

Electricity Distribution Asset Management

Corporate policy 8.1

Responsible Officer: Principal Asset Strategy Engineer
 Policy Custodian: General Manager Asset Management
 Division: Asset Management
 Date of effect: 15 September 2012
 Date of last review: 15 September 2012

1. Scope

This policy applies to all ActewAGL management, staff and contractors in relation to management of operational¹ assets of the electricity distribution system. This includes the following asset classes:

- zone sub-stations
- transmission system
- distribution system
- secondary systems (SCADA/Protection)
- operational technology systems
- revenue metering
- ActewAGL Distribution (AAD) property and
- Fleet.

Asset management is:

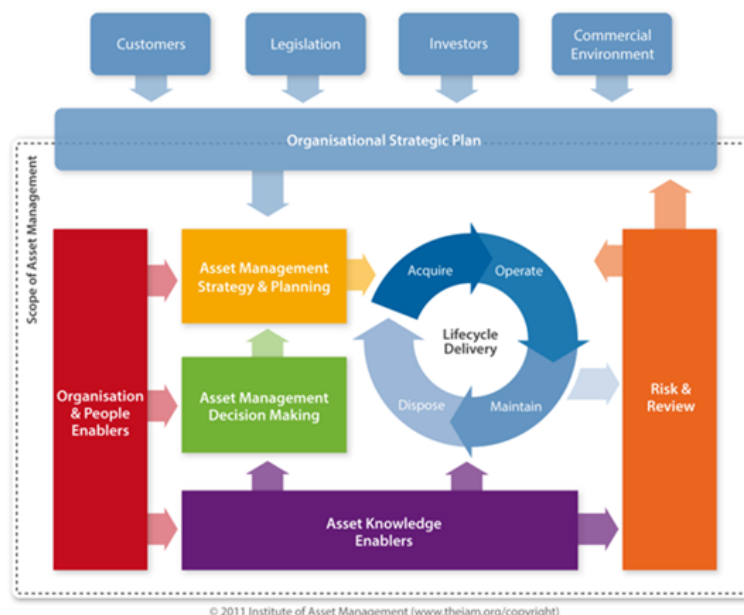
“systematic and coordinated activities and practices through which an organization optimally and sustainably manages its assets and asset systems, their associated performance, risks and expenditures over their life cycles for the purpose of achieving its organizational strategic plan”²

Figure 1 illustrates the scope of asset management.

Exclusion

This policy does not apply to non-operational assets. Corporate Policy 7.11.1 *Asset Management and Accounting* details ActewAGL policy for management of and accounting for non-operational assets.

Figure 1: Scope of asset management³



¹ Operational assets are those which contribute directly to ActewAGL's bottom line. Those that don't are non-operational assets.

² PAS 55-1:2008 Asset Management

³ The 'commercial environment' in Figure 1 includes the regulatory environment.

2. Purpose

Effective implementation of asset management requires a disciplined approach which enables an organisation to maximise value and deliver its strategic objectives through managing its assets over their whole lifecycle⁴. An asset management policy is a key component of the broader Asset Management System.

This policy conforms with British Standards Institute Publicly Available Specification (PAS) 55-1:2008 Asset management (known as PAS 55).

3. Policy

Overarching policy statement

ActewAGL is committed to operating and maintaining an Asset Management System that conforms with *PAS 55-1:2008 Asset Management* which supports effective asset management outcomes and ensures continuous improvement in asset management processes.

This system is defined in document ActewAGL Asset Management System.

Policy Statements

In accordance with the organisational objectives defined above, it is ActewAGL Distribution's Asset Management Policy that:

1. All assets shall be managed in full compliance with any relevant statutory and mandatory legal and safety requirements;
2. The management of asset related risk and Asset Management related risk shall be undertaken in accordance with the Corporate Risk Management Policy (DM 173864);
3. Assets, systems and networks shall be managed in a sustainable manner including due consideration of long-term financial, societal and environmental impacts;
4. The Asset Management approach shall be appropriate to the scale and relative importance of the assets and asset systems to achieving the overall organisational objectives; and
5. ActewAGL shall proactively seek continual improvement of its Asset Management capabilities and activities to assure value for money for customers and stakeholders.

Core Asset Management Principles

In order to deliver these policy statements, ActewAGL shall apply an Asset Management approach that encompasses the following principles:

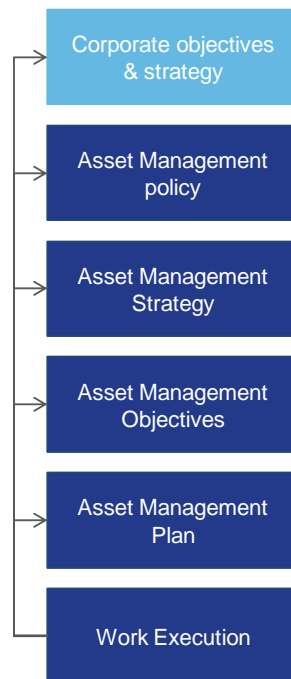
1. The appropriate balance between stakeholder expectations regarding system reliability, risk and cost will be determined.
2. All Asset Management interventions will be justified by robust engineering analysis underpinned by appropriate asset information.
3. Future projects will be prioritised based on the lifecycle costs and impact on customers in accordance with Board directives.
4. Modern equivalent technology will be adopted but only where that technology has already been proven in a similar business environment.
5. The preventative maintenance program will be improved through implementation of a risk-based approach to determining maintenance requirements that deliver required levels of reliability.
6. The utilisation of internal and contracted labour resources will be improved;
7. The Asset Management capabilities of the organisation will be developed to an appropriate level to deliver efficient outcomes for customers and stakeholders.

