ESTIMATES COMMITTEE
Question Taken on Notice

Question Number: 13-1

Output Number:

Date: 18/06/2026

From: Mr Ed Smelt

To: Mr Dennis Bree

Portfolio: Essential Services

Agency: Territory Generation

Subject: Repairs and maintenance expenditure

QUESTION:

How much of the increased repairs and maintenance expenditure forecast is related to issues such as ageing assets, inflation, labour costs and unplanned maintenance? Can you provide a breakdown of that?

ANSWER:

The year-on-year increase in repairs and maintenance (R&M) expenditure in the 2026-27 Statement of Corporate Intent is primarily driven by inflation (CPI), wage increases, the addition of new assets, and the timing of cyclical maintenance activities.

Inflation (CPI) is the largest consistent driver, contributing 2.4% - 2.5% per annum, while labour cost increases (wage index) add a further 0.7% each year. The introduction of new assets, including the BESS and synchronous condenser, are also a growing driver of expenditure, increasing from 0.8% in 2026-27 to 3.0% in the outer years.

In addition, minor cyclical overhauls contribute to variability between years, with a significant impact in 2027-28 (7.2%), reflecting the scheduled timing of maintenance activities.

In contrast, ageing assets are not contributing to increased expenditure. While TGen has an ageing asset base, maintenance is undertaken in accordance with planned schedules to ensure reliability and mitigate deterioration. Furthermore, the reduced requirement to maintain assets at Ron Goodin Power Station (RGPS) results in a net decrease of approximately 5.3% per annum from 2027-28 onwards.

Unplanned maintenance is not separately forecast as a driver of cost increases, as it is managed within the approved budget. Any significant unplanned maintenance is addressed through quarterly performance reporting submitted to the Shareholder.

Overall, the increase in R&M expenditure reflects external cost pressures and asset growth, partially offset by declining maintenance requirements at RGPS, rather than impacts from ageing assets or unplanned maintenance.

	26-27	27-28	28-29	29-30
Repairs & maintenance	31.7	33.7	34.0	35.1
% Change	*3.9%*	*6.3%*	*0.9%*	*3.2%*

Breakdown				
CPI	2.4%	2.5%	2.5%	2.5%
Wage index	0.7%	0.7%	0.7%	0.7%
New assets	0.8%	1.2%	3.0%	3.0%
RGPS aged assets	0.0%	-5.3%	-5.3%	-5.3%
Minor cyclical overhauls	0.0%	7.2%	0.0%	2.3%
Total	**3.9%**	**6.3%**	**0.9%**	**3.2%**