)	<ul style="list-style-type: none"> • Western Power Estimate Construction Costs includes +10% Contingency; is +/- 30% level of confidence. • City of Vincent: 10% Contingency • Sensitivity related to further factors
Advantages: <ul style="list-style-type: none"> • Western Power contribution equivalent to 60 per cent of the total capital cost, which equates to 53 per cent of the overall project cost (capital cost + customer mains connection). • Expedited completion of Undergrounding to the entire city. • Expedited realisation of undergrounding benefits for ratepayers. 		Disadvantages: <ul style="list-style-type: none"> • Temporary disruption to the community from works associated with the project. 	

Recommended option and Reasons:

Subject to further evaluation and a Final Business Case as further information comes to hand from joint planning with Western Power, this Preliminary Business Case recommends:

Program Choice	Recommendation	Reasons
Program Approach - Collaboration with Western Power to Complete Undergrounding in the City of Vincent –by participation in the TUPP AND RUP Schemes.	<ol style="list-style-type: none"> 1. Execute a MOU with Western Power to proceed with five underground power projects as presented to Elected Members on 15 November 2022. 2. Continue to proactively engage in community consultation and joint program design, planning and execution with Western Power to meet identified milestones. 	<ul style="list-style-type: none"> • Benefit from significantly improved and advantageous Western Power contributions in the TUPP and RUP Schemes. • Expedited completion of Undergrounding for the entire city. • Expedited realisation of full range of undergrounding benefits for residents and ratepayers, including increased property values.
Project Management Approach	Extension of project management resourcing and joint planning from March 2026 until project completion in 2028/29.	<ul style="list-style-type: none"> • Fit for Purpose Project Management Capability • Efficient joint Program planning and execution with Western Power. • Coordination of matters requiring input from the City’s service units/departments. • Good practice project governance through regular reporting of progress to Executive and Council.

SCOPE**What will be included as part of this project?****1. Undergrounding of electrical infrastructure by Western Power within the boundaries of five additional project areas:**

- TUPP Release 1 - Project no. 406 (Leederville/North Perth) – 3,328 meters
- TUPP Release 1 - Project no. 340 (Mount Hawthorn) – 2,309 meters
- TUPP Release 1 - Project no. 1190 (West Perth/Perth/Leederville/East Perth) – 2,508 meters
- RUP - Project no. 35 (North Perth) – 1,258 meters
- RUP - Project no. 34A (Mount Hawthorn/Joondanna/Osborne Park) – 1,079 meters
- Total number of meters: 10,482

2. Project Management work to define/scope, plan, deliver and close out the project

Total cost of \$581,163, comprised of:

- \$222,000 for FY 2025/2026;
- \$225,330 for FY 2026/27;
- \$100,000 for FY 2027/2028; and
- \$33,833 for FY 2028/29 (project ends in Oct 2028).

Note:

- The above amounts include the anticipated 1.5% annual pay increase and superannuation.
- Project costing start date is July 2025 as the project budget for the first three project areas will fund staff costs to June 2025.
- By middle of 2027 calendar year, Mount Hawthorn project TUPP304 will be complete, and the remaining four projects will be in the construction phase. From this time onwards administration will consist of dealing with complaints, queries, investigating issues and monitoring/providing updates on progress to executive and council. This will primarily be a communication/PR role.

What will not be included as part of this project?

- Business-as-usual governance and operations except for project team involvement.
- Undergrounding of high voltage transmission power lines.

COST

Western Power's estimated construction costs (including +10% contingency) are currently at the E30 stage, which means a +/- 30% level of confidence. This early estimate will be refined as the detailed design is completed for each project area and the work is put out to market.

The total overall project cost is comprised of Western Power's capital expenditure (the cost of undergrounding the overhead network) plus Western Power's operational expenditure (the cost of connecting each property electrical board to the new underground network – via the "green dome" on the verge). This total comes to \$104,194,272.

The City of Vincent's share of the total project cost is \$48,704,272. This is comprised of:

1. The difference in capital expenditure between undergrounding the overhead network and replacing it like-for-like with new, upgraded overhead infrastructure. This is also referred to as the network services cost and is estimated to be \$36,640,000; and
2. The cost of connecting each property electrical board to the new underground network. This is also referred to as the consumer mains connection cost and is estimated to be \$12,064,272.

