LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS AND ADMINISTRATION

(Reference: Inquiry into Annual and Financial Reports 2024–25)

Members:

MR J MILLIGAN (Chair)
MS F CARRICK (Deputy Chair)
MS C TOUGH

PROOF TRANSCRIPT OF EVIDENCE

CANBERRA

FRIDAY, 14 NOVEMBER 2025

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Secretary to the committee:
Mr A Walker (Ph: 620 74843)

By authority of the Legislative Assembly for the Australian Capital Territory

APPEARANCES

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Amended 20 May 2013

The committee met at 3.18 pm

Appearances:

Evoenergy
Butterfield, Ms Bronwen, Acting Group Manager, Asset Management
Kerr, Mr Mark, Group Manager, Customer Delivery
Sachse, Mr Sam, Acting General Manager

Icon Water
Hezkial, Mr Ray, Managing Director
Yau, Ms Joy, Chief Financial Officer

THE CHAIR: Welcome to the public hearings for the Standing Committee on Public Accounts and Administration inquiry into annual and financial reports for 2024-25. Today we will hear from Icon Water and Evoenergy. Welcome, and thank you for coming in.

The committee wishes to acknowledge the traditional custodians of the land on which we are meeting today, the Ngunnawal people. We wish to acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region. We would also like to acknowledge and welcome any other Aboriginal and Torres Strait Islander people who may be attending today's event. The proceedings are being webstreamed, so we welcome anyone who is watching online.

Today's hearing is a legal proceeding of the Assembly and has the same standing as proceedings of the Assembly itself. Therefore, today's evidence attracts parliamentary privilege. Giving false or misleading evidence is a serious matter and may be regarded as contempt of the Assembly.

The hearing is being recorded and transcribed by Hansard and will be published. The proceedings are also being broadcast and webstreamed live. When taking a question on notice, please use the words, "I will take that as a question on notice." That will help our secretariat and Hansard to know exactly what question is being taken on notice.

We are hearing today from Icon Water and Evoenergy. We will not start with opening statements; we will go straight to questions. Ms Castley, do you have a question that you would like to ask?

MS CASTLEY: Yes; thank you, Chair. I have a question around Evoenergy messaging. A constituent received a letter. There is some work that needs to be done in their backyard, and they received a letter saying, "We'll be around at some point to get this fixed." I do not know whether anything was broken, but that is what the letter basically said. "Please keep your driveway clear. Keep your animals out of the backyard." The timeframe they were given was three months. Is that a normal timeframe during which a constituent should expect to keep their dog in the house, just in case someone turns up? Does this happen regularly?

Mr Sachse: I have read and acknowledge the privilege statement. I will hand over to Mark Kerr to answer that question.

Mr Kerr: I have read and acknowledge the privilege statement. When Evoenergy makes notifications to customers for access, it is done for a variety of reasons. Sometimes those reasons relate to Evoenergy infrastructure that may be in the backyard that needs to be replaced. That may take the whole day, for example, and involve multiple crews, cranes and those sorts of things. Similarly, we often have to do access notifications for customers so that we can do inspection programs—inspections for vegetation or inspections of assets themselves, to determine their condition, whether they need maintenance and those sorts of things.

MS CASTLEY: We are not questioning the need; I understand there is definitely the need. I am wondering whether that three-month timeframe of being told to keep a dog in the house is normal. Is that what Evo customers should expect or would there be specific circumstances in this constituent's case?

Mr Kerr: It seems longer than I would expect. The reason why we give a window of time in some instances is because it is for observational purposes, so that we can go and assess. Sometimes there is an initial assessment done; then there is a need to go back, depending on what the first assessment shows. We do give customers windows of time. Three months does seem longer than I would expect. We can take it away and look at why that—

MS CASTLEY: Okay. I can ask them to contact you, if that is helpful?

Mr Kerr: Yes, absolutely.

