PowerWater

Statement of Corporate Intent

2026-2027

powerwater.com.au

Akrum Abdaltam from our Customer Service team in Darwin

Acknowledgement of Country

We work across 1.3 million square kilometres of the Northern Territory, from the saltwater coasts and freshwater rivers of plain and escarpment country to the red desert sands of Central Australia.

We respectfully and proudly acknowledge the Traditional Custodians of these lands and their ongoing role in managing the lands and waters we depend on. We honour Elders past and present, and the voices of future generations, who maintain strong cultural and spiritual connections to Country and enrich all who live upon these lands.

Our commitment to Country and community is embedded in our purpose of making a difference to the lives of Territorians. We are dedicated to building strong and lasting relationships with our customers, Traditional Custodians and the broader community, built on honesty and mutual respect to achieve our vision of being a proud, trusted, modern multi-utility delivering value now and into the future.

FRONT COVER: Cover image: Mathilda Lipscombe from our Demand Management Team in Darwin

Contents

Abbreviations

The following table provides a list of abbreviations and acronyms used in this document. Defined terms are identified in this document by capitals.

Term	Definition
AER	Australian Energy Regulator
ARENA	Australian Renewable Energy Agency
AROWS	Adelaide River Off-stream Water Storage
CAPEX	Capital expenditure
CEO	Chief Executive Officer
CER	Consumer energy resources
CFO	Chief Financial Officer
CO	Core Operations business unit
CPI	Consumer price index
CSO	Community service obligations
CS	Customer and Strategy business unit
DHLGCD	Department of Housing, Local Government and Community Development
DLPE	Department of Lands, Planning and Environment
DLI	Department of Logistics and Infrastructure
DME	Department of Mining and Energy
DRWSS	Darwin Region Water Supply System
DTF	Department of Treasury and Finance
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EGM	Executive General Manager
FTE	Full-time equivalent
GL	Gigalitres (1 billion litres)
GS	Gas Services business unit
GWh	Gigawatt hour (1,000 MW of electricity supplied over a period of an hour)
HERCS	Health, Environment, Risk, Compliance and Safety system
HSE	Health, safety and environment

Term	Definition
ICAM	Incident Cause Analysis Method
ICT	Information and Communications Technology
ISO	International Organisation for Standardisation
IES	Indigenous Essential Services Pty Ltd
kL	Kilolitre (1,000 litres)
KPI	Key performance indicator
kW	Kilowatt (1,000 watts)
kWh	Kilowatt hour (1,000 watts of electricity supplied over a period of an hour)
LTI	Lost time injury
ML	Megalitre (1,000 kL)
MTI	Medical treatment injury
MW	Megawatt (1,000 kW)
NER	National Electricity Rules
NPAT	Net profit after tax
NT	Northern Territory
NTESMO	Northern Territory Electricity System and Market Operator
NTG	Northern Territory Government
NTTC	Northern Territory Treasury Corporation
NTWS	Northern Territory Water Strategy
OPEX	Operational expenditure
OT	Operational technology
PS	Power Services business unit
RAP	Reconciliation Action Plan
REPEX	Replacement expenditure
RESIP	Regulated Electricity System Investment Plan
ROCE	Return on capital employed
RWI	Restricted work injury
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index

Term	Definition
SCI	Statement of Corporate Intent
SORP	System Operator Readiness Program
SPG	Safety, People and Governance business unit
TDE	Territory Dispatch Engine
TEM	Territory Electricity Market
TJ	Terajoule (one trillion joules)
TRIFR	Total recordable injury frequency rate
TWP	Territory Water Plan
UC	Utilities Commission
WACC	Weighted average cost of capital
WPI	Wage price index
WS	Water Services business unit

Terminology

We recognise the diversity of Aboriginal and Torres Strait Islander people living in the Northern Territory. For the purposes of this document, the term 'Aboriginal' refers to Aboriginal and Torres Strait Islander people.

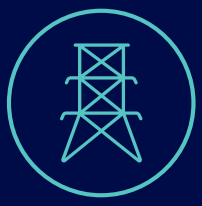
Aboriginal communities across Australia have shared and distinct histories as Aboriginal people of Australia. Whenever specific reference to a community is needed, the appropriate naming will be used to respect and celebrate the unique identities, histories, beliefs and values of our many communities.

Readers should be aware this report may contain images of Aboriginal and/or Torres Strait Islander people who may be deceased, and of culturally sensitive areas of significance. Seeing such images may cause sadness or distress and, in some cases, offend against strongly held cultural prohibitions.

Our year at a glance

All data as at 30 June 2025

OUR CUSTOMERS



90,262
Electricity connections

68,327
Wastewater connections

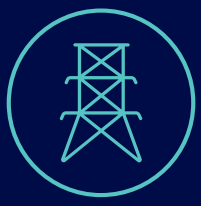
51,199
Water connections

20,288
Solar connections

OUR GROWTH

417
New solar connections

370
New water connections



520
New electricity connections

OUR ENGAGEMENT

101,071
Calls to customer service

4,470
Website live chats

69,317
Customer emails

752
Facebook/ Instagram direct messages

1. Overview

Power and Water Corporation (**Power and Water**) is the essential services provider in the Northern Territory (**NT**).

1.1. Who we are

Power and Water Corporation (**Power and Water**) is the essential services provider in the Northern Territory (**NT**). We connect thousands of homes and businesses with electricity, gas, water and wastewater services. Owned by the Northern Territory Government (**NTG**), we operate some of Australia's most isolated utility networks, supplying power and water to people in some of the most rugged and remote places imaginable.

As a multi-utility, we recognise the enormous responsibility we have when it comes to helping sustain the NT way of life and supporting the NTG's strategy to create a safer, stronger and more prosperous Territory. Territorians rely on our networks and services, placing their trust in us to deliver power, water and wastewater services when they need them.

We are privileged to serve people across the NT and recognise the importance of providing safe and reliable services that make a difference to the lives of Territorians and support the Territory lifestyle.

1.2. About this Statement of Corporate Intent

Power and Water is established under the *Power and Water Corporation Act 2002* and the *Government Owned Corporations Act 2001*. We have a board of directors, which is responsible to the shareholding minister for our operating and financial performance. This Statement of Corporate Intent (**SCI**) outlines how we intend to meet the expectations of our shareholder. Our objectives are to:

- operate at least as efficiently as any comparable business
- maximise the sustainable return to the NTG on its investment in Power and Water.

This SCI is an important part of our governance framework and applies to all our services. It sets out the nature and scope of our goals, objectives, key strategies, performance targets, business activities, capital investment plans and risk management over the 6-year period commencing 1 July 2026. It complements and has interdependencies with several other key strategic documents, including our Strategic Plan and the Australian Energy Regulator (**AER**) revenue determination for our electricity business.

We also play a critical role in contributing to the NTG's strategies of:

- **Reducing Crime:** Ensuring secure and resilient essential services through robust cybersecurity, critical infrastructure protection and rapid disaster response to support community safety and confidence.
- **Rebuilding the Economy:** Driving economic growth by investing in renewable energy projects, modernising water and power infrastructure, and enabling industry development through reliable, efficient utility services.
- **Restoring the Territory Lifestyle:** Supporting liveability and sustainability with safe drinking water, reliable electricity and innovative solutions that protect the environment and enhance quality of life for all Territorians.

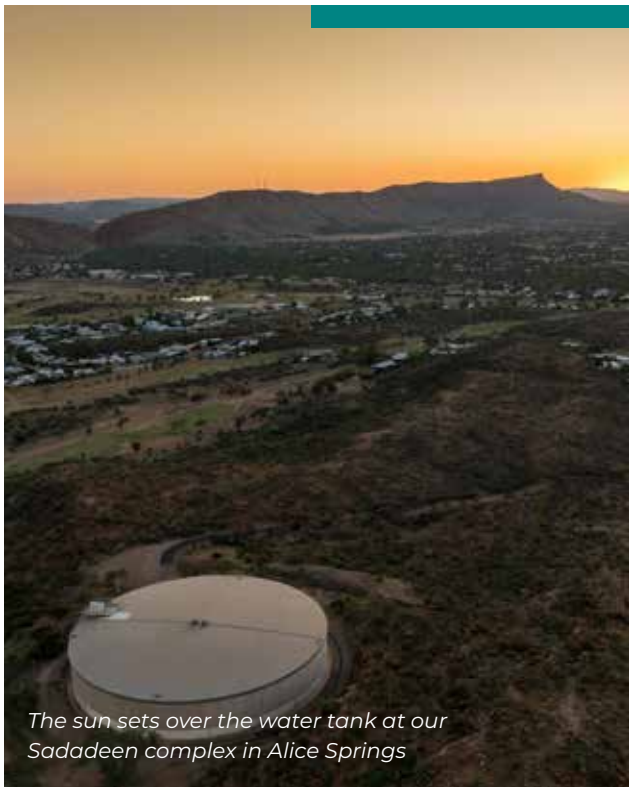
Since 2019, we have operated as a regulated transmission and distribution network service provider under the oversight of the AER. The Darwin-Katherine, Alice Springs and Tennant Creek electricity networks are subject to a robust economic regulatory framework designed to ensure efficient investment, reliable service delivery and fair pricing outcomes for customers. Our financial planning, budget assumptions and charges to power retailers align with the AER's 2024-25 to 2028-29 regulatory determination, which is available on the AER website.

Our Northern Territory Electricity System and Market Operator (**NTESMO**) functions are regulated by the Utilities Commission (**UC**). In May 2025, following an extensive development process, the UC approved our revenue proposal confirming revenue for the 3-year 2024-25 to 2026-27 period. This approval provides certainty for the delivery of system control and market operations across the Territory. Work has begun on a 2027-28 to 2031-32 regulatory proposal in alignment with the UC's published framework.

Water and sewerage pricing remains governed by the Treasurer through the Water Supply and Sewerage Services Pricing Order under the *Water Supply and Sewerage Services Act 2000*. The pricing order sets the maximum allowable charges for these essential services. The NTG has indicated economic regulation of these services will be introduced in the future, with a framework in development.

Indigenous Essential Services Pty Ltd (**IES**) is a not-for-profit subsidiary of Power and Water. IES is contracted to deliver essential services to 72 communities and 79 outstations on behalf of the NTG via an agreement with the Department of Housing, Local Government and Community Development (**DHLGCD**).

The IES 2026-27 Plan is aligned to the overarching Power and Water Strategic Plan. The Plan provides enhanced visibility of the provision of safe and reliable essential services while operating prudently in a fiscally constrained environment.



The sun sets over the water tank at our Sadadeen complex in Alice Springs

1.3. Nature and scope of our activities

Power networks

We own and operate the regulated electricity network and parts of the unregulated electricity network in licensed areas. We distribute electricity through 3 power networks, from the wires to the meters, and own and operate generation plants in 5 minor centres.

System control and market operator

As the system controller, we operate and control the NT's 3 regulated power networks and ensure they are safe, balanced, stable, secure and reliable. As the market operator, we operate the interim wholesale electricity market in the NT.

Water and wastewater

We deliver licensed water and wastewater services across 5 major and 5 minor urban centres, and water services to 8 minor urban centres. As the owner and operator of the assets – from reservoirs and bore fields to treatment plants and distribution networks – we complete the water cycle, ensuring safe, reliable water from catchment to customer and environmentally responsible wastewater management.

Serving remote customers

We manage the provision of electricity, water and wastewater services to 72 remote communities and 79 outstations on behalf of the DHLGCD. We do this through IES under agreement with the NTG. Refer to the IES 2026-27 Plan for further details

BUILDING A SAFER, STRONGER, PROSPEROUS TERRITORY

We work with a range of stakeholders to support the NTG's focus on rebuilding the economy and restoring the Territory lifestyle. This includes supporting industry and population growth through the provision of essential services.

Gas acquisition and distribution

We own and maintain various gas pipeline assets. We also manage a large gas wholesale supply and transportation portfolio that includes sales to electricity generators, large businesses across the NT and into interstate markets.

Customer and business support

Our organisation's customer and support functions include customer experience; people and culture; health, safety and environment; information technology and operational technology; finance; corporate affairs; governance; strategy; pricing and economic analysis; and regulatory, risk and compliance services.

Community

When it comes to community, we are a key responder after natural disasters, restoring essential services as quickly and safely as possible.

We also allocate $175,000 each year to our Community Partnerships Program, which sees us partner with organisations aligned with our purpose of making a difference to the lives of Territorians.

We support community events and festivals by providing our water refill trailers and stations for free, helping everyone enjoy the great outdoors Territory lifestyle.

A view of Alice Springs as night falls

1.4. Our licences and operating areas

We hold operating licences for electricity and water supply for most of the NT. This table shows the types of licences held and the areas in which we are licensed to deliver those services.