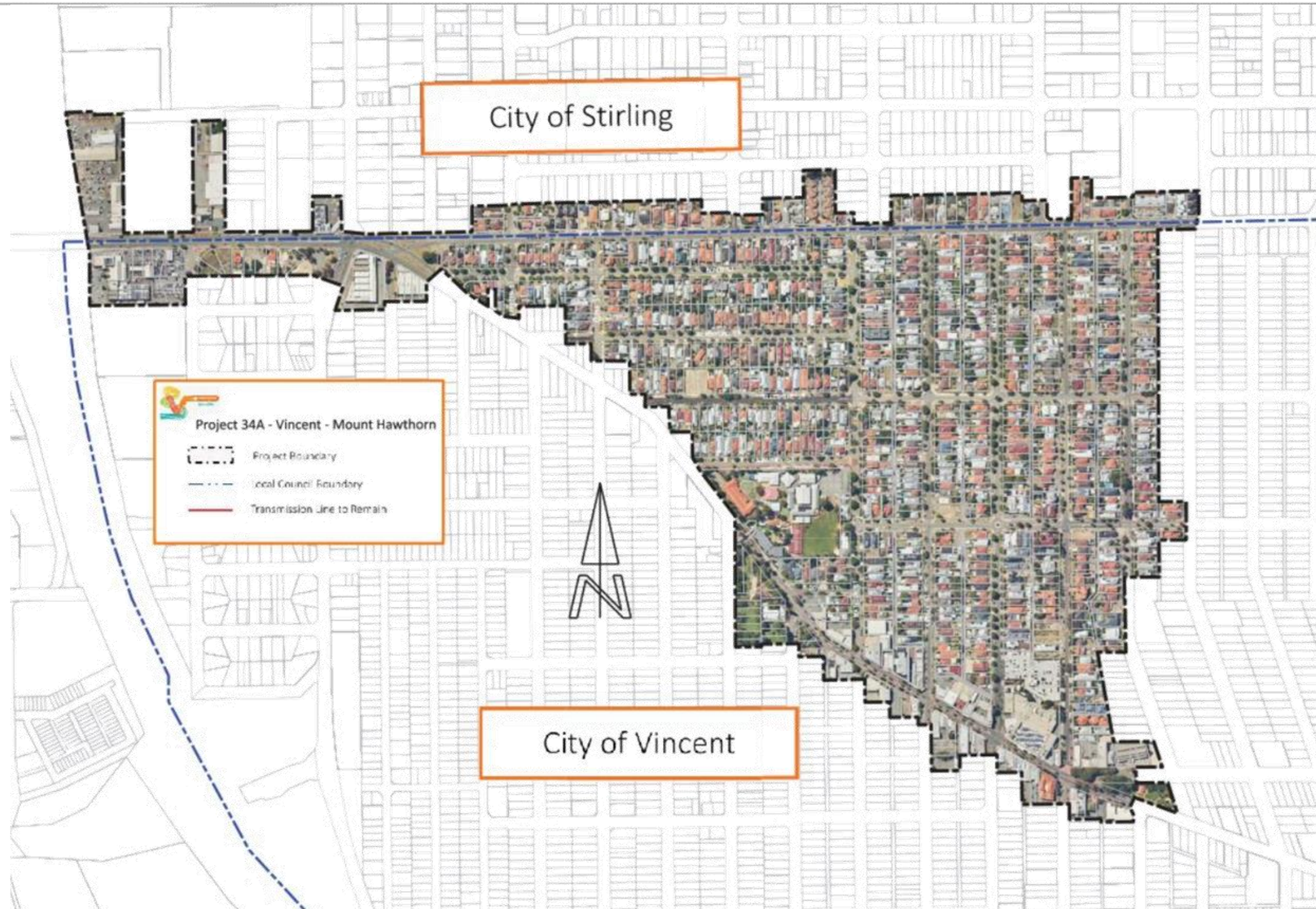
Note: These two cost components (network service costs and consumer mains connection costs) would be reflected in the service charges raised by the City.