MS CARRICK: My question is to Evoenergy, too. I have been receiving a number of emails from people living in Weston Creek and Molonglo about outages. They are talking about the frequency of them and the length of time. One went for 36 hours or something like that; I had an email about it. It seems to be a very long time, having regard to their fridges and what have you. What is causing those outages in that Weston Creek and Molonglo area?

Mr Sachse: Thank you for your question, Ms Carrick. To give you the context, Evoenergy does have a very reliable network. We are top two across the industry. The benchmarking is done every year. We are second only to CitiPower, which is in the Melbourne CBD, and they have a lot of redundancy built into their system.

Having said that, we have experienced a number of outages in some areas, including Weston Creek. There are various reasons why that occurred. Recently, we have had a lot of wildlife issues, with birds and possums. There have been a lot of tree branches that have impacted lines, and general asset failures that we work through.

What are we doing in that space? We are investing $55 million in the Molonglo area, which will free up capacity for Weston Creek. Once Molonglo's own substation is commissioned, which we are targeting at around Christmas time, in December or January, we will be able to shift load going from the city zone substation to Molonglo. The load on the system will be a lot less in those areas.

MS CARRICK: When you are talking about the load and the capacity, what is being

done, with densification, to ensure that there is the capacity available? How do you deal with over 50 residential towers, up to 55 storeys? There is a significant amount of energy required. Can the system cope with it all?

Mr Sachse: With the current regulatory period, when we went to our regulator, who is the Australian Energy Regulator, we submitted a large increase to augment the network. Our augmentation budget for this five-year period is three times higher than it was in the previous five years. There is a lot of work going on to augment the network for electrification, as well as the growth that you just mentioned with higher residential blocks. I will hand over to Mark, who has those discussions with those developers. He can walk you through the process for how he engages with those developers.

Mr Kerr: We spend a lot of time working with developers. It may be on current projects that they are already building, and they are looking for connection applications in the near term, so that they can provide power to those apartments or those multi-unit developments. The team also spends a lot of time working with developers to understand their longer term strategic plans, and what they may be wanting to do over time.

We then work with the planning team in Evoenergy. There is an entire team there whose basic function is to look at the sort of things that you are talking about—to forecast the future needs of the city, to plan how that might be achieved over time and to make that part of a broader work plan, so that we have the capacity available. It takes into account a number of factors. It includes what customers are looking for—what the developers are telling us—as well as a range of other modelling that is done, on population growth and data analysis. There are a lot of factors that go into that, to ensure that we have long-term plans, as well as short-term plans, to enable those things.

MS CARRICK: I am curious to know about how Icon Water augment theirs, too, for significant densification. Who pays for all of that augmentation that is needed?

Mr Sachse: It is a mixture. It depends on the type of project. Some is paid by the developer or the owner of the block, and some is shared between all customers.

MS CARRICK: Icon Water, how do you augment it and who pays for it? It is the same thing—getting the water through to all of these new, densified areas.

Mr Hezkial: I have read and understood the privilege statement. For us, it is all about asset management planning. We have an asset management framework that looks at asset classes. We typically try and project, based on growth statistics, where we will need that infrastructure. The other control that we typically have is what we call our growth servicing plans. Those servicing plans are published on our website. The aim of those plans is to try and encourage, or at least influence, where the sequencing of the growth occurs, so that it is in line with our asset management planning.

In terms of who pays for that infrastructure, developer charges are typically charged for augmenting those networks. Of course, augmenting sewage treatment capacity and water treatment capacity is a bit more difficult in terms of sharing that cost with a single developer. We probably have a number of different mechanisms in terms of who pays.

MS CARRICK: Do you have borrowings, and are the borrowings increasing? Do they ever get paid off or are they just growing?

Mr Hezkial: I will hand over to Joy, who is our Chief Financial Officer.

Ms Yau: I have read and understood the privilege statement. Are you asking whether our borrowings increase over time and whether we pay that down over time?

MS CARRICK: Yes.