Table 11: Our operating licences

Licence type	Description	Areas
System control	A licence to monitor and manage the power system, ensuring its reliable, safe, secure and efficient operation.	Darwin to Katherine, Tennant Creek and Alice Springs
Electricity generation	A licence to generate electricity at specified plants for sale to entities with a retail or generation licence.	Elliott, Daly Waters, Ti Tree, Timber Creek, Borroloola and IES communities
Electricity network	A licence to own and operate an electricity network within the specified area and connect it to other electricity networks.	**Regulated networks:** Darwin, Katherine, Tennant Creek and Alice Springs **Non-regulated networks:** Daly River, Jabiru, Borroloola, Timber Creek, Daly Waters, Elliott, Newcastle Waters, Yulara, Ti Tree, Kings Canyon, Nhulunbuy (surrounding rural areas only), Groote Eylandt and IES communities
Electricity retail	A licence to trade and sell electricity to customers within the specified retail area.	Jabiru, Nhulunbuy, Alyangula and IES communities
Water including retail	A licence granted by the Utilities Commission under the Water Supply and Sewerage Services Act to retail water supply services to customers and operate and maintain water supply infrastructure. The licence is applicable to authorised connections in gazetted water supply licence areas to nominated major and minor urban supply systems.	**Major urban:** Greater Darwin (includes Palmerston and rural areas), Katherine, Tennant Creek, Alice Springs and Yulara **Minor urban:** Batchelor, Adelaide River, Pine Creek, Borroloola, Timber Creek, Daly Waters, Elliott, Newcastle Waters, Kings Canyon, Ti Tree, Larrimah and Mataranka **Restricted service area**: Cox Peninsula-Wagait Beach
Wastewater including retail	A licence granted by the Utilities Commission under the Water Supply and Sewerage Service Act to retail sewerage supply services and operate and maintain sewerage supply infrastructure. The licence is applicable to authorised connections in gazetted sewerage supply licence areas to nominated major and minor urban supply systems.	**Major urban:** Greater Darwin (includes Palmerston and rural areas), Katherine, Tennant Creek, Alice Springs and Yulara **Minor urban:** Batchelor, Adelaide River, Pine Creek, Borroloola, Kings Canyon

We manage significant gas supply and transportation agreements that provide around 90% of the Northern Territory's domestic gas market.

Our Figure 1: ***Our service areas***

2. Opportunities and challenges

The coming decade presents significant opportunities and challenges for our organisation as we continue to deliver essential water, wastewater, electricity and gas services that underpin the NTG's vision for economic growth and improved liveability.

Our role is central to enabling population growth, attracting investment and ensuring a sustainable Territory lifestyle. Territorians expect us to lead in decarbonising energy systems, securing water resources and embracing innovation.

2.1. Customer expectations

Customer expectations are evolving rapidly as technology adoption accelerates and sustainability becomes a priority. Our engagement during recent regulatory processes highlighted that customers want more than reliable services; they expect affordability, transparency and proactive communication. They also expect us to enable their choices in energy efficiency, renewable integration and electrification. To operate in the Territory, developers expect us to work collaboratively with them and provide fast, efficient services.

2.1.1. Cost-of-living pressures

Cost-of-living pressures are making it harder for Territorians to spend money on the things they enjoy about living in the Territory. Customers want us to strike the right balance between short-term price stability and long-term investment in resilient, efficient infrastructure. They support innovation where it delivers value and expect us to protect vulnerable customers through targeted programs.

2.1.2. Improved communications and digital access

Customers increasingly expect seamless, digital-first interactions. They want real-time information, self-service options, and proactive engagement through multiple channels, including mobile and online platforms.

2.1.3. Water security

Water security remains a top priority. Customers expect safe, high-quality drinking water and transparency about its source and treatment. Territorians also want greater involvement in water security decisions, and we are strengthening consultation with communities, industry and government to ensure a sustainable water future.

2.1.4. Renewable energy sources

Territorians increasingly expect to integrate renewable and smart technologies into their homes. Many households see rooftop solar, increasingly paired with batteries to leverage generous government subsidies, as a mechanism to reduce bills and improve their own energy security.

Interest in electric vehicles is also growing to reduce fuel expenses and emissions, even though adoption in the NT is still emerging. Customers understand EVs will significantly increase household electricity consumption and expect solutions that make this transition affordable and practical.

2.1.5. Supporting vulnerable customers

Our engagement confirms strong community support for prioritising vulnerable customers, including expanding programs that provide information, incentives and access to sustainable energy solutions for low-income households.

Donkey Camp Pump Station in Katherine

2.2. Electricity system and market transition

The NT is entering a critical phase in energy transition, and the recently announced Territory Electricity Market (**TEM**) Reform Program will play a critical role in shaping the transition. These reforms support energy security, reliability and, most importantly, affordability for all Territorians, regardless of where they live. This will be achieved through centralising electricity system infrastructure planning and procurement, improving governance through the structural separation of NTESMO from Power and Water and introducing fit-for-purpose electricity system and market rules.

At the customer level, uptake of rooftop solar remains strong, with around 1 in 6 of our customers having a solar system. This is increasingly supported by household batteries as adoption grows through the use of NT and Australian Government subsidies. These developments present opportunities to reduce emissions, improve energy resilience and lower long-term costs, but they also introduce new challenges for system stability and affordability.

The NT is entering a critical phase in energy transition, and the recently announced Territory Electricity Market Reform Program will play a critical role in shaping the transition.

2.3. Water reform and projects

The water sector is undergoing significant reform, driven by the introduction of the pending National Water Agreement and any subsequent Territory wide water management action planning. This pending reform reflects a whole-of-jurisdiction commitment to improving water management, enhancing service delivery, and strengthening water security for our communities, the economy and our environment.

At the time of writing the new National Water Agreement (**NWA**) has been signed by the Australian Government and is awaiting consideration and signing by each state and territory, including the NT. The draft agreement, shaped through three rounds of national consultation in 2024, modernises Australia's water reform framework by strengthening climate-change resilience, elevating the role of Aboriginal and Torres Strait Islander peoples in water management, and maintaining strong water access rights while ensuring secure supplies for growing urban and remote communities.

For the NT and Power and Water, the pending signing signals a shift toward more robust national expectations for sustainable planning, remote community water security, climate-resilient operations, and strengthened engagement with Traditional Owners. Once the NT signs, we will be required to develop a formal NT Action Plan within two years, report annually on implementation progress, and align our operational and strategic frameworks with new national policy and guidance as they are released from 2026 onward. This will likely mean updating our risk management approaches, modernising water resource planning, strengthening cultural water governance, and ensuring readiness to meet new compliance and reporting requirements. Early preparation, mapping gaps, identifying priority adaptation areas, and coordinating across business units, will position us well to respond proactively once the NWA comes into force in the Territory.

We continuously work to strengthen our constructive culture and run dedicated programs that focus on growing the local workforce,

2.4. Inherent challenges: people and supply chain

The NT's location and size offer significant advantages and opportunities, along with inherent challenges. As a multi-utility, we need people with specialist skills to deliver our services. We compete with other jurisdictions and countries for these skilled individuals, so we must build the right culture, create career pathways and have a compelling employee value proposition to attract and retain the best talent.

We continuously work to strengthen our constructive culture and run dedicated programs that focus on growing the local workforce, including vocational pathways to help Territorians become job-ready, particularly focusing on young people in schools. Our workforce reflects the NT's diverse population, including many skilled migrants dedicated to building their lives in the NT. We are committed to increasing Aboriginal workforce participation and partnering with Aboriginal business enterprises for mutual success.

When it comes to our supply chain, remoteness affects the reliable and timely supply of goods needed to maintain our assets, with climate and extreme weather events having a significant impact at a national level. Internationally, geo-political factors can also impact the global supply chain of critical materials and manufactured goods.

Our supply chain resilience and the achievement of best value for the Territory requires sufficient planning time and program commitment so we can understand and respond to these challenges as they arise.

Engaging with our peers and leveraging the support and knowledge of industry networks helps us address known risks and respond to future challenges. We work collaboratively to find opportunities for innovation, particularly around the supply of critical goods and services, and the pursuit of cost-effective clean and sustainable energy.

Power and Water Board members visit the new Strauss Water Treatment Plant in Darwin

3. Strategy

Our strategic plan is underpinned by our purpose, which is to **make a difference to the lives of Territorians**.

We do this every day by providing critical essential services - keeping the lights on and water running. But we also play an important role in helping the NTG build a safer, stronger, prosperous Territory by supporting economic growth and the Territory lifestyle.

3.1. Strategic Plan

Our Strategic Plan represents our commitment to embracing a sustainable future while connecting us to goals that enhance customer services and community experiences and help us meet the expectations of our shareholder and Territorians.

The Plan helps us make a critical contribution to the NTG's 3 major strategies of Reducing Crime, Rebuilding the Economy and Restoring the Territory Lifestyle, as well as to the NTG's 2026 focus on Growth, Security and Certainty.

Our goal to **modernise our business** drives us to deliver reliable services and sustainable value to customers and community. By prioritising safety, enhancing the customer experience and improving operational and commercial performance, we continue to build a modern multi-utility while being agile and responsive in evolving energy, water and wastewater industries.

PowerWater

Strategic Plan

Our purpose is making a difference to the lives of Territorians.

Our vision is to be a proud, trusted, modern multi-utility delivering value now and into the future.

Goals	Modernising our business			Embracing a sustainable future with innovation		
Objectives	Delivering sustainable value safely and reliably for our customers and community	An empowered and high-performing workforce	Successful investments in core systems and capability to improve efficiency and value of service	Structuring, facilitating and enabling infrastructure and innovations to support the: · renewable energy transition, and · achievement of economic growth	Proactively adopting government policy for a clean and secure future	Partner with customers and stakeholders to create innovative solutions

Values

- We put PEOPLE FIRST
- We value our customers and give them OUR BEST
- We have pride in ourselves and OUR WORK
- We work better by working TOGETHER

*Our goal to **modernise our business** drives us to deliver reliable services and sustainable value to customers and community.*

Our commitment to building a skilled and high-performing workforce and optimising core systems will drive superior service delivery and support long-term growth for our organisation and the Territory.

Achieving our goal of **embracing a sustainable future with innovation** will ensure we support the NT's energy future, building infrastructure resilience and responsible environmental stewardship. We will respond to customer and community needs and expectations while partnering with government and stakeholders to create innovative solutions. Our Reconciliation Action Plan supports the NTG's three key strategies to build a safer, stronger, prosperous NT by designing initiatives that foster cultural strength, opportunity and long-term community leadership. By working collaboratively with our stakeholders, we will support a sustainable future that builds the NT's economy and restores the Territory lifestyle while driving positive change for the benefit of our customers and community.

To achieve the goals and objectives set out in our Strategic Plan, we have developed 18 targeted initiatives focused on key priorities across our organisation. Each initiative is supported by actions we will deliver under the strategic program of work, ensuring we are working proactively towards achieving our commitment to support the NTG's agenda and make a difference to the lives of Territorians as a proud, trusted, modern multi-utility delivering value now and into the future.

3.2. Responding to strategic challenges and opportunities

As a multi-utility, we operate a complex business in a dynamic environment of government strategic priorities, regulatory and policy reform, growth in demand for services, and changing customer expectations. Our strategic planning must reflect that.

3.2.1. Customer expectations

In response to customer expectations, we are implementing a customer experience strategy that maps the end-to-end journey and prioritises digital transformation, enhanced call-centre capability, and improved online tools for energy efficiency and affordability.

3.2.2. Moving to renewable energy

Renewable energy makes strong economic sense for the NT, which has some of the best solar resources in the world. Expanding renewables can lower electricity costs over time by reducing exposure to volatile fuel prices and decreasing reliance on diesel and gas. This is especially relevant for the many isolated regional and remote communities where there are logistical challenges and costs associated with transporting significant volumes of diesel. It also supports emissions reduction while creating local jobs in construction, operations and maintenance, and attracting new investment to the Territory. By building a larger, more diverse renewable energy sector, the NT can strengthen energy security, stimulate regional economic growth, and position itself as a leader in clean energy development while still delivering clear benefits to regional and remote areas.

Renewables also empower customers by giving households, businesses and communities greater control over how they produce and use energy. Technologies such as rooftop solar, batteries and smart energy systems allow customers to reduce bills, manage peak demand and improve resilience during outages. This shift from a one-way energy

system to a more flexible, customer-driven model encourages innovation, increases energy choice, and helps ensure the benefits of the energy transition are shared across the NT.

3.2.3. Safeguarding our power systems

We play a central role in the NT's transition to an affordable, sustainable energy future. Customer-driven adoption of rooftop solar and batteries is accelerating and our networks must adapt to support this growth. Reforms are also expected to drive significant investment in new electricity supply infrastructure in line with the government's affordability and reliability objectives.