PRELIMINARY BUSINESS CASE
TUPP/RUP – UNDERGROUND POWER PROJECT
City of Vincent

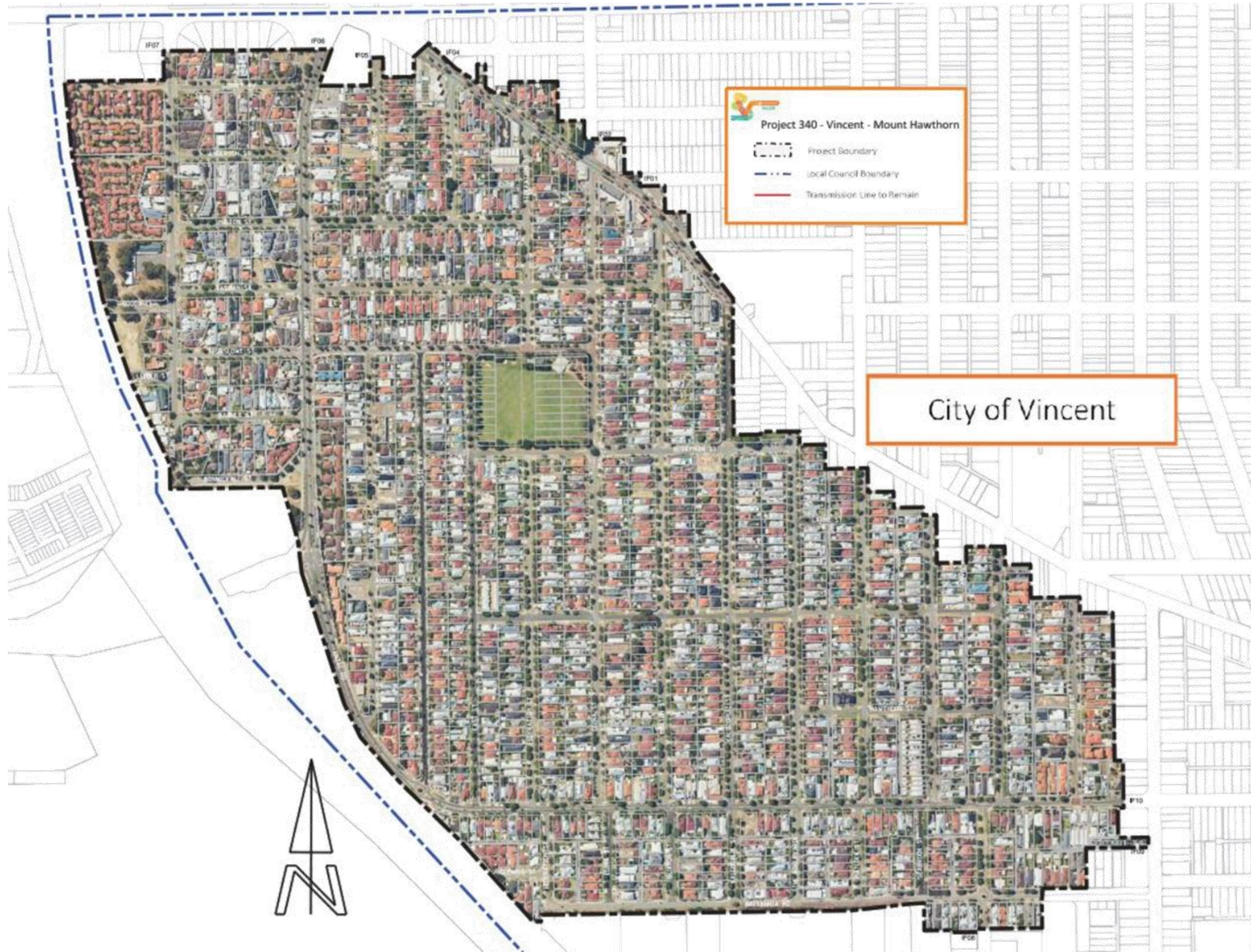


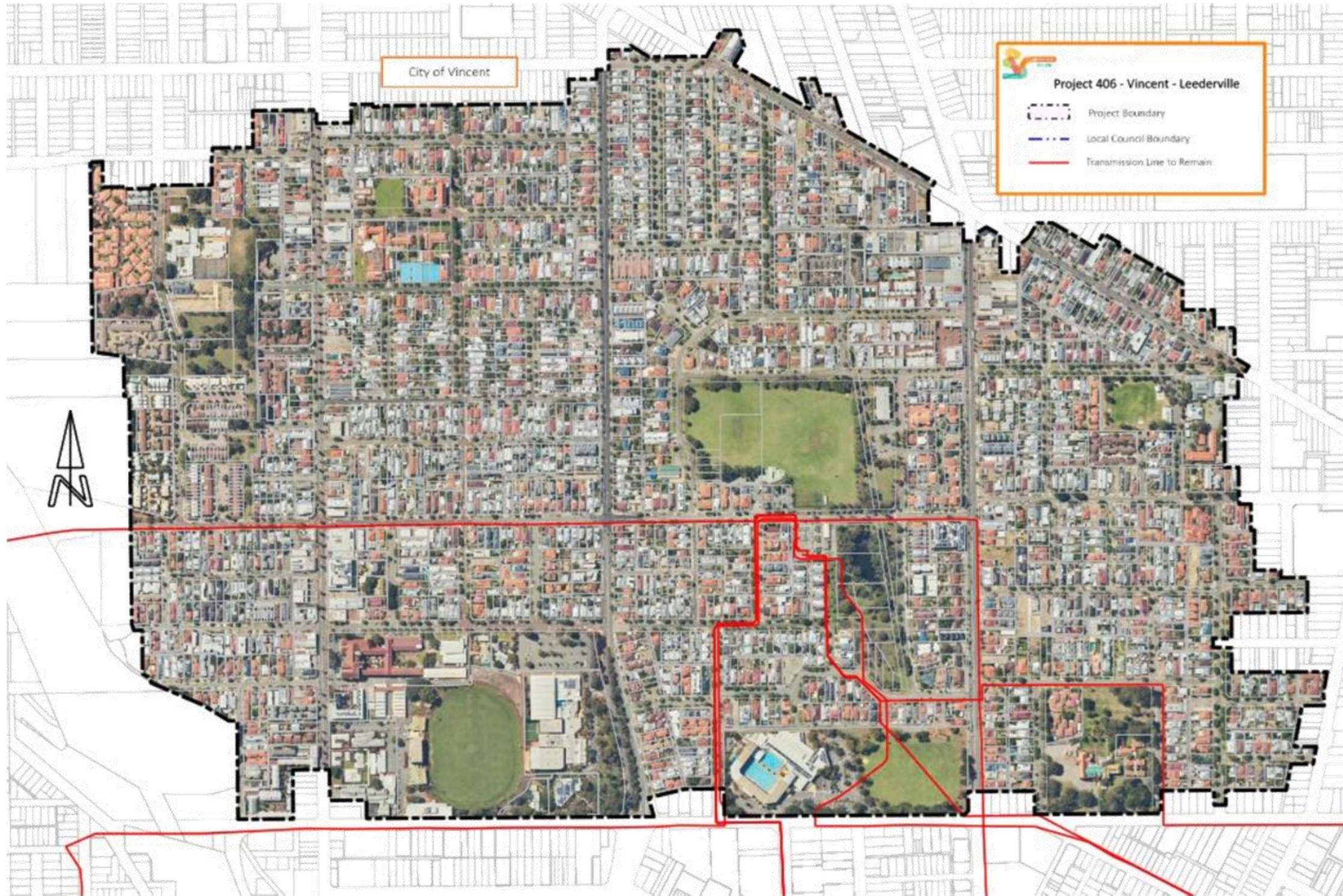
Project Area Maps

When combined with existing undergrounded areas and the first three project areas under NRUP-T2, the below five project areas complete the undergrounding of all residential areas and town centres within Vincent.











PRELIMINARY BUSINESS CASE

TUPP/RUP – UNDERGROUND POWER PROJECT
City of Vincent

TIMELINE

Project	Design	Construction commence
North Perth / Mount Hawthorn	October 2022 – May 2023	October 2023 (approx. 18 months)
North Perth / Mount Lawley	April 2023 – November 2023	April 2024 (approx. 16 months)
Perth / Highgate	July 2023 – February 2024	January 2025 (approx. 14 months)
TUPP 406 – Vincent /Leederville	February 2024 – December 2024	May 2025 (approx. 29 months)
TUPP 340 – Vincent / Mt Hawthorn	September 2024 – June 2025	November 2025 (approx. 26 months)
TUPP 1190 Vincent / West Perth	July 2025 – December 2025	January 2027 (approx. 15 months)
RUP 35 Vincent / North Perth	January 2026 – July 2026	May 2027 (approx. 12 months)
RUP – 34A Vincent / Mt Hawthorn	April 2026 – October 2026	May 2027 (approx. 13 months)

Note: The above timeline includes the three project areas that were subject to the Memorandum of Understanding signed in May 2022 (shaded grey). These have been included here for reference only.