Ms Yau: From a funding perspective, all of Icon Water's borrowings come through from ACT government, Treasury. Each year, we look to see what our key borrowing needs are to fund our business. Typically, each year, there is an amount that we work through with ACT Treasury, seeking the borrowings that we need for the foreseeable future, to make sure that we have a sufficient cash balance, if you like, to do all the things which we need to do—pay for our projects, employees et cetera.

Over time, each of those borrowings can take different forms. For example, a tranche of borrowings might be 10 years. We would pay that down over 10 years or at the point of 10 years, depending on whether it is interest only or, if it is also the capital, the main portion, too. Typically, at the end of the 10 years, it is likely that we then refinance that, because you might then restructure it. We have a very keen eye, in terms of overall financial health, on making sure that we have an appropriate level of borrowings.

MS CARRICK: Does Evoenergy also have borrowings that are increasing? From what I can see, particularly when I looked at it during estimates, they did not seem to get paid off. It is like the ACT government: their borrowings are going up, but the problem is that their interest is going up, too, and it is becoming structural in the expenses of the budget. That causes a problem regarding the opportunity cost with having the interest growing.

Mr Sachse: Evoenergy has zero borrowings. I will hand over to Joy to talk about what that might look like in the future.

Ms Yau: Icon Water owns 50 per cent of Evoenergy, so Evoenergy do not borrow in their own right. Currently, the way that the businesses have been set up means that Evoenergy effectively borrows through its two owners. Over the course of time, with Icon Water, effectively, when we ask for our borrowings, what is also considered is what is needed in terms of how much cash Evoenergy has either distributed back through to us or needs in their own right.

What Sam alluded to is that we are actively looking at the moment to change that. We are looking to introduce debt into Evoenergy in its own right, which then stops it needing to rely on its parents to do that on its behalf. That is a much healthier position, to have debt in the right place.

THE CHAIR: Who are the parents—the owners of Icon?

Ms Yau: Of Icon Water?

THE CHAIR: ACT government and who else?

Ms Yau: Correct. Icon Water owns 50 per cent of Evoenergy, and Jemena owns the other 50 per cent.

THE CHAIR: Jemena are owners from which country?

Ms Yau: Let me make sure I get it exactly right for you—

THE CHAIR: Which entities?

Ms Yau: Jemena is owned by State Grid of China, 60 per cent, and Singapore Power, 40 per cent.

MS CARRICK: I was at the Woden bus interchange the other day, and they said it had taken three years—in February it will be three years—because of all the utilities that have had to go through there. Have Icon and Evoenergy had to put augmented or upgraded facilities through the Woden bus interchange?

Mr Hezkial: I do not have any specific details at hand, but I would be absolutely amazed if it did not require augmentation of infrastructure. Typically, the most cost-efficient way of upgrading infrastructure is at the time when you are also doing other work, so you are avoiding that cost of re-digging things up. Typically, we will weigh up the option as to whether it makes economic sense for our customers to replace something opportunistically, because something is happening now, even if there is some remaining service life on that infrastructure. But it is really on a case-by-case basis.

MS CARRICK: Are you able to take on notice what works have been done through the new Woden bus interchange as it has been constructed?

Mr Hezkial: Yes, I am happy to take that on notice.

MS CARRICK: And Evo, too; what works have been done through there?

Mr Kerr: Certainly, Evoenergy has had to work with the ACT government. Obviously, the Woden bus interchange is very much focused on electric buses, so they have sought a significant amount of additional electrical capacity. It has required us to put on what we call an 11 kV feeder, which is the sort of thing that provides power for a suburb—large levels of power. That is what a large number of electric buses would require. We did an extensive project with them to bring that capacity to them. That project was completed in the middle of last year. I would have to check that for you, in terms of the exact date. That was completed a number of months ago.

MS CARRICK: There is a depot; there is also the interchange that is still under construction.

Mr Kerr: We have brought the power to where they charge the buses, because that is where they need the power.