Our Future Network Strategy sets out actions through to 2040, focusing on:

- Preparing for tariff reform and the roll out of smart meters to all our customers by 2029, providing them with greater choice and control over energy costs.
- Enabling continued updates in consumer energy resources (**CER**) through dynamic export management and improving compliance with industry technical standards.
- Progressing community batteries and investigating frameworks for future energy services, supporting integration of electric vehicles and other new technologies.

The transition to diversity in supply and distributed energy generation requires robust system security. The TEM reforms will strengthen system planning, market operations and dispatch processes, supported by investments in advanced control systems such as the Territory Dispatch Engine **(TDE)**. This platform will optimise scheduling and maximise the use of low-cost renewable generation while maintaining system stability.

3.2.4. Safeguarding water sources

Secure, reliable and safe water is essential for the wellbeing of Territorians, and to support a strong economy. As the owner and operator of the majority of the NT's public water supply systems, we play a key role in the investigation into and development of major water source augmentation projects. In February 2022, the NTG accepted the findings of a detailed business case that the Manton Dam Return to Service and Adelaide River Offstream Water Storage (**AROWS**) projects were the preferred long-term water security solutions for the greater Darwin region. The Manton Dam project is scheduled for completion in 2026.

AROWS is one of the largest water infrastructure projects in the history of the NT. We are working closely with the NTG to support the concept design process, the development of an Environmental Impact Statement and other key project development activities.

Another significant project, the Yulara Water Supply Project — Water Headworks Upgrade Program – will increase the water source and treatment capacity in that community. This will unlock economic, social and community benefits for the region. The total estimated cost is $24 million, with the project jointly funded by the National Water Grid Authority, Voyages Indigenous Tourism Australia and Power and Water.

We have a pipeline of projects that invest in the water supply system infrastructure for our regional areas including Alice Springs-Temple Bar pump station and the drilling and equipping of bores in the Roe Creek bore field, together with Batchelor, Adelaide River and Katherine water supply system improvements. The investment in wastewater infrastructure is significant, including projects for Ludmilla, Berrimah and Palmerston in the greater Darwin Region.

*Our commitment to **building a skilled and high-performing workforce** and optimising core systems will drive superior service delivery and support long-term growth for our organisation and the Territory.*

3.2.5. Smarter water use

We will continue to build water literacy through our urban and remote demand management programs. The programs use a variety of tools, including smart metering to identify leaks more quickly, working with highwater consuming customers to reduce demand, and delivering our *That's My Water!* school education program and School Water Efficiency Program.

In the remote space, our demand management program employs a similar approach. We have installed smart meters in more than 20 remote communities, allowing us to monitor water use and identify and repair leaks faster. We are also rolling out a communications strategy to encourage efficient water use and build awareness of the water story in remote communities. We conduct periodic leak detection in communities where we have identified significant network losses.

We will further build water conservation advice into our communications and customer experience strategies. Solutions being explored include innovative catchments, aquifer recharge and moving towards a whole-of-water lifecycle approach to water use. We will also investigate water tariff structures and ways of using pricing to influence consumption.

3.2.6. Water reform

Our water reform agenda is focused on enabling smarter water use, delivering major infrastructure projects, assessing and prioritising investment needs, and partnering to secure funding. It also includes collaborative consultation with priority communities, active engagement in legislative reform, and readiness for pending economic regulatory frameworks that place the customer at the centre of water service provision.

We are engaged in shaping the NT legislative reforms to ensure they are fit-for-purpose, financially sustainable and operationally practical. Through our 2024 Regulation Strategy and the 2025 Water Services Economic Regulation Preparedness Plan, we are focused on preparing for compliance, advocating for fit-for-purpose frameworks, and embedding economic mechanisms that support certainty in cost recovery and technical regulation, and funding for emerging cost drivers. These frameworks also support a fair return for prudent and efficient planning and service delivery.

This strategic reform agenda will underpin improved service reliability, stronger water security for communities, and a more sustainable financial model, balancing affordability for customers with long-term investment in critical infrastructure.

3.2.7. Renewing our ageing assets

Network assets have long lives. Whenever we install a new electrical, water, wastewater or gas asset, customers expect it to operate safely and reliably for many years. As technology progresses and climate change takes effect, the way we use assets is expected to change. It is therefore vital we understand how our assets are performing, to pinpoint the best time for necessary investment to replace assets, and consider what, if any, new technology we might replace them with.

To support this, we are refreshing our asset management framework to better support risk-based decision making and strategic lifecycle cost optimisation. This will allow us to maximise the value we get from our asset investments and ensure our networks remain resilient and efficient in delivering reliable, fairly priced services.

3.2.8. Resilience to climate change

Hazards such as cyclones, floods, bushfires and extreme heat pose significant risks to our infrastructure and service reliability in the NT's diverse climates. Rising temperatures and more frequent severe weather events increase the likelihood of power outages and place additional stress on vulnerable customers, particularly during prolonged heatwaves when access to cooling is critical for health and wellbeing. Outages increase the chance of wastewater overflows, reduced treatment performance and the need for water source resilience, such as additional water sources.

Our Environmental Plan incorporates climate scenario testing and adaptation planning to strengthen resilience. This includes reviewing infrastructure standards to ensure suitability to withstand severe weather and using better data to inform investment decisions. By prioritising system reliability and affordability, and partnering with industry experts, we will be better placed to protect customers, especially those most at risk from the physical and financial impacts of climate change.

3.2.9. Uplifting our capabilities and culture

Expectations of service delivery continue to rise across all sectors, and Territorians rightly expect reliability, transparency and professionalism from us. Meeting these expectations in an increasingly complex environment requires us to modernise not just our systems and technology, but also our culture, capability and security posture. Today, the structure of our systems, operating model and technology environments impacts our ability to respond efficiently and safely. This is particularly important as we operate electricity, water, wastewater and critical infrastructure our communities depend on every day.

We will modernise and secure our ICT foundations by investing in modern, secure internal systems and digital capabilities. This includes replacing our suite of legacy and unsupported ICT applications with contemporary platforms that strengthen cyber security and compliance, improve process efficiency, enable better data-driven decision making, reduce manual handling and operational risk, and help teams work smarter, more collaboratively and with greater customer focus. These investments are fundamental to supporting our strategic direction and compliance with the *Security of Critical Infrastructure (***SOCI***) Act* obligations and NTG cyber security standards.

We will continuously strengthen our Operational Technology **(OT)** environment, which is critical to safely operating core infrastructure that delivers water, wastewater and electricity services across the NT. OT provides our control room and field teams with visibility of real-time asset performance, secure control of operational systems, the ability to respond quickly to operational issues and assurance our essential services remain resilient and safe. However, several OT systems are now outdated and no longer adequate for the growing complexity of our networks.

We will modernise and secure our ICT foundations by investing in modern, secure internal systems and digital capabilities

Key challenges include our Energy Management System (**EMS**), which is not sufficient to manage a more dynamic and decentralised electricity system, a modern outage management system and distribution management system, plus tools widely adopted across the Australian utilities sector. We remain the only electricity utility in Australia still using physical pin boards to track network status and the water treatment systems are becoming more complex and require enhanced OT systems, new operating procedures and greater organisational capability.

Our path forward over the next 5-10 years will see us invest significantly in uplifting our OT systems and cyber resilience, enabling us to respond to the increasing sophistication and interdependency of the NT's power and water systems. This uplift will modernise critical infrastructure, improve operational reliability and safety, ensure we remain compliant with SP1 and SP2 requirements and reduce operational risk across electricity, water and wastewater services.

We will continuously enhance our culture and internal collaboration, because our future success will rely on how well we work together across business units and how effectively we integrate ICT, OT, customer operations and corporate functions.

Improving our culture is as important as uplifting our technology. One element of this transformation is reducing our property footprint and bringing our Darwin workforce together at the purpose-built Ben Hammond Complex. Our teams are currently dispersed across multiple sites, many of which are leased.

Centralising our Darwin operations will reduce property and leasing costs, enhance communication and shared situational awareness, improve responsiveness during incidents and operational peaks, strengthen cross-functional collaboration, foster a more unified, customer-focused culture and support a secure, modern operating environment aligned to our critical infrastructure obligations and commitment to improving affordability for Territorians.

This transformation in our systems, OT, security posture and organisational culture is essential to ensuring we continue to deliver safe, reliable and customer-focused services to Territorians. By elevating our digital capability, strengthening our cyber and OT security, and improving the way we work together, we will build a more resilient, efficient and future-ready organisation that is better equipped to deliver on the NTG's strategic priorities.

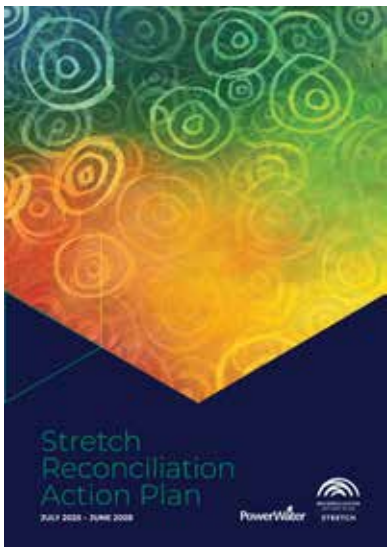
Festival goers enjoy free water from our water trailer at BASSINTHEGRASS

We prioritise elevating Aboriginal and Torres Strait Islander voices across all regions, with a strong focus on ensuring young people are heard.

3.2.10. Reconciliation and Closing the Gap

As the essential services provider for Territorians, we can be a leader in reconciliation within our sphere in our community. At the centre of our approach is a commitment to empowering our workforce to act as reconciliation champions in everything they do. We continue to strengthen partnerships that drive greater equality and expand life choices for Aboriginal and Torres Strait Islander people across the Territory.

We prioritise elevating Aboriginal and Torres Strait Islander voices across all regions, with a strong focus on ensuring young people are heard. Through Empowering Pathways: Building Independence, Creating Opportunity, Championing Self-Determination, we design initiatives that foster cultural strength, opportunity and long-term community leadership.



Our Stretch Reconciliation Action Plan can be viewed or downloaded from our website.

By embedding reconciliation principles across our operations, workforce and partnerships, as outlined in our Reconciliation Action Plan (RAP), we actively support the NTG's vision for a safer, more prosperous and liveable NT by:

- embedding culturally informed engagement and elevating Aboriginal and Torres Strait Islander voices
- empowering communities, supporting early-intervention approaches, and building resilience and accountability
- developing a skilled, diverse and culturally capable workforce
- building strong partnerships with Aboriginal organisations and Traditional Owners
- supporting regional economic participation and local decision making
- celebrating Aboriginal and Torres Strait Islander culture and identity
- creating inclusive spaces and events that strengthen community connection and pride
- supporting healthier, happier communities and amplifying youth voices to shape future aspirations.

Robert Willie from our Alice Springs Power Services team

KPIs, projections, assumptions and key risks

4. Key performance indicators

Our key performance indicators (**KPIs**) for the SCI period are shown in the table below. The definitions that relate to each are provided in the following section.

4.1. Key performance indicators for the SCI period

Table 4-1: Our KPIs for the SCI period

KPI	Reporting frequency	Measure	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Long-term target
Delivering sustainable value reliably and safely for our customers and community									
Total recordable injury frequency rate (TRIFR)	Monthly	#	<4.00	<3.50	<3.00	<2.50	<2.00	<1.50	0
Customer satisfaction index	Bi-annually	%	≥76	≥78	≥78	≥80	≥80	≥80	≥80
System average interruption duration index (SAIDI)	Monthly	minutes	≤155	≤155	≤155	≤155	≤155	≤155	≤155
System average interruption frequency index (SAIFI)	Monthly	#	≤2.44	≤2.44	≤2.44	≤2.44	≤2.44	≤2.44	≤2.44
Average duration of unplanned water supply interruptions	Monthly	minutes	≤120	≤120	≤120	<120	≤120	≤120	≤120
Significant disinfection failure events – urban	Monthly	#	0	0	0	0	0	0	0
Return on capital employed (ROCE)	Monthly	%	≥4.4	≥6.2	≥6.4	≥6.5	≥6.5	≥6.5	≥6.5
Funds from operations to debt	Monthly	%	≥9	≥9	≥11	≥11	≥11	≥11	≥12
Debt to equity	Monthly	#	<2.0	<1.8	<1.7	<1.6	<1.6	<1.6	<1.5
Debt to equity (excluding Gas Services)	Monthly	#	<1.5	<1.5	<1.5	<1.5	<1.5	<1.5	<1.5
Return on assets	Monthly	%	≥0.5	≥1.4	≥1.5	≥2.0	≥2.0	≥2.0	≥3.1
EBIT return on assets[1]	Monthly	%	≥4.0	≥5.5	≥5.5	≥6.0	≥6.0	≥6.0	≥6.0