NEXT STEPS

Activity	When
Council	
<ul style="list-style-type: none"> Approve Preliminary Business Case. Guide Approach for Service Charge Recovery and Reserve Financing including loan; Approve commencement of Project Management. 	December 2022
<ul style="list-style-type: none"> Consider and Guide preferred treatments for Service Charge and discounts and subsidies for senior/pensioner and other community sectors. 	2023/2024
<ul style="list-style-type: none"> Consider and Approve Final Business Cases for five (5) separate project areas. 	April/May 2025 and 2026
<ul style="list-style-type: none"> Approve Co-Funding Agreements for five (5) separate project areas and raising of corresponding service charges. 	April/May 2025 and 2026
Administration (Underground Power Project Team)	
<ul style="list-style-type: none"> Develop stage 2 VUPP Project Plan that aligns with stage 1. 	April/May 2023
<ul style="list-style-type: none"> Plan and deliver appropriate community engagement activities. 	Ongoing
<ul style="list-style-type: none"> Engage with relevant internal service units to obtain necessary information for decision-making: <ul style="list-style-type: none"> Updated City Map and Scheme Areas. Reconcile City of Vincent property lots with Western Power meters to confirm number of lots in each project area, plus relevant property attributes: <ul style="list-style-type: none"> Western Power mapping details Residential Commercial Mixed use Residential pensioner owner-occupier with Commonwealth Government pension card Not undergrounded versus consumer mains already undergrounded but supplied from overhead network located on the street Cross check number of properties identified by the City of Vincent with Western Power 	To be completed by March/April 2025 and 2026

<p>data to ensure accuracy.</p> <ul style="list-style-type: none"> ○ Identify learnings from first three project areas – use these to inform and improve relevant activities for the last five project areas. ○ Identify and confirm properties already undergrounded within target areas. ○ Develop criteria for different property owner categories for fair and equitable service charges. ○ Repeat Project governance approach and processes for each project stage until completion. ○ Develop service charges methodology and consider the appropriate time to raise service charges. ○ Equitable treatment for Ratepayer Groups and whether any discounts will be applied, if so, for what type for ratepayer groups. ○ Whether there will be any different treatment for commercial lots. ○ Identify which properties has been excluded from the scope. ○ Provide ongoing support for community consultation, public relations, forums, resident communications, and updates on progress, etc. ○ Risk assessment of all options, its benefits, and negativities. ○ Engage with Western Power on network design, special needs, asset locations, contract negotiations, review, and execution. ○ Finalise Project Costings and Initiate Final Business Case. 	
<ul style="list-style-type: none"> ● Engage with Western Power to finalise matters on design, planning, cost, contract etc., including: <ul style="list-style-type: none"> ○ Clarifications regarding Western Power Proposal for City of Vincent Undergrounding Program, including costs, timing, number of lots, etc. ○ Negotiate timelines for the five project areas to optimise cash flow management ○ Confirmation of Final Costs: <ul style="list-style-type: none"> ▪ per lot TUPP and RUP in each area ▪ lot cost between pole to house and other ▪ discounts applied in each area ○ Design included schematics for current overhead and proposed underground network and its capacity standards per property type, asset locations etc. ○ Western Power project management, community engagement, structure, invoicing, contact points, communication protocols, reporting, and expectations of the City of Vincent. ○ Collaborative Management of Community Relations, Contracts and Project. ○ Review and negotiate Co-Funding Agreements for five project areas. 	<p>To be completed by 2025/26</p>
<ul style="list-style-type: none"> ● Progressively develop the Final Business Cases to support Co-Funding Agreements, clarifying the factor sthat will impact financial modelling outcomes: <ul style="list-style-type: none"> ○ Treasury borrowing limits ○ Interest charged on instalment option balances ○ Interest paid on loan/s ○ Percentage of ratepayers electing for upfront payments versus installments ○ Service charge payment delays and defaults ○ Discounts for specific ratepayer groups ○ Construction cost increases ○ Western Power payments schedule 	<p>March 2025 and 2026</p>