MS CARRICK: Did any augmentation go through the new interchange?

Mr Kerr: I would have to check the geographic route that the augmentation required.

MS CARRICK: Could you take that on notice?

Mr Kerr: We can take that on notice.

MS TOUGH: I should put on record that I have a potential perceived conflict of interest through my dad having contracts with Icon Water. I want to put that on the record again, for the *Hansard*. I want to ask Icon Water about drinking water quality. In the annual report, it says there were five events that were notifiable to ACT Health during the year. I was curious as to what those five were, and when they were found and sorted.

Mr Hezkial: I have that information here. There were five notifications; that is correct. One was related to E.coli. We investigated that, and we determined that the customer's tap was connected to a rainwater tank, so it was not actually an Icon Water network. We report, regardless of whether—

MS TOUGH: Yes.

Mr Hezkial: The second one was another E.coli detection, which we retested for and could not find again, so we returned that back to service. There were two results for exceedence of values for metals. That has occurred in one segment of a pipeline, so we have it on our works program to repair that pipeline.

We had one result exceeding the guidelines for manganese. Usually, that occurs during a burst water main. It sits in a water main, and it gets stirred up once there is a burst water main. Typically, once you have flushed the water main, after you have repaired it, it is gone.

The final one was a high level of chlorine during one of our routine re-chlorination activities. We chlorinate at the treatment plant. Sometimes, as you get further away from the source of the dosing, that chlorine dissipates. We will re-chlorinate to make sure that that quality is preserved. We did that re-chlorination, and we found that the results were too high for chlorine, so we are now taking that asset offline, and we are implementing some new systems to try and improve that dosing effectiveness.

MS TOUGH: The pipeline with the metals is out of action until it is fixed, and the same with the—

Mr Hezkial: Yes. With the re-chlorination activity, that asset has been taken offline. We are designing new controls. With the manganese testing, we have highlighted that for future repairs—future replacement.

MS TOUGH: The annual report also talks about how PFAS testing has changed.

Mr Hezkial: Yes.

MS TOUGH: We have not had any traces of PFAS found, from what I can see in the

report. What are those new guidelines? If people are concerned about PFAS in the water—and I have had a few people come to me about it, because of the national media stories about PFAS in drinking water—what is going on with Canberra's water and how do we know that it is safe?

Mr Hezkial: The first thing I will say is that we are very transparent with our testing results. If anyone wants to see what those PFAS testing results are, they are on our website.

MS TOUGH: Perfect.

Mr Hezkial: We have been testing for PFAS since 2016, and annually since 2020. We have found very isolated detections in our catchments, but never in our finished water. Once it gets through the treatment plant, we have not detected any PFAS at all. As you may be aware, the NHMRC reviewed those PFAS guidelines recently and reduced some of those limits.

We have introduced testing procedures that can test well below those detection limits in the Australian drinking water guidelines, so we are pretty well positioned, from a testing regime point of view. We are quite mature. The results are publicly available. We have not yet picked up anything, thankfully, in our treated water, but we use a precautionary approach where we are testing right at the head of the source in our catchments, to try and pick up anything.

MS TOUGH: What would happen if it was found? Touch wood it never is, but what plans are in place if it is?

Mr Hezkial: We do have a PFAS management framework that talks about what the triggers are and who you talk to. In a general sense, we would be working very closely with the Health Directorate. Thankfully, for us, we do have access to alternative sources of water. I imagine we would be looking at isolating sources of water and switching, and trying to determine the root cause, if we could. Those would probably be the immediate responses. But we do have that PFAS management framework, and we are quite prepared, if that occurred—hopefully, it will not.

MS TOUGH: Yes, fingers crossed.

THE CHAIR: Recently—and you are probably aware of this—I sent a question on notice to the minister in relation to unplanned power outages. Over 1,200 reported unplanned power outages occurred in the ACT recently, and there were 1,100 in the year before.