1 NTG fiscal strategy target

KPI	Reporting frequency	Measure	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Long-term target
EBIT return on assets[1] (excluding Gas Services)	Monthly	%	≥5.6	≥5.6	≥6.0	≥6.0	≥6.0	≥6.0	≥6.0
EBIT margin	Monthly	%	>15	>20	>20	>20	>20	>20	>20
An empowered and high-performing workforce									
Employee engagement	Biennially	%	N/A	>70	N/A	>70	N/A	>70	>70 (top quartile)
Successful investments in core systems and capability to improve efficiency and value of service • **Structuring, facilitating and enabling infrastructure and innovations that support the:** • **Renewable energy transition; and** • **Achievement of economic growth targets**									
Generator connections to the electricity system within NT NER timeframes	Monthly	%	>90	>90	>90	>90	>90	>90	>90
Manton Dam / Strauss project delivered on time and on budget	Quarterly	%	>90	N/A	N/A	N/A	N/A	N/A	N/A
Proactively adopting government policy for a clean and secure future									
Environmental index	Monthly	%	80	85	90	90	90	90	90
Partnering with customers and stakeholders to create solutions									
Corporate reputation index	Annually	#	≥6.8	≥7.0	≥7.0	≥7.0	≥7.0	≥7.0	≥7.0
Aboriginal employment	Monthly	%	13.5	14.0	14.5	15.0	15.5	16.0	TBC

4.2. Key performance indicator definitions

- **Total Recordable Injury Frequency Rate (TRIFR):** Measures the frequency of significant work-related injuries or illnesses. TRIFR is calculated by the number of lost time injuries (**LTI**), restricted work injuries (**RWI**) and medical treatment injuries (**MTI**) per million hours worked over a rolling 12-month period.
- **Customer satisfaction index:** Percentage of satisfied customers. Customer satisfaction covers major centres (including Darwin rural) based on a random sample of total customer population.
- **System average interruption duration index (SAIDI):** Rolled-up regulated system measure based on feeder category distribution reliability targets set by the UC for the 2024-29 regulatory period. Targets for the 2029-34 regulatory period are not available. The long-term target reflects the acceptable level set by our Board.
- **System average interruption frequency index** (**SAIFI**)**:** Rolled-up regulated system measure based on feeder category distribution reliability targets set by the UC for the 2024-29 regulatory period. Targets for the 2029-34 regulatory period are not available. The long-term target reflects the acceptable level set by our Board.
- **Average duration of unplanned water supply interruptions:** Average duration of unplanned water supply interruptions in Darwin (12-month rolling average).
- **Significant disinfection failure events – urban:** The number of Level 1A disinfection failure events under the Drinking Water Quality Incident Management Procedure CONTROL0572. Targets are for the total financial year, but the KPI is reported monthly. A Level 1A event is a significant incident with potential for major-severe consequence in our Risk Matrix (CONTROL0013) and has the potential for an extreme risk rating. These events can require an Incident Cause Analysis Method (**ICAM**) investigation to reduce the probability of recurrence.
- **Return on capital employed (ROCE):** ROCE = Earnings before interest and taxes (**EBIT**) ex impairment / Capital employed. Capital employed = Equity + non-current liabilities.
- **Funds from operations to debt:** Funds from operations to debt = Operating cashflows / (term debt + current debt).
- **Debt to equity:** Debt to equity = (Term debt + current debt) / equity.
- **Return on assets (ROA):** Return on assets = (Net profit after tax (**NPAT**) excluding impairment / average total assets).
- **EBIT return on assets (EBIT ROA):** EBIT ROA = (EBIT excluding developer and capital contributions, capital grants, gifted assets, interest received and proceeds from sale of assets, add back impairment losses and losses from asset sales / average total assets). Total assets = (Property, plant and equipment + Internally funded Capital work in progress + Net right of use leased assets + Intangible assets). This is an NTG fiscal strategy target.
- **EBIT Margin:** EBIT margin = EBIT excluding impairment / revenue.
- **Employee engagement:** Overall employee engagement score measuring the level of favourable engagement for employees based on survey respondents measured annually using the Mercer methodology (previously known as Kincentric).
- **Generator connections to the electricity system comply with NT National Electricity Rules (NER) timeframes:** Timeliness of generator connections, measured by average variance to required timeframes, with 100% compliance under the NT NER chapter 5 (Transmission Connections) and 5A (Distribution Connections) obligations and construction schedule.
- **Manton Dam/Strauss project delivered on time and on budget:** Measured by forecast completion cost as a proportion of approved re-forecast and timelines.

- **Environmental index:** Measured by equal weighting of the following criteria:
  - Zero environmental significant incidents that result in an actual consequence of moderate or above
  - 80% environmental incidents recorded in HERCS within one business day of occurring
  - 100% environmental incident investigations completed within due date
  - 100% environmental actions completed within HERCS due date
  - 90% employee completion of the mandatory Environmental Awareness online training course.
- **Corporate reputation index:** Assessment of our reputation score based on annual customer brand, trust and reputation survey.
- **Aboriginal employment:** Percentage of employees identifying as Aboriginal (including permanent, fixed-term, casual and hosted trainees and apprentices, excluding contractors).

Craig Doolan from the Water Services team in Alice Springs

5. Financial projections

5.1. 2025-26 forecast vs budget

To develop the SCI we derived our 2025-26 forecast from actual results, as of February 2026. Our earnings before interest, tax, depreciation and amortisation (**EBITDA**) are projected to fall short of the 2025-26 budget of $389.5 million by $280.9 million.

A significant factor in this reduced profitability is the ongoing gas curtailment and associated lower gas sale volumes. The budget for 2025-26 had anticipated production levels improved by April 2026. Excluding Gas Services EBITDA, the forecast of $224.0 million is below the budget for 2025-26 of $262.0 million, a reduction of $38.0 million, primarily due to the parent-entity guarantee to support IES of $33.3 million. The parent entity guarantee represents financial support provided by Power and Water to its subsidiary, IES, to cover additional expenses incurred in both previous and current years, which were not offset by corresponding increases in government grants. Most of this expenditure relates to elevated diesel costs and repairs to customer service infrastructure.

Capital expenditure for 2025–26 is forecast to be $72.0 million below the budget of $414.9 million, due to several factors: the Manton Dam Return to Service project coming in under its original estimate and releasing funds for other government programs; the transfer of the Synchronous Condenser to Territory Generation; the rescheduling of Operating Model projects; and the impact of recent emergency events—including tropical cyclones Narelle and Fina and the Katherine floods—which have diverted workforce resources to urgent repair works. Due to ongoing gas supply constraints, we are investing in infrastructure to allow sourcing gas from alternative suppliers both within and outside the NT.

5.2. 2026-27 budget plus 2028-32 projections

Our key financial metrics in terms of EBITDA and net profit after tax (**NPAT**) continue to trend up across the SCI period.

5.3. Revenue

Power Services' revenue primarily comes from our regulated networks business. The revenue projections from 2025-26 to 2028-29 are based on the regulatory proposal for the 2024-29 regulatory period, noting the standard control service revenue has been adjusted for under / over recoveries, so it slightly deviates from the AER final determination. *[See table 5-1 below]*

Table 5-1: Revenue summary

($M)	2025–26 Published	2025–26 Forecast	2026–27 Budget	2027–28 Projection	2028–29 Projection	2029–30 Projection	2030–31 Projection	2031–32 Projection
Power Services	202.0	202.0	236.0	266.0	281.6	297.0	304.4	314.2
Water Services	236.5	244.8	255.4	261.4	271.0	277.9	283.2	293.1
Gas Services	531.7	224.9	429.0	672.6	447.5	414.5	411.2	419.1
Core Operations (exc. NTESMO)	19.3	19.0	19.8	20.4	21.0	21.9	22.6	23.2
NTESMO	25.4	23.8	26.8	36.3	39.0	40.4	41.6	42.7
Corporate	12.0	10.7	11.6	12.3	12.7	12.8	13.0	13.3
Total	**1,026.8**	**725.3**	**978.6**	**1,269.0**	**1,072.8**	**1,064.5**	**1,076.0**	**1,105.6**

The revenue is driven by the rate of return determined by the AER, based on the rate of return instrument and current market data.

Most of Core Operations' revenue is from regulated network metering based on the AER final regulatory determination for the 2024-29 regulatory period, consistent with Power Services.

NTESMO revenue is regulated by the UC. The NTESMO revenue forecast for 2025-26 and 2026-27 is based on the FY2025-27 regulatory determination and the revenue forecast for 2027-32 is based off the initial FY2028-32 NTESMO Submission that was provided to the Utilities Commission on 27 February 2026. The Utilities Commission's draft decision regarding NTESMO's FY2028-32 Regulatory Determination is expected in November 2026 and a final decision is expected in April 2027.

Water Services' projected revenues are in line with projected consumer price index **(CPI)** forecasts set out in table 6.1 and water consumption forecasts in table 6.5 or as directed by the Department of Treasury and Finance.

5.4. Community service obligations

The SCI assumes community service obligation (**CSO**) funding for pensioner and carer concession schemes, along with specific initiative-related concessions for costs incurred for the supply and operation of electricity for Jabiru.

The uniform water tariff concession pertains to concessions for Public Benevolent Institutions. *[See table 5-2 below]*

Table 5-2: Community service obligations summary

($M)	2025–26 Published	2025–26 Forecast	2026–27 Budget	2027–28 Projection	2028–29 Projection	2029–30 Projection	2030–31 Projection	2031–32 Projection
Pensioner and carer concession	4.6	4.2	4.5	4.6	4.7	4.8	5.0	5.1
Uniform tariff concession (water)	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0
Jabiru concession	3.0	3.1	3.3	3.5	3.8	3.9	4.0	4.0
Total	**8.4**	**8.1**	**8.6**	**9.0**	**9.4**	**9.6**	**9.9**	**10.1**

5.5. Controllable operating costs

The prolonged gas curtailment continues to materially impact Gas Services' financial position. *[See table 5-3 below]*

5.6. Cash flow and borrowings

Total borrowings are forecast to increase from $1.9 billion in 2025-26 to $2.4 billion during 2031-32. Total assets are expected to grow from $4.0 billion to $4.7 billion during the same period.

5.7. Capital investment program

Our capital investment program is estimated to be $2.3 billion from 2025-26 to 2031-32. Investment in the energy network and water and sewerage infrastructure over the SCI period is driven by asset replacement, service reliability, business efficiency and demand growth. Growth in the Power Services capital program has been driven by zone substation upgrades. This capital investment program includes externally funded projects, including Tindal Substation Capacity Upgrade, Manton Dam Return to Service and Yulara Water Headworks Upgrade Program. Externally funded projects equate to $270.4 million from 2025-26 to 2031-32.

The growing influence of cleaner, more sustainable sources to provide essential energy and water services in the NT necessitates strategic planning and investments to support the NT's energy transition. The capital investment program enables and highlights how we will achieve our strategic goals of 'modernising our business' and 'embracing a sustainable future with innovation'.

Table 5-3: Controllable operating costs summary

($M)	2025–26 Published	2025–26 Forecast	2026–27 Budget	2027–28 Projection	2028–29 Projection	2029–30 Projection	2030–31 Projection	2031–32 Projection
Power Services	65.1	70.7	65.3	80.0	82.2	83.5	88.4	92.5
Water Services	75.7	79.8	80.5	85.5	83.6	87.2	93.0	93.9
Gas Services	400.1	337.4	428.8	450.0	396.0	351.6	351.4	357.8
Core Operations (exc. NTESMO)	58.5	60.7	56.6	55.1	54.1	54.9	56.5	60.8
NTESMO	21.1	20.2	24.0	30.5	30.0	31.2	32.8	34.4
Corporate	107.3	103.2	86.9	84.4	79.6	83.4	90.4	92.2
Total	**727.8**	**672.0**	**742.1**	**785.6**	**725.4**	**691.8**	**712.5**	**731.5**

*Controllable costs exclude inter-company allocations and overhead recovery

The capital investment program enables and highlights how we will achieve our strategic goals of 'modernising our business' and 'embracing a sustainable future with innovation'.

To achieve this multi-year program of work, we are implementing a centralised asset management framework, enhancing works management and fortifying capital delivery capabilities within our Core Operations business unit.

This year we implemented a risk-based portfolio prioritisation procedure to support our capital investment submission. The procedure defines investment benefits in a common language across Power and Water and ensures that prioritisation decisions are driven by network risk-reduction or other benefits. The procedure also provides guidance on the optimisation and prioritisation principles to be applied in assembling the investments into deliverable multi-year portfolios. In our capital submission we have prioritised investments that provide the highest value to our stakeholders, and we have aligned our investment priorities with our strategic goals.