	<ul style="list-style-type: none"> ○ Project timeline changes ○ Project management cost increases 	
	<ul style="list-style-type: none"> ● Informing and supporting Council and Executive consideration and approval of ongoing key Undergrounding Program decisions. 	Ongoing

Memorandum of Understanding

Between
Electricity Networks Corporation ABN 18 540 492 861

and
City of Vincent ABN/CAN/ARBN **62 191 132 542**

for

Targeted Underground Power Program (TUPP) & Retrospective Underground Projects (RUP)

Project 406 – Leederville/North Perth

Project 340 – Mount Hawthorn

Project 1190 – West Perth/Perth/Leederville/East Perth

Project 34A – Mount Hawthorn/Joondanna/Osborne Park

Project 35 – North Perth



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Parties

ELECTRICITY NETWORKS CORPORATION ABN 18 540 492 861, a statutory body corporate established under section 4(1)(b) of the *Electricity Corporations Act 2005* (WA), of 363 Wellington Street, Perth, Western Australia (**Western Power**)

and

City of Vincent of 244 Vincent Street, Leederville, WA 6007 - ABN # **62 191 132 542**

Introduction

1. Background

- (a) Western Power has identified overhead distribution assets within the City of Vincent – Annexures 1- 5 (**Project Areas**) which have reached or will soon be reaching the end of their design life and are therefore due for replacement.
- (b) Where assets reach the end of their design life and are due for replacement Western Power is obliged to replace those assets in the most efficient means possible.
- (c) Historically underground distribution assets have not been the most efficient means of replacing overhead distribution assets.
- (d) Western Power and the LGA wish to jointly investigate replacing these overhead distribution assets with underground assets, as this is expected to be mutually beneficial and result in an efficient solution for Western Power (**Project**) and the LGA.

The Parties agree as follows

2. Purpose of this document

- (a) This Memorandum of Understanding (**MOU**) outlines the relative intentions of both Western Power and the LGA to develop a project under the principles of mutual understanding, mutual benefits, common interest, shared goals and mutually complementary activities (**Purpose**).
- (b) This MOU is not a legal agreement and is not intended to create legally binding obligations or liabilities on either party; however all parties commit to using their best endeavours to achieve its purpose.

3. Objective

The Parties will jointly develop the Project in the Project Area as identified by Western Power, allowing for minor adjustments to project area boundaries where both parties agree to the adjustment. The Objective will be achieved by acting in good faith and working together and with property owners throughout the initiation phase of the project with the intent of agreeing and executing a Works Contract to effect delivery of the Project.



4. Duration

- (a) Subject to 4(b), this MOU shall be effective from the date of its execution by both Parties and shall remain in effect until the execution of a Works Contract by both Parties or the termination of this MOU by either Party by the giving of 30 days' notice by one party to the other of the intention to terminate the MOU.
- (b) In the absence of a termination, mutual agreement to continue this MOU, or a resulting Works Contract being executed, this MOU shall end on 31 December 2025.

5. Confidential Information

- (a) To achieve the Objective it may be necessary for the Parties to exchange Confidential Information.
- (b) Confidential Information means this MOU, and all or any part of any information that a Party (**First Party**) supplies or provides to the other Party, or gives the other Party access to, including:
 - (i) any information relating to businesses carried on by the First Party from time to time;
 - (ii) the assets, liabilities and undertakings of the First Party;
 - (iii) financial statements and arrangements of the First Party, including balance sheets, profit and loss statements, assets and liability statements and income and expenditure statements;
 - (iv) manuals, trade secrets, source and object codes, accounts, books, ledgers, financial and other records of the First Party (including non-public historical financial details);
 - (v) drawings, know-how, techniques;
 - (vi) business and marketing plans, projections and forecasts of financial performance of the First Party;
 - (vii) arrangements and agreements with third parties;
 - (viii) customer information and customer information proprietary to customers, customer lists;
 - (ix) formulae, concepts not reduced to material form, designs, plans, models, intellectual property of any nature whatsoever (including information technology strategies and innovations) of the First Party;
 - (x) business and funding strategies, asset and liability management policies of the First Party;
 - (xi) the existence, progress or terms of the Purpose, or the fact that the First Party, or the other Party, or both, is involved in the Purpose, or that any discussions may have taken place or may be taking place between the Parties;
 - (xii) the substance of any report, test, recommendation, advice, or other information, acquired by either Party in respect of the Purpose; and