My question is along the lines of maintenance and upgrade of the energy network. As I understand it, Evoenergy is responsible for the maintenance and upgrade of the network. By the sound of it, it is up to the parent companies to provide funding and support to carry out that maintenance of the network. We have two parent companies that own 50 per cent, through Icon Water, as I understand it.

Does Evoenergy provide any review of the maintenance that is required to ensure that the network can cope with the current population demand? Is that provided back to the

parent companies? Do you seek funding and support to be able to carry out this maintenance that is required to meet the current demand? You would think that, right now, with the population growth, and particularly in areas of new growth in the ACT, the supply of power is not keeping up with demand. Can anyone talk to that?

Mr Sachse: Yes. Thank you for your question. I might break it up into a couple of responses.

THE CHAIR: Yes, of course.

Mr Sachse: Thanks for your question on notice. We have had 1,200 outages, and it has been pretty stable over a number of years. We have been trying to focus on reducing both the frequency and the duration of those outages. That has gradually improved over the last four-year period. Our customers do experience less outages overall, and for a smaller period of time.

We are regulated through the Australian Energy Regulator. We submit five-year proposals. They review those proposals and make sure they are prudent and efficient, and they set the prices to fund our operations and maintenance, as well as our forward capital expenditure plan, to make sure that we have a reliable and safe network.

I mentioned before that the AER did approve three times more augmentation cutbacks than they did in the previous year, to allow for that growth, and to allow for that electrification that is happening in the ACT. I will hand over to Bronwen to talk through the planning process on how we go about submitting it to the AER to make sure that we do provide a safe and reliable network.

Ms Butterfield: I have read and acknowledge the privilege statement. At Evoenergy, similar to Icon Water, we have an asset management framework, and within that framework we have a range of asset classes. We also look at system level across our network. Every year, we review that and publish an annual planning report, which identifies capital works on our network required to ensure capacity into the future, as well as the maintenance and inspection programs that ensure that we operate in a reliable manner. That happens every year.

As we work towards our five-year regulatory submissions, we pull together our demand modelling. We need to look ahead at what is the forecast demand on our network. With the pace of electrification, that is a challenge at the moment. Usually, when you do demand modelling, our traditional demand modelling uses history as an indicator of the future, but that all pre-dates the policy on net zero, so we are trying to bring in new information and new data that is more accurate in depicting that pace of electrification.

We are doing that now. Sam talked a little bit about how we have significantly increased our augmentation program as a result of that in our EN29 allowance that takes us through to 2029. As we move forward and look to 2030, we are likely to see that uplift again in augmenting the capacity of the ACT. To do that we need information coming into us, so we need to understand where new suburbs are being built, where brownfield developments are occurring, such as intensification, as well as where individual developers are coming at us with really high loads.

To do that, we need to be able to forecast a fair bit ahead. Each of those developments needs to go through ACT planning requirements, so they need to get approval. We need to know really early; sometimes that all occurs almost three years before construction has occurred. It is a long time to plan. When you are in the year as well, customers will come knocking on the door, and they work with Mark's team to make sure they can get their connections.

THE CHAIR: In relation to network demands, with some of the challenges that the network is facing, are they mainly due to supply demand or to poor lack of infrastructure to supply that power?

Ms Butterfield: We are finding that there is a combination of factors that cause an outage. We track outages across a range of those causes. Is it an asset failure, and what type of asset failure is it? Is it part of the overhead network or the underground network? We go into the components of those failures as well. That might include analysing the particular asset that failed. We have other factors, such as wind. When it is high wind, tree branches will blow onto the line, and that can cause an outage as well. There are possums climbing up into the electricity network, or birds. We have found a lot of those causes in recent times.

Sometimes when there is an outage you need to switch customers over really quickly onto another part of the network, so that they have their power back on. Sometimes when we do that, that puts more customers on a new part of the network that has not held that many customers before, and we want to do that for a really short amount of time so that we do not overload that part of the network. That is how we try to balance getting people on as quickly as possible, as well as making sure that we are not causing more problems on the network.