This was an initial maturity step to align practices across lines of business and establish a framework on top of which future maturity improvements can be built. We are planning continuous improvement towards a more mature risk-value framework in the medium term, as evidenced by our strategic initiative to improve asset investment planning maturity (1.3.3). *[See table 5-4 below]*

Table 5-4: Power and Water capital investment by business unit

($M)	2025-26 Published	2025-26 Forecast	2026-27 Budget	2027-28 Projection	2028-29 Projection	2029-30 Projection	2030-31 Projection	2031-32 Projection
Power Services	165.8	139.0	147.1	132.4	100.6	113.5	140.8	121.3
Water Services	154.0	140.3	124.9	100.0	104.7	109.9	226.7	197.0
Core Operations excl. NTESMO	29.1	25.8	29.7	20.9	16.2	9.0	18.2	15.0
NTESMO	23.8	5.3	22.8	17.4	1.1	0.6	1.6	1.8
Customer and Strategy	23.3	17.2	21.4	21.3	-	-	-	-
Finance and Business Services	7.9	5.5	17.0	52.1	54.3	21.4	19.6	2.5
Gas Services	10.5	9.7	10.9	8.2	-	-	-	-
Safety, People and Governance	0.4	0.2	0.1	0.1	-	-	-	-
PWC Total	**414.9**	**342.9**	**374.0**	**352.4**	**276.8**	**254.5**	**406.9**	**337.6**

6. 2025-31 SCI key assumptions

This section provides an overview of assumptions that underpin the forecasts included in this SCI.

6.1. Overarching assumptions

6.1.1. Consumer price index

The table below outlines the CPI assumptions applied across our services for the SCI period.

Most gas contracts refer to the weighted average of the 8 capital cities CPI index rather than the Darwin CPI index. As such, the CPI applied for gas purchase and sale agreements is based on the 8 capital cities CPI.

The weighted average of the 8 capital cities CPI forecast is sourced from the Reserve Bank of Australia's August 2025 Statement of Monetary Policy. The Darwin CPI forecast is sourced from the Northern Territory Budget 2026.

Regulated power services and NTESMO revenue escalation from 2026-27 onwards aligns with the AER's final 2024-29 regulatory determination, which uses the AER glide-path methodology.

Water and sewerage prices are regulated by the NTG through a pricing order issued by the Treasurer. The pricing order will be escalated by 5.3% for FY27 as directed by the Department of Treasury and Finance and by Darwin CPI (financial year) for future years.

Operating and capital cost escalations are based on contractual or employment obligations where applicable. Where no mandated escalations exist, Darwin CPI (financial year) has been used.

6.2. Demand for our services

6.2.1. Electricity demand

The forecast energy consumption included in the table below reflects our 2024-25 pricing proposal submitted to the AER in March 2025. As in previous years, we have updated the annual energy forecasts to reflect and align with the most recent consumption data and trends available. *[See table 6-2 on the following page]*

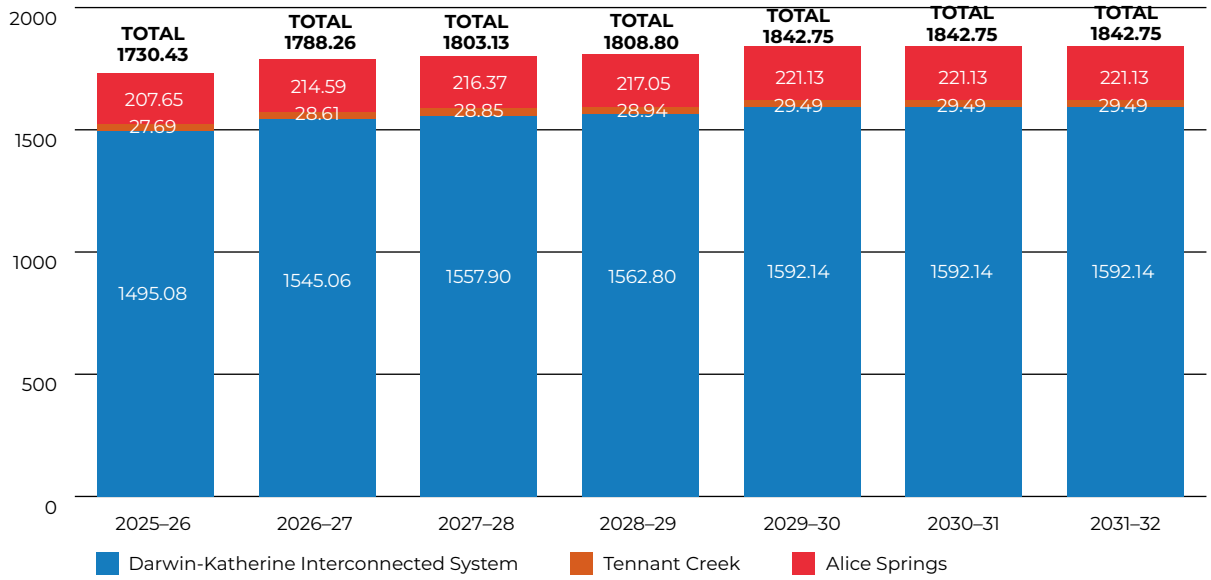
Table 6-1: CPI assumption summary

Use	Index [1]	2026–27 CPI %	2027–28 CPI %	2028–29 CPI %	2029–30 CPI %	2030–31 CPI %	2031–32 CPI %
Gas Services (purchases & sales)	8 Capital cities – financial year	2.6	2.5	2.5	2.5	2.5	2.5
Regulated revenue escalation – Power Services & NTESMO	8 Capital cities – AER glide-path methodology	2.6	2.5	2.5	2.6	2.6	2.5
Water revenue, operating and capital expenditure	Darwin – financial year	2.4 [2]	2.5	2.5	2.5	2.5	2.5

[1] Basis for index is consistent with prior year

[2] The pricing order for water revenue will also increase in FY26-27 by 5.3% as directed by DTF

*Table 6-2: Annual energy consumption forecast (GWh) – regulated networks**



* Total energy consumption for 2024-25 to 2028-29 is consistent with our 2025-26 network pricing proposal submitted in March 2025. Consumption beyond this period has been assumed as consistent and will be updated in the next pricing proposal.

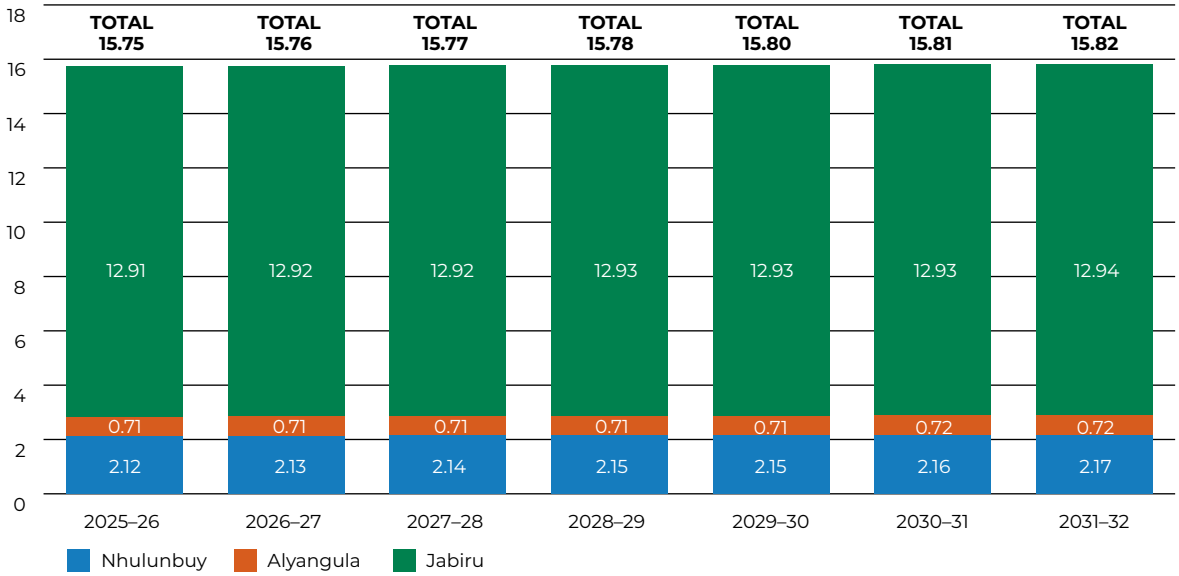
The forecast energy consumption included in the table below reflects our non-regulated networks. This covers the 8 minor centres and 3 retailing centres. *[See table 6-3 below]*

*Table 6-3: Annual energy consumption forecast (GWh) – non-regulated networks (Minor Centres)**

Year	Total	Borroloola	Timber Creek	Daly Waters	Elliott	Newcastle Waters	Ti Tree	Yulara	Kings Canyon
2025–26	**36.17**	5.93	2.53	1.31	2.16	0.81	2.06	19.61	1.75
2026–27	**36.18**	5.94	2.53	1.31	2.16	0.81	2.06	19.61	1.75
2027–28	**36.18**	5.94	2.53	1.31	2.16	0.81	2.06	19.61	1.75
2028–29	**36.19**	5.95	2.53	1.31	2.16	0.81	2.06	19.61	1.75
2029–30	**36.18**	5.95	2.53	1.31	2.16	0.81	2.06	19.61	1.75
2030–31	**36.20**	5.96	2.53	1.31	2.16	0.81	2.06	19.61	1.75
2031–32	**36.21**	5.97	2.53	1.31	2.16	0.81	2.06	19.61	1.75

* Consumption figures reflect forecasts as of August 2025 and do not include IES consumption, unlike previous years.
* 3-year average applied to consumption forecast.
* East Arnhem population growth applied to Borroloola.
* Borroloola consumption will be monitored over the coming months, and forecast may be revised if the outlook changes.

Table 6-4: Annual energy consumption forecast (GWh) (Retailing Centres)



6.2.2. Integrating renewable energy

As the network provider, market operator and power system controller, we facilitate the connection and dispatch of large renewable generators to our power systems. 68 MW of large-scale solar projects have been connected to the Darwin-Katherine integrated system in recent years. Most of these projects are in the final stages of compliance testing, or have achieved full commercial operation, and are dispatching renewable energy to the system.

We also continue to support the connection of CER, primarily small-scale (behind-the-meter) rooftop solar. Connection of small-scale batteries has also increased sharply, supported by government incentives and falling battery costs. By the end of 2025-26, the Darwin-Katherine grid is anticipated to have almost 130 MW of behind-the-meter solar generation and 13 MWh of behind the meter battery storage.

Growth in both large- and small-scale solar has combined to create a minimum dry season demand of 60 MW. Minimum electricity demand in the Darwin-Katherine integrated system is expected to fall below 50 MW by 2030. This will create significant risks to system stability, security and reliability during minimum demand periods if effective controls are not established.

Establishing the necessary controls will require investment in, or connection of, battery energy storage systems and synchronous condensers, because such low minimum demand is below the minimum stable generation levels of the existing synchronous gas-fired generators. The connection of the first synchronous condenser to the Darwin-Katherine integrated system is expected to be completed in 2027. The costs associated with services provided by the synchronous condenser to support system strength and inertia in the Darwin-Katherine system will likely be recovered through the Network Services cost pass-through mechanism of the NT NER.

We have a broad work program to facilitate renewable energy integration.

Supporting technologies to improve visibility and management of CER will also be required to mitigate the minimum demand risks while increasing the amount of energy able to be generated by CER outside of minimum demand times. We are delivering against our Future Networks Strategy to ensure the capabilities of growing CER are leveraged to help manage the changing dynamics of the NT power system.

In June 2025, the UC provided a final decision on the 2024-27 review of system control and market operator charges. This decision allowed for the recovery of capital investment from the last regulatory period, which has an enduring benefit to customers into the current regulatory period, and includes an increase in operational and capital expenditure forecasts to help us keep pace with the transition. We have obligations in the System Control Technical Code, Network Technical Code and NT NER to process connections of new facilities and maintain system security and reliability. These obligations require a commitment of operating and capital costs to respond to the changing dynamics and requirements of the power system.

NTESMO began developing the inaugural NT Regulated Electricity System Investment Plan (**RESIP**) in May 2023. It defines the long-term investment plan to meet demand and the required level of Essential System Services to maintain system security and reliability. The development and provision of this plan is an unregulated activity being undertaken by NTESMO and funded by the NTG. We are briefing and seeking endorsement from the NTG on the modelling results, prior to commencing industry consultation and developing the final report.

We have a broad work program to facilitate renewable energy integration. We have carried out detailed technical studies to quantify the requirements for frequency-related Essential System Services to maintain system security and reliability. We have conducted voltage management studies to assess system strength. We are developing 'system tools' to enable the capability to dispatch newly connected and future renewable facilities. The functionality of these tools will ultimately be evolved with greater sophistication and integration in the form of the Territory Dispatch Engine, which will enable the co-optimised scheduling and dispatch of energy and Essential System Services.

Costs associated with the Darwin Energy Hub are currently excluded from the SCI. These costs will be evaluated to determine whether they should be treated as a developer contribution by the NTG or addressed through the AER regulatory process. The investment to be delivered by us for capex only is estimated at $120 million.