- (xiii) any other information of the First Party that is by its nature confidential, or that is marked, or designated, or confirmed by an officer of the First Party as, confidential or proprietary, at the time of its disclosure.
- (c) For the avoidance of doubt, Confidential Information does not include any information referred to above that:
 - (i) is in, or enters, the public domain through no wrongful act of any person; or
 - (ii) a Party can establish, to the reasonable satisfaction of the other Party, either is, or was made, available on a non-confidential basis to it, through no wrongful act of any person, or is or was developed, independently of the other Party without using any the other Party's Confidential Information.
- (d) The Party that receives or is disclosed Confidential Information of the First Party must not, directly or indirectly:
 - (i) use any of that Confidential Information except to the extent necessary to give effect to the Purpose; or
 - (ii) disclose any of that Confidential Information, without first obtaining the other Party's written consent.

6. No Partnership or Agency

Nothing in this MOU shall be deemed to constitute a partnership between the parties or authorise either party to act as agent of the other party for any purpose.



SIGNED BY THE PARTIES

SIGNED for and on behalf of **WESTERN POWER** by :

SIGNED for and on behalf of the **City of Vincent** by:

NAME (PLEASE PRINT):

NAME (PLEASE PRINT):

.....
Position title (please print):

.....
Position title (please print):

.....
Signature:

.....
Signature:

Date: / /

Date: / /



7. Annexure 1 – Release 1 – FY22: Project 406 – Leederville/North Perth



8. Annexure 2 – Release 1 – FY22: Project 340 – Mount Hawthorn

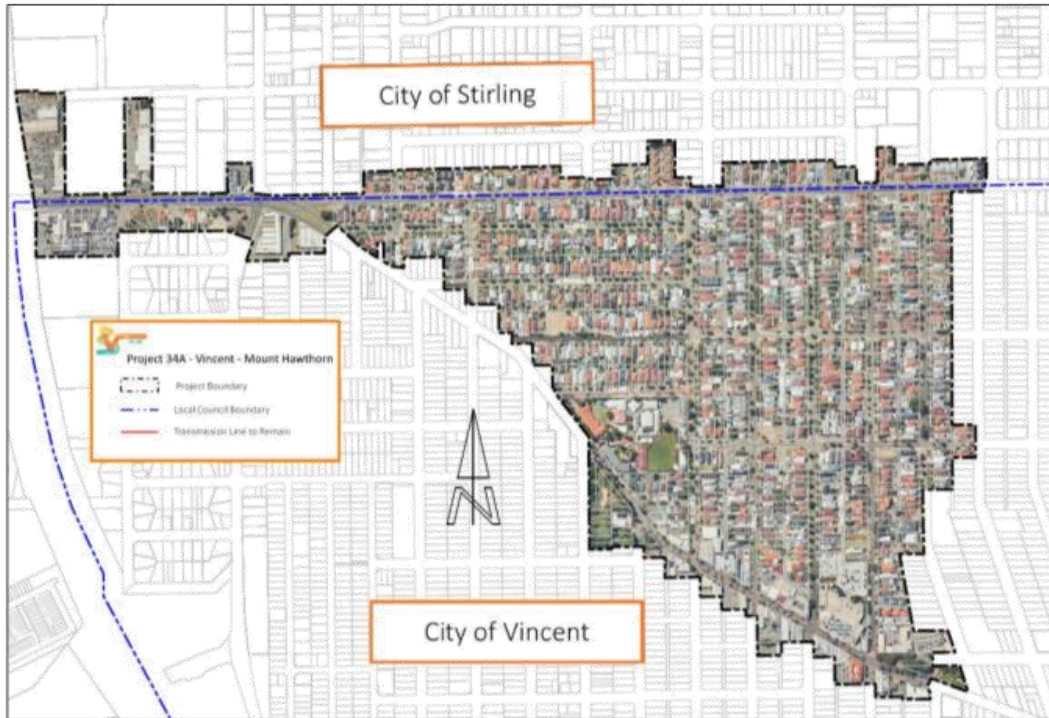


9. Annexure 3 – Release 1 – FY22: Project 1190 – West Perth/Perth/Leederville/East Perth





10. Annexure 4 – Release 1 – FY22: Project 34A – Mount Hawthorn/Joondanna/Osborne Park



11. Annexure 5 – Release 1 – FY22: Project 35 – North Perth