THE CHAIR: Has Evoenergy done any analysis or costing of changing the overhead powerline supply to an underground network in the ACT? Is that something Evoenergy has looked at before, and particularly what costing might look like?

Ms Butterfield: Historically, we have looked at that. Typically, it is between three and 10 times more expensive to build an underground network than it is to build an overhead network. Where it is more economical to do that is in new greenfield estates. That is why we are doing that there. Most of the ACT is actually underground. The legacy overhead part of the network is there because of the way ACT was designed back in the day. That was designed with the overhead network in people's backyards, which is unique in Australia and actually makes it quite difficult to maintain in a really fast way and get access into people's backyards. Our interactions with our customers are a lot more than other jurisdictions are facing.

MS CARRICK: NBN, in those older areas where the power is in the backyards, are putting NBN through. I know that there has to be space between utilities, but they are doing it underground. Is there any opportunity to work with them and go underground?

Mr Sachse: We have been in discussions with the NBN for quite a while. We understand that their preference is to do the majority of the work through civil work underground. Where they struggle, if they hit rock or they have access issues, we are talking with them about hanging their fibre on our poles, so that is a potential—

MS CARRICK: That is the wrong way around! You were talking about net zero, with the power. Won't you be under pressure regarding the unit metering in towers, in strata, and likewise with the water? Is that progressing—how that could be done?

Mr Sachse: To clarify your question, are you talking about electricity metering or gas metering?

MS CARRICK: Electricity, because gas is on its way out. With net zero, transport is the biggest emitter now, so I would imagine they will be looking at more ways to get us into electric cars, and people will want to be charging up next to their apartments.

Ms Butterfield: I can talk to it from a planning perspective. If I have not answered your question, you can let me know. That is a challenge where there are existing apartment blocks and where they want to introduce electric vehicles, in making sure that they have identified the load that they need to increase. When that happens, customers need to go to Mark's team, and they make an application to increase the size of their connection to the network.

We do not have much to do, once it is inside. The body corporate deals with all of that. For new developments, we set peak demand calculations. There is guidance provided to the industry on how to predict how many EVs are likely to be included in those apartment complexes and what that does to the load. Again, they make a connection application and our design teams work with them to make sure it is an accurate reflection of what is going to happen. Hopefully, I have answered your question.

MS CARRICK: With the brownfield ones, the older ones, is it progressing or are there significant barriers and it is off in the never-never?

Mr Kerr: Are you referring to EV charging?

MS CARRICK: Yes.

Mr Kerr: It is a combination of things. The reality is, as Bronwen said, that customers can always come to us and ask for some additional capacity. We will work with them to understand what it is that they need, and we will look to do whatever augmentation et cetera is required to provide that capacity to that building.

Customers have a range of choices as well. Typically, the supply to a building is designed for its peak load. There are intelligent things that customers can choose to do that do not involve Evoenergy, where they look to do the charging of their vehicles and things like that in periods which are not peak times. There are sophisticated load management software and load management embedded EV chargers. That is where existing buildings can basically maximise the connection they already have, rather than seek additional capacity. That is something we would encourage customers to think about.

If they have done that or they want additional capacity, they would come to Evoenergy and ask for an upgraded connection. It is definitely happening across a range of buildings. It ranges from residential buildings, all the way through to commercial

buildings. It is part of the electrification process that we can see happening in the ACT.

THE CHAIR: On behalf of the committee, I would like to thank you for coming along to this afternoon's hearing. I understand that there were a couple of questions taken on notice. You have five working days from receiving the uncorrected proof *Hansard* to provide the answers to the questions taken on notice.

We would like to thank broadcasting, Hansard and our secretariat for their support. If any members or visiting MLAs would like to put any questions on notice, please use the parliamentary portal, and upload them no later than five business days from today. The meeting is now adjourned.

The committee adjourned at 3.55 pm.