The Wurrumiyanga Solar Infill and Energy Storage Pilot Project

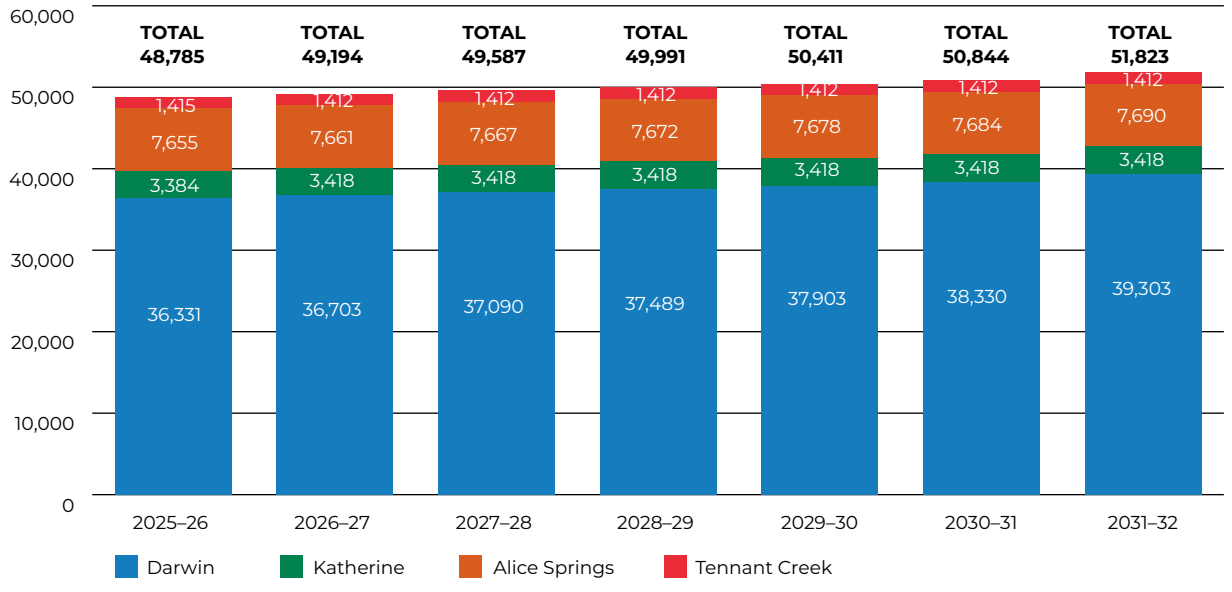
6.2.3. Water demand

We have developed regional growth rates taking into consideration system demand, population growth, natural growth, weather normalisation and demand management initiatives. We also considered weather patterns for Katherine, Tennant Creek and Alice Springs to align with historical average consumption trends. The Darwin region experienced a decrease in consumption in 2024-25 (base year). To ensure the forecast base year is not skewed we have adjusted the consumption to reflect the 5-year average and alignment with historic trends. The table below reflects billable consumption only and not overall system planning demand. We have excluded major potential large industrial projects, such as the proposed Middle Arm Precinct, in the water consumption forecast in line with forecasts provided by the Department of Logistics and Infrastructure (**DLI**) in December 2025. On going discussions with NTG will inform and be the basis of future industrial demand forecast.

Additional demand on the water supply system will be met through the increase in supply available following completion of the Manton Dam Return to Service project in 2026.

Demand management continues to be instrumental in managing the short-to-medium-term water supply and demand balance in the greater Darwin region. We continue to target a reduction of 2.75GL by 2025-26 through our demand management programs, in line with the overall NTG Territory Water Plan (**TWP**), by focusing on water losses in the distribution system and reducing customer consumption. Post 2025-26, we will continue to focus on demand management to ensure we maintain the current service risk level. *[See table 6-5 below]*

*Table 6-5: Annual water consumption forecast (ML)**



*Annual system production volumes used for water network planning purposes differ from the consumption assumptions above. Consumption figures reflect forecasts as of February 2026.

Helen Marsh was an Administration Officer in Tennant Creek and is now undertaking an apprenticeship with us

6.3. Facilitating government initiatives

6.3.1. Territory Electricity Market Reform Program

On 23 October 2025, *the NT Electricity System and Market Operator (NTESMO) Bill 2025* and *Electricity Legislation Amendment (Market Reform) Bill 2025* were passed in Parliament. These legislative changes give effect to the NTG's TEM reform program, including separating NTESMO from Power and Water as a standalone statutory corporation and establishing new functions for centralised procurement and system planning.

The NTG has established the Electricity Reform Taskforce and a team to facilitate the TEM Reform Program. NTG considers the 2022 Gateway Review the basis for the market design underpinning the program.

Image caption: Ari re si sum exerum vid quaecus re nat apeo que niam quibus.

The major areas of proposed reforms include:

- NTESMO to undertake centralised system planning for the regulated electricity systems through the development of the RESIP. The RESIP defines the investment requirements of the NT power system to meet demand and the requirement for Essential System Services
- Reform to the Essential System Services framework to define specific services and associated requirements to ensure system security and reliability
- NTESMO to undertake centralised system procurement of services in the Darwin-Katherine system to meet system demand and Essential System Services requirements through a competitive tender process
- Dispatch of generation in real time to operate the system reliably and securely using Security Constrained Unit Commitment and Security Constrained Economic Dispatch, based on centralised unit commitment and a cost-based merit order formulation
- Enhanced market settlement that will entail settling the monetary exchanges between market participants through cash and prudential management
- Implementation of a sole-supplier model in Alice Springs and Tennant Creek, where Territory Generation is the sole supplier of wholesale generation services
- Separation of the system control and market operator functions (NTESMO) from Power and Water.

We expect to incur costs associated with the NTG's TEM reform program. These costs are currently unfunded. On the basis of formal advice from the Utilities Commission, implementation and ongoing costs will be included in, and considered as part of, the 2027-32 System Control and Market Operator charges regulatory determination process.

Consistent with the Initial 2027-32 System Control and Market Operator charges regulatory submission to the Utilities Commission of 28 February 2026, the additional FTE required to meet the new functions of NTESMO have been budgeted in this SCI as contract labour.

To the extent there is sufficient information on new obligations to forecast efficient costs, NTESMO has included the costs in its Initial Regulatory Proposal submitted to the Utilities Commission on 28/02/2026. Where efficient costs cannot be reasonably forecast until further detail is provided through regulations or rules, NTESMO will include these costs in its Revised Regulatory Proposal.

Where rules and regulations have not been made in time to inform NTESMO's Revised Regulatory Proposal, a cost pass through will be considered.

Table 6-6 TEM cost estimates

Description	Implementation $'m	Additional Ongoing Annual Opex $'m
NTESMO separation	5.4	4.7
TEM reform program design and new functions	2.9	3.2
Total	**8.1**	**7.9**

All forecast costs to comply with the TEM reform program are outlined in the table below. However, only costs with reasonable forecast ratings, as indicated in the TEM reform program regulatory business case, submitted as part of NTESMO's FY2028–32 Initial Regulatory Proposal, have been contemplated in the proposal and the SCI.

The table below, table 6-6, outlines the costs we estimate will be needed to support implementation of the TEM reform program, as well as ongoing costs to perform new functions (i.e. centralised system planning, centralised procurement).

6.3.2. Bringing forward land development

In 2023-24, the Department of Lands, Planning and Environment (**DLPE**) secured funding to bring forward land development in the Greater Darwin, Katherine, Tennant Creek and Alice Springs regions. At the time, DLPE confirmed $100 million would be invested in water and sewerage infrastructure and $10 million in power infrastructure over a 4-year period.

Since that time, DLPE has revised its priorities due to insufficient funding allocations in its capital works budget. As a result, most of the previously planned water and sewerage capital programs have been removed or deferred. DLPE has instead shifted its focus towards delivering a small number of priority projects, with particular emphasis on the Darwin Region, most notably the Holtze development, which has now advanced into the design phase.

At present, the forecast spend for DLPE projects is limited exclusively to Holtze, with an allocation of $1 million in 2025-26 and $5 million in 2026-27. This revised forecast represents a significant reduction when compared to the initial projection of approximately $100 million across four years, highlighting the scale of budgetary constraints and the narrowing of program scope.

6.3.3. Remote Housing Program (Indigenous Essential Services)

We support housing programs in remote communities within our IES Service Level Agreement and the $4 billion NTG housing program initiated in 2024, to be delivered over 10 years. This program aims to reduce overcrowding in remote communities by approximately half and will deliver up to 2,700 houses over this period. The specifics around the program were formally outlined by DLI in July 2025.

The program will be delivered through a federal funding agreement with NTG, which was deployed and negotiated and came into effect when the previous arrangements ended on 30 June 2024. The program is aimed at:

- reducing overcrowding by half and improving living conditions
- engaging local decision makers in communities
- developing Aboriginal business enterprises where possible
- providing sustainable local employment
- promoting economic development in remote communities.

New homes are delivered under two streams, namely, infills (filling in vacant lots within existing subdivisions) and new subdivisions.

As part of this program, DLI is responsible for all costs associated with delivery of:

- water, sewerage and electrical headworks to support infill projects, estimated at $3 million annually
- headworks to support proposed subdivisions under the program, estimated at $5 million per community. These works are delivered as gifted assets by DLI. Annually, 5-8 new subdivisions are commissioned.

We recognise the potential for substantial work being generated through this program. The delivery elements under the program have now been reflected under the SCI and incorporated into financial projections.

6.3.4. Territory Water Plan

The Territory Water Plan (TWP) was established as the NTG's whole-of-government framework for securing the Territory's long-term water future. It remains strategically aligned with our priorities; however, the TWP is currently unfunded into FY27, and the timing and scope of further implementation remain uncertain. Stage two of the Plan (the Northern Territory Water Strategy) is in in draft without funding attached, any impacts on this SCI are not yet known.

While TWP-specific funding has paused, major water security and infrastructure initiatives continue through other NTG programs, including the AROWS program, which will deliver 60 GL of new Top End supply and significantly expand our asset base. Broader water sector reforms—particularly regulatory and governance reforms led by DTF, also continue, and we will remain actively engaged to ensure frameworks enable prudent investment, sustainable service delivery and alignment with our long-term obligations.

Should TWP stage 2 remain unfunded, the planning and foundational work completed to date will still provide value. Much of this aligns with the requirements of the emerging National Water Agreement (NWA) and can form a strong basis for the NT's future NWA Action Plan if the Territory signs on. Continued engagement through existing forums, including the CEO Water Taskforce, Water Security Senior Officers Group and our Drinking Water Security Steering Committee, ensures we maintain visibility of NTG direction and remain ready to respond as national and Territory water policy settings evolve.

Since being established in 2024, SORP has matured into a coordinated, whole-of-business change program.

6.3.5. Water System Operator Readiness Program (SORP)

The System Operator Readiness Program (SORP) is our strategic framework to prepare for our pending role as owner and operator of the expanded Darwin Region Water Supply System (DRWSS). This program is essential to ensuring the Territory's largest-ever water infrastructure investment translates into safe, reliable and sustainable services for the community, industry and government.

Since being established in 2024, SORP has matured into a coordinated, whole-of-business change program. It brings together more than 22 interdependent projects across operational capability, asset management reform, water quality, economic regulation preparedness, workforce readiness and customer engagement. In parallel, the NTG is progressing infrastructure delivery through AROWS, Manton Dam Return to Service, and the Strauss Water Treatment Plant stages one and two. SORP ensures these investments are supported by a utility that is operationally ready at asset commissioning.

Progress to date includes a system-wide operating philosophy, strengthened governance, regulatory preparedness planning, and capability uplift in areas such as water quality management and asset management reform. The program's governance model, via a Working Group and Executive Working Group, ensures strong alignment with the NTG, while two independent assurance providers support program integrity and continuous improvement.

SORP will remain a strategic priority through FY26-29 and onward, with a focus on embedding regulatory readiness, delivering operational reform, and building the workforce and systems needed for multi-source operations. This next phase will be critical for ensuring we are positioned not only to operate but to sustain and optimise the expanded system, securing water services for the Territory's growth agenda.

6.4. Other considerations shaping our business

6.4.1. Operating model

With the implementation of the Velocity and Market Settlements and Transfer Solution (Meter to Cash and Market Interaction Enablement projects), focus now turns to leveraging those systems to provide additional functionality to customers, energy retailers and our organisation. Work is underway on developing requirements for a customer portal, enabling customers to access and update account information and pay bills.

Work on the second major technology system, Maximo Upgrade Finance and Asset Structure Alignment (MUFASA) (formerly Physicals to Financials), is well progressed with the detailed requirements of the financial management system in the final stages. This new system will transition all financial processes into Oracle and automate report production, improving accuracy and efficiency, and removing manual processes. The business case will be finalised in September 2026. Work is underway to incorporate the upgrade of the asset management system to be undertaken as a part of MUFASA, as the vendor of our asset management system (Maximo) has advised the end of support for the existing solution. This will ensure alignment between the asset management and financial management systems and require only one set of integrations. Implementation will follow in FY2026-27. This will be followed by the balancing of any asset management work and capital project and service delivery elements of the program, scheduled to conclude in 2028-29.

The Asset Management Optimisation project, realigning works, contract and asset management, and centralising and automating inventory and warehousing, is underway. Elements of the inventory and warehousing consolidation will continue into the first half of 2026-27. The balance with be completed in FY2026-27.

We have focused on ensuring deliverability by phasing major programs and projects across the medium term forward works program while ensuring operations are not compromised.

Efficiency realisation for people-and-process work and technology solutions are projected to produce a benefit in the full-time equivalent profile in 2025-26, with additional incremental efficiencies realised in 2026-27, 2027-28 and 2028-29. This assumes planned technology solution implementation in those years.

6.4.2. Single-site consolidation

The 2026-27 SCI allocates $143.7 million to the Single Site Consolidation Program, endorsed in the AER's 2024-29 final decision. As a key enabler of our Property Strategy, the program will consolidate Darwin's corporate sites at the Ben Hammond Complex. This investment reduces reliance on leased accommodation and the uncontrollable, escalating costs associated with leases, while strengthening compliance, enhancing workforce engagement, improving long-term efficiency and delivering better services for Territorians.

6.4.3. Investment on asset replacement affected by Cyclone Tracy

The year 2024 marked the 50th anniversary of Cyclone Tracy. We experienced a significant change in our overhead power asset fleet post Cyclone Tracy rehabilitation in Darwin. As a result, we are expecting an increase in aged asset replacement investments post-2030. This has been factored into our Asset Condition and Failure Based Replacement Program.

6.5. Sources of revenue

6.5.1. Community service obligation (CSO) payments

CSO payments are provided by the NTG to fund government, community or social objectives. These objectives might not be pursued if left to commercial or market forces or, if pursued, would be at higher prices to consumers. CSO payments support the NT Concession Scheme and the Jabiru electricity supply.

6.5.2. Electricity network tariffs

Electricity services in our 3 largest networks have been regulated under the NT NER and by the AER since 1 July 2019. On 30 April 2024, the AER published its final decision on our electricity distribution determination for 2024-29. The AER determines our total allowable regulated electricity network revenue for the 2024-29 regulatory control period.

The AER's final decision, including all revenue assumptions for the 2024-29 regulatory control period, can be found on the AER website.

Our annual maximum allowable revenue is adjusted each year to reflect the latest forecast and is submitted to the AER annually in March. Our network tariffs for 2025-26 were approved by the AER in May 2025 and include a $17.1 million adjustment to account for over-recovery of revenue during 2023-24 and 2024-25.

System Operations and Network Performance Coordinator David Thornton at Sadadeen Zone Substation in Alice Springs

6.5.3. Electricity system control and market operator (NTESMO) revenue

This SCI includes the revenue consistent with the NTESMO 2024-25 to 2026-27 regulatory determination.

The NTESMO 2024-25 to 2026-27 regulatory determination will recover the:

- revenue shortfall for historical capital expenditure during the regulatory period (2019-24) over and above the present revenue allowance (approximately $6.9 million expenditure) relating to the development of transitional tools to modernise the power system to support the transition to renewables, the development of a new settlement system and the initial costs of developing the Territory Dispatch Engine.
- revenue shortfall incurred in the first year (2024-25) of the regulatory control period due to the difference between the actual revenue and the proposed revenue for the 2024-25 period. The UC approved 2024-25 system control and market operator charges, which was based on a CPI escalation of 2023-24 charges. 50% of the shortfall will be recovered over 2025-26 and 2026-27, with the remaining 50% to be recovered over the next regulatory period.

Most of the forecast costs relate to improvements in tools and systems to manage increases in the operational complexity of the power system due to the transition to renewables.

6.5.4. Key revenue assumptions

The following assumptions align with the AER and UC's regulatory methodologies:

- depreciation
- return on assets
- standard asset lives
- nominal weighted average cost of capital (**WACC**) for return on assets.

We expect to incur costs associated with the NTG's TEM reform program, such as the separation of electricity system and market operation from Power and Water, and the expansion of its functions, which are currently unfunded. Recognising the significant uncertainty surrounding reform, we will manage this risk by seeking a cost pass-through in the current regulatory period (2024-27), as well as appropriate adjustment mechanisms in the 2027-32 system control and market operator charges proposal.

6.6. Other financial assumptions

6.6.1. Indigenous Essential Services operations

IES delivers essential services to 72 remote communities across the Northern Territory, with its financial and operational performance influenced by accelerated capital delivery, ageing assets, reliance on diesel-powered generation, and broader cost pressures.

The current IES operating model is heavily dependent on diesel-fuelled electricity generation, exposing the business to global fuel price volatility. Sustained increases in diesel prices would place additional pressure on operating costs over the SCI period.

Power and Water, as the parent entity, has provided financial support to IES to ensure the continued delivery of essential services to remote communities.

Ongoing global events, such as the current Middle East conflict, are expected to affect future diesel prices.

Any requirement to fund additional pressures may necessitate increased borrowings, placing pressure on Power and Water's financial metrics, including its ability to maintain the targeted debt-to-equity ratio.

For taxation purposes, corporate services provided by Power and Water to IES are assumed to be charged at marginal cost.

6.6.2. Power and Water full-time equivalent (FTE) staffing numbers

Employee roles are based on the assumed organisational structure required to align with the overall strategic direction of the business and our planned activities in Power and Water and IES.

6.6.3. Personnel costs

Wages have risen in line with the 2021-26 Power and Water Enterprise Agreement and legislated superannuation guarantee increases. Escalation for 2026-27 and onwards is assumed to be in line with the proposed salary increase in the NTPS Enterprise Agreement when the forecasts were developed.

6.6.4. Significant externally funded capital projects

The Manton Dam Return to Service project is jointly funded by the NTG and Australian Government. Any additional support costs for the project will be covered internally. To manage income tax liabilities arising from the receipt of funds, NTG provides equity injections.

6.6.5. Borrowing costs

Borrowing costs reflect advice from NT Treasury Corporation (**NTTC**) and consider the budgeted debt profile and NTTC's interest rate projections. We align with the NTTC's advice for the purposes of whole-of-government account consolidation.

6.6.6. Dividends

Ordinary dividends are calculated based on 50% of our statutory net profit after tax, with adjustments for material non-cash transactions including gifted assets and fair value movements in fixed assets. The liquidity and capital requirements of the corporation are also considered.

Our Board recommends an ordinary dividend by 31 August each year. This recommendation is amended or approved by the shareholding minister by 30 September and payment is made by 1 December, in line with the *Government Owned Corporations Act 2001*.

The shareholding minister may direct the Board to declare a special dividend, at which point it will be included in the SCI, as applicable.

6.6.7. Accounting policies

This SCI has been prepared based on accounting policies outlined in the 2024-25 financial statements.

We do not budget for asset impairment or revaluation. Tax expense is assumed at the corporate tax rate of 30% and includes the impact of tax effect accounting on taxable income over the period.

7. Key risks

We have an enterprise risk management framework aligned to the Australian standard AS 31000.

The framework requires management to undertake regular assessments to identify and manage significant risks to its workforce and the community. These include health and safety, service delivery, financial, legal and regulatory, environmental and reputational risks.

The Audit and Risk Management Committee oversees the efficiency and effectiveness of our risk management systems and processes. Our board-approved risk appetite statement is used as a decision-making tool by the business and defines the boundaries of acceptable risk. We continue to enhance our risk-management practices and provide oversight and advice to improve and embed our enterprise risk management framework.

7.1. Investment decision-making framework

The Investment Delivery Framework (IDF) has been in place for approximately 18 months. This includes the implementation of a portfolio management approach designed to track the pipeline of programs and projects and to minimise capital underspend.

Power and Water is progressing through the maturity uplift required to fully embed end-to-end delivery methodologies. This model introduces stronger governance and performance metrics across the full investment lifecycle, from concept development through delivery, benefits realisation, and lessons learned, with key elements of this uplift being operationalised across the business.

7.2. Changes to key risk profile

The following risk heat map shows the residual and target risk levels for our strategic risks, illustrating the expected change following implementation of risk treatment plans by the end of this SCI period. In line with our enterprise risk framework, we will continue to regularly review our risk profile over the next 12 months at both the executive and board levels. (Note: The numbering in the risk heat map refers to the strategic risk and is not a ranking of each risk.)

Power and Water Risk Profile

	Strategic and key business risks	Residual risk rating	Target risk rating
1	SR-100 Significant business disruption to services	Very High	High
2	SR-102 Compliance Risk	Medium	Low
3	SR-107 Data and technology capability and resilience	Very High	Medium
4	SR-109 Financial and commercial sustainability	Very High	Medium
5	SR-110 Health and Safety	Very High	Medium
6	SR-113 Failure to contract, partner or retain the right skilled workforce to deliver strategic goals	High	Medium
7	SR-114 Customer, community, and stakeholder engagement	Very High	High
8	SR-116 Security of supply of water, gas, and electricity for the Territory	Very High	High
9	SR-117 Long-term supply chain readiness and resilience	High	Medium
10	SR-118 Misalignment of operating and commercial model and performance with targeted reform program outcomes	Very High	Medium

Heat map – Residual risk rating

LIKELIHOOD	CONSEQUENCE				
	Insignificant	Minor	Moderate	Major	Severe
Almost certain	Medium	High	Very High 7,10	Extreme	Extreme
Likely	Low	Medium 2	High 6	Very High 1,4,8	Extreme
Possible	Low	Low	Medium	High 9	Very High 3,5
Unlikey	Low	Low	Medium	High	High
Rare	Low	Low	Low	Medium	Medium

Heat map – Target risk rating

LIKELIHOOD	CONSEQUENCE				
	Insignificant	Minor	Moderate	Major	Severe
Almost certain	Medium	High 7	Very High	Extreme	Extreme
Likely	Low	Medium	High	Very High	Extreme
Possible	Low	Low	Medium 3,4,6,9,10	High 1,8	Very High
Unlikey	Low	Low	Medium	High	High
Rare	Low	Low	Low	Medium 5	Medium

Mitch Halse from EPG Solutions, one of the contractors we work with, servicing a generator at Eva Valley

Appendix A

Financial data – Power and Water Corporation

A.1 Our business-wide financials

This appendix provides financial data related to our income, assets, liabilities, equity and cash flow.

Table A.1: Power and Water Corporation, income statement, $ million nominal

Power and Water Income Statement ($M)	2025-26 Published	2025-26 Forecast	2026-27 Budget	2027-28 Projection	2028-29 Projection	2029-30 Projection	2030-31 Projection	2031-32 Projection
Revenue								
Electricity Network	209.2	207.8	243.0	278.0	295.6	311.4	318.8	329.0
Water	132.3	133.2	141.3	145.9	150.5	155.4	160.5	167.3
ACS - Metering	15.7	15.7	16.2	16.8	17.3	18.2	18.8	19.5
ACS - Quoted Services	4.4	4.6	4.6	5.2	5.7	5.7	5.8	6.2
ACS - Fee Based	4.2	4.4	4.7	4.7	4.9	4.9	5.0	5.1
Electricity Retail	6.3	5.1	5.4	5.8	6.0	6.1	6.3	6.4
Sewerage	91.9	94.0	99.1	101.7	104.4	107.2	110.1	113.0
Gas	525.3	219.4	421.1	666.9	441.6	408.8	405.3	412.4
Community Service Obligations	8.4	8.1	8.6	9.0	9.4	9.6	9.9	10.1
Developer and Capital Contributions	5.1	8.3	5.4	6.7	9.2	7.4	8.1	8.3
Gifted Assets	6.0	7.5	7.5	8.8	7.9	9.5	6.7	6.3
Interest Received	2.9	2.7	3.0	2.9	2.8	2.6	2.6	2.5
Other Revenue	15.2	14.6	18.7	16.6	17.3	17.6	18.2	19.4
Total Revenue	**1,026.8**	**725.3**	**978.6**	**1,269.0**	**1,072.8**	**1,064.5**	**1,076.0**	**1,105.6**
Operating Expenditure								
Personnel - Direct	180.8	183.4	186.6	191.4	192.5	195.3	202.1	208.2
Personnel Recovery - CAPEX	(48.4)	(42.4)	(47.5)	(44.1)	(42.8)	(44.2)	(43.5)	(40.2)
Personnel Recovery - R&M	(32.1)	(31.0)	(32.0)	(32.8)	(34.3)	(34.7)	(39.8)	(35.8)
Personnel Recovery - ACS	(3.6)	(4.6)	(3.7)	(3.7)	(3.8)	(3.9)	(3.9)	(3.9)
Personnel Recovery - Other	(2.0)	(3.5)	(3.6)	(3.6)	(3.9)	(3.8)	(4.0)	(4.1)
Contract Labour	21.7	18.9	18.1	19.8	16.9	17.6	20.9	21.3
Total Personnel Costs	**116.4**	**120.8**	**117.9**	**127.0**	**124.6**	**126.2**	**131.9**	**145.4**
Energy	391.4	319.6	403.5	447.5	393.7	349.4	349.0	354.5
Repairs & Maintenance	99.0	104.0	104.5	105.8	114.3	115.6	121.7	122.6
IT & Communications	15.4	17.3	15.5	20.1	20.6	20.6	21.7	22.2
Vehicle Costs	2.7	2.7	2.4	2.9	2.5	2.6	2.5	2.7
Travel Costs	3.3	3.9	3.2	3.1	2.8	2.9	2.9	2.9
Training Costs	3.7	3.8	3.5	3.6	3.6	3.9	4.0	4.0
Professional Fees	46.7	53.7	45.6	23.5	13.5	17.0	19.0	18.3
Insurance	6.2	5.2	5.4	6.0	6.5	6.6	8.0	8.2
Materials	6.6	7.4	7.6	8.5	8.0	8.2	8.4	8.6
External Service Agreements	19.2	19.6	18.1	22.7	25.4	25.5	25.8	26.1
Cost of Sale	0.0	0.4	0.1	0.1	0.1	0.1	0.1	0.1
Property Charges	17.6	17.4	17.7	18.9	18.6	19.1	19.7	20.2
Bad & Doubtful Debts	2.1	2.1	2.1	2.2	2.2	2.3	2.3	2.4
Laboratory Fees	2.3	2.6	2.7	2.7	2.8	2.9	2.9	3.0
Grants & Subsidies	1.3	1.3	1.4	1.5	1.4	1.5	1.5	1.5
Bank Fees	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
ACS Direct	3.3	5.3	4.5	5.2	5.8	5.7	5.7	6.2
ACS Indirect	4.0	4.6	3.7	3.7	3.8	3.9	3.9	3.9
Other Costs	(13.6)	(19.9)	(17.7)	(19.7)	(25.1)	(22.4)	(18.8)	(21.7)
Total Controllable Costs	**727.8**	**672.0**	**742.1**	**785.6**	**725.4**	**691.8**	**712.5**	**731.5**
Business Services	(6.4)	(6.4)	(6.6)	(6.8)	(6.9)	(7.1)	(7.3)	(7.5)
Transfer Pricing	(2.7)	30.1	(3.4)	(3.5)	(3.6)	(3.7)	(3.8)	(3.9)
Service Level Agreements	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)
Total Inter-Company Allocations	**(9.9)**	**22.9**	**(10.8)**	**(11.1)**	**(11.3)**	**(11.6)**	**(11.9)**	**(12.3)**
Overhead Recovery	**(80.6)**	**(78.2)**	**(73.4)**	**(69.7)**	**(60.5)**	**(63.8)**	**(74.0)**	**(73.3)**
Total Operating Expenditure	**637.3**	**616.7**	**657.9**	**704.8**	**653.6**	**616.3**	**626.6**	**645.9**
EBITDA	**389.5**	**108.6**	**320.7**	**564.1**	**419.3**	**448.2**	**449.5**	**459.7**
EBITDA (ex. Gas Services)	**262.0**	**224.0**	**323.6**	**344.7**	**372.2**	**389.6**	**394.4**	**403.2**

Power and Water Income Statement ($M)	2025-26 Published	2025-26 Forecast	2026-27 Budget	2027-28 Projection	2028-29 Projection	2029-30 Projection	2030-31 Projection	2031-32 Projection
Depreciation & Amortisation	109.3	118.8	121.8	129.3	137.7	141.0	140.0	140.8
Amortisation – Leases	41.4	41.3	41.7	42.9	43.5	44.1	40.6	41.8
EBIT	**238.8**	**(51.6)**	**157.2**	**391.9**	**238.1**	**263.1**	**268.8**	**277.1**
Interest Expense	74.7	84.5	110.8	125.7	133.2	128.2	123.5	139.8
Interest – Finance Lease	10.7	11.1	10.0	9.0	7.9	6.8	5.6	4.4
Net Profit Before Tax	**153.4**	**(147.2)**	**36.3**	**257.2**	**97.0**	**128.1**	**139.6**	**132.9**
Tax Expense/(Benefit)	46.0	(34.2)	10.9	77.2	29.1	38.4	41.9	39.9
Net Profit/(Loss) After Tax	**107.4**	**(113.0)**	**25.4**	**180.0**	**67.9**	**89.6**	**97.7**	**93.0**
Net Profit/(Loss) After Tax (ex. Gas Services)	**57.9**	**19.5**	**85.2**	**79.7**	**87.6**	**98.6**	**106.3**	**98.4**

Table A.2: Power and Water Corporation balance sheet, $ million nominal

Power and Water Balance Sheet ($M)	2025-26 Published	2025-26 Forecast	2026-27 Budget	2027-28 Projection	2028-29 Projection	2029-30 Projection	2030-31 Projection	2031-32 Projection
Current Assets								
Cash at Bank	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Receivables	175.0	96.7	115.8	361.6	107.0	100.0	101.2	103.8
Inventories	34.1	34.4	34.6	34.9	35.3	35.6	36.0	36.3
Prepayments	14.5	13.9	13.0	12.0	11.1	10.2	9.3	8.5
GST & Other Excise Debtors	4.9	4.9	4.9	5.1	5.2	5.3	5.4	5.6
Other Current Assets	16.7	4.0	4.1	4.2	4.3	4.5	4.6	4.7
Finance Lease Receivables	2.8	2.8	3.0	2.4	1.9	2.0	2.1	2.2
Intra-entity Receivable Account	12.7	29.7	20.2	13.7	14.1	14.6	15.0	15.4
Total Current Assets	**285.7**	**211.4**	**220.5**	**458.9**	**203.9**	**197.0**	**198.5**	**201.5**
Non-Current Assets								
Non-Current Receivables	89.2	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Non-Current Lease Receivables	15.3	18.2	15.7	13.2	9.1	9.3	7.5	5.6
Property, Plant & Equipment	2,681.2	2,673.8	2,869.8	3,073.6	3,160.2	3,182.2	3,420.7	3,802.1
Intangible Assets	71.8	69.5	69.5	69.5	69.5	69.5	69.5	69.5
Net Right of use (leased) assets	326.1	332.6	309.1	279.0	249.0	213.4	177.1	138.8
Deferred Tax Assets	75.0	134.1	134.8	135.4	138.8	142.0	139.5	138.0
Capital Work in Progress	430.6	517.2	380.6	338.1	370.9	456.5	482.1	297.6
Total Non Current Assets	**3,689.1**	**3,770.3**	**3,804.6**	**3,933.7**	**4,022.6**	**4,097.8**	**4,321.4**	**4,476.5**
Total Assets	**3,974.8**	**3,981.7**	**4,025.1**	**4,392.6**	**4,226.5**	**4,294.9**	**4,519.9**	**4,678.1**
Current Liabilities								
Payables	25.6	19.5	24.4	27.1	27.7	28.7	30.5	31.7
Accruals	46.7	59.8	69.2	72.0	67.5	64.0	64.8	66.1
Unearned Revenue	122.9	242.7	89.7	69.7	71.5	81.3	75.6	70.3
Borrowings	247.0	247.6	228.8	193.4	230.5	208.9	219.2	225.7
Provision for Tax	4.4	0.3	11.6	77.8	32.6	41.6	39.5	38.5
Finance Lease Liabilities	43.7	43.4	45.3	46.7	48.4	47.5	49.8	51.7
Provisions	53.8	55.7	57.7	59.7	61.8	64.0	66.2	68.5
Total Current Liabilities	**544.0**	**669.0**	**526.7**	**546.4**	**540.1**	**536.0**	**545.7**	**552.6**
Non-Current Liabilities								
Non-Current Employee Provisions	5.2	5.1	5.3	5.5	5.7	5.9	6.1	6.3
Government Loans	1,554.3	1,679.9	1,868.7	2,047.9	1,906.9	1,922.6	2,088.5	2,201.2
Deferred Tax Liability	185.5	194.5	194.5	194.5	194.5	194.5	194.5	194.5
Non-Current Lease Liability	325.7	332.2	305.5	271.5	236.4	197.4	153.0	105.5
Non-Current Unearned Revenue	32.3	33.6	33.6	33.6	33.6	33.6	33.6	33.6
Total Non Current Liabilities	**2,103.0**	**2,245.2**	**2,407.5**	**2,552.9**	**2,377.0**	**2,353.9**	**2,475.6**	**2,541.0**
Total Liabilities	**2,647.0**	**2,914.2**	**2,934.2**	**3,099.3**	**2,917.1**	**2,889.9**	**3,021.4**	**3,093.5**
Net Assets	**1,327.7**	**1,067.5**	**1,090.9**	**1,293.3**	**1,309.4**	**1,405.0**	**1,498.6**	**1,584.5**
Shareholder Equity								
Contributed Equity	44.3	44.3	44.3	75.3	108.1	143.0	178.9	216.5
Asset Revaluation	508.6	507.9	507.9	507.9	507.9	507.9	507.9	507.9
Opening Retained Profits	669.4	630.2	515.2	538.6	710.1	693.3	754.0	811.7
Dividends	(2.0)	(2.0)	(2.0)	(8.6)	(84.6)	(28.9)	(40.0)	(44.7)
Profit/(Loss)	107.4	(113.0)	25.4	180.0	67.9	89.6	97.7	93.0
Closing Retained Profits	**774.8**	**515.2**	**538.6**	**710.1**	**693.3**	**754.0**	**811.7**	**860.1**
Shareholder Equity	**1,327.7**	**1,067.5**	**1,090.9**	**1,293.3**	**1,309.4**	**1,405.0**	**1,498.6**	**1,584.5**

Table A.3: Power and Water Corporation cash flow statement, $ million nominal

Power and Water Cash Flow ($M)	2025-26 Published	2025-26 Forecast	2026-27 Budget	2027-28 Projection	2028-29 Projection	2029-30 Projection	2030-31 Projection	2031-32 Projection
Cash flows from operating activities								
Receipts from customers	873.3	694.0	954.1	1,034.4	1,280.0	1,051.4	1,053.8	1,081.6
Payments to suppliers and employees	(633.8)	(614.0)	(640.8)	(696.8)	(654.8)	(616.2)	(621.2)	(640.8)
Income tax paid	(39.5)	0.0	(0.3)	(11.5)	(77.7)	(32.5)	(41.6)	(39.5)
Community service obligations received	8.4	8.1	8.6	9.0	9.4	9.6	9.9	10.1
Interest received	2.9	2.7	3.0	2.9	2.8	2.6	2.6	2.5
Interest paid	(85.4)	(95.6)	(120.8)	(134.7)	(141.1)	(135.0)	(129.2)	(144.2)
Net cash generated by operating activities	**125.8**	**(4.7)**	**203.8**	**203.2**	**418.7**	**279.9**	**274.3**	**269.8**
Cash flows from investing activities								
Payments for property, plant and equipment	(414.9)	(342.9)	(374.0)	(352.4)	(276.8)	(254.5)	(406.9)	(337.6)
Proceeds on sale of asset	0.0	0.0	24.4	0.0	0.0	0.0	0.0	0.0
Capital Grants	40.2	10.4	18.5	25.2	56.1	23.2	5.2	3.0
Parent Entity Guarantee	0.0	(33.3)	0.0	0.0	0.0	0.0	0.0	0.0
Net cash used in investing activities	**(374.7)**	**(365.8)**	**(331.0)**	**(327.2)**	**(220.7)**	**(231.3)**	**(401.7)**	**(334.6)**
Cash flows from financing activities								
Proceeds from equity injection	0.0	0.0	0.0	31.0	32.8	34.9	35.9	37.6
Net borrowings	290.3	415.5	170.0	143.8	(103.9)	(5.9)	176.3	119.2
Repayment of lease liabilities	(39.4)	(41.6)	(40.7)	(42.3)	(42.3)	(48.7)	(44.7)	(47.3)
Dividends paid	(2.0)	(2.0)	(2.0)	(8.6)	(84.6)	(28.9)	(40.0)	(44.7)
Net cash used in financing activities	**248.9**	**371.9**	**127.3**	**124.0**	**(198.1)**	**(48.7)**	**127.4**	**64.8**
Net increase/(decrease) in cash and cash equivalents	**0.0**	**1.4**	**(0.0)**	**(0.0)**	**0.0**	**(0.0)**	**0.0**	**(0.0)**
Cash and cash equivalents at beginning of year	25.0	23.6	25.0	25.0	25.0	25.0	25.0	25.0
Cash and cash equivalents at end of year	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**

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