⁴ Derived from PAS 55-1:2008 Asset Management, section 0.1

Asset Management Line of Site

The ActewAGL Asset Management System (AMS) incorporates “line of sight” management shown in Figure 2.

Figure 2: Asset Management System



PAS 55 Asset management principles

The principles to be applied to asset management activities are listed below.

- **Systematic:** asset management shall be rigorously applied in a structured management system.
- **Multi-disciplinary:** asset management crosses divisional and functional boundaries and is focussed on net value-for-money.
- **Systems oriented:** asset management looks at assets in their systems context, considering related assets, processes and activities rather than each asset individually.
- **Integrated:** asset management is integrated with other management systems, broader organisational policies, objectives and plans.
- **Risk-based:** asset management uses risk-based decision making.
- **Optimal:** asset management shall seek the best compromise between conflicting objectives and priorities, such as cost versus performance versus risk, and short term versus long term impacts.
- **Sustainable:** asset management shall deliver optimal asset life cycle value, including in relation to system performance and environmental impacts in the longer term.

Commitment to compliance

Electricity distribution assets shall be managed in compliance with relevant legislation, regulatory and statutory requirement. Corporate Policy 6.0 *Legal compliance* provides additional detail.

Corporate alignment

This policy is a key component of the electricity distribution AMS which delivers the operational assets necessary to achieve the *ActewAGL Strategic Outlook 2012–2022* and the subsidiary *ActewAGL Distribution Strategy*. It contributes to the achievement of the following initiative of the *ActewAGL Distribution Strategy*:

“develop a Strategic Asset Management Plan that is based on the PAS 55 methodology and more closely aligned with a risk based Reliability Centred Maintenance (RCM) approach.”

This policy has been developed to support, align and interface with other key organisational policies including in relation to:

- risk management - Corporate Policy 7.3 *Risk management*
- environment - Corporate Policy 7.3 *Environment*
- health and safety - Corporate Policy 7.5 *Workplace safety*
- business continuity - Corporate Policy 7.3.1 *Business interruption*.

4. Role and responsibilities

Table 1 outlines the role and authority of key parties in the AMS. Operational responsibilities are detailed in Corporate Procedure 8.1 P1 *Electricity distribution asset management* (to be developed).

Table 1: Asset management roles

Element	Role
Board	The Board provides organizational strategic direction and approves ActewAGL strategic objectives and plans.
CEO	The CEO leads the development of strategic objectives and plans, and ensures that the operational business model, functions and processes are aligned to achieve those objectives and plans.
General Manager Asset Management	The General Manager Asset Management is accountable for an effective electricity distribution Asset Management System in accordance with this policy.
Branch Manager Asset Strategy and Planning	The Branch Manager Asset Strategy and Planning is responsible for an effective electricity distribution Asset Management System in accordance with this policy, including effective communication of this policy.
AMS Executive and Management	Executive ⁵ and managers ⁶ who undertake AMS related work are responsible for ensuring conformance with this policy by staff in their areas of responsibility.
AMS Staff	Staff undertaking AMS related work are expected to apply the asset management principles detailed in this policy and comply with related procedures and plans.

5. Related documents

External

PAS 55-1:2008 Asset management (available through ActewAGL's subscription to [Standards Online](#))

Internal – [corporate policy](#)

5.0 Corporate governance

6.0 Legal compliance

7.3 Risk management

7.3.1 Business interruption

7.5 Workplace safety

7.9 Environment

⁵ Being General Managers and Directors

⁶ Branch level managers

7.11.1 Asset management and accounting

7.14 Ring Fencing

Internal - other

Electricity distribution asset management objectives and strategy (to be completed)

Electricity distribution asset management plans (to be completed for new regulatory period)

6. Communication

This policy shall be communicated to relevant managers, staff and other stakeholders through the following mechanisms:

- ActewAGL intranet
- ActewAGL internet (policy summary)
- incorporate key elements into relevant staff training and information sessions
- incorporate into relevant contracts
- display of key elements of the policy at company premises.

7. Continuous review and improvement

The policy custodian shall ensure that this policy is reviewed not less frequently than every two years and that reviews consider the following at a minimum:

- whether the policy remains relevant, suitable, appropriate and consistent with overarching strategic and business plans, and related policies
- opportunities for continual improvement in asset management approaches and activities
- opportunities for improvement to the format, communication and implementation of this policy.

8. Definitions and abbreviations

Terms	Definition/Abbreviation
asset(s)	plant, machinery, property, buildings, vehicles and other items that have a distinct value to the organization
asset management	systematic and coordinated activities and practices through which an organization optimally and sustainably manages its assets and asset systems, their associated performance, risks and expenditures over their life cycles for the purpose of achieving its organizational strategic plan
asset management objective(s)	(a) specific and measurable outcome or achievement required of asset system(s) in order to implement the asset management policy and asset management strategy ; and/or b) detailed and measurable level of performance or condition required of the assets ; and/or c) specific and measurable outcome or achievement required of the asset management system
asset management plan	document specifying activities and resources, responsibilities and timescales for implementing the asset management strategy and delivering the asset management objectives
asset management policy	principles and mandated requirements derived from, and consistent with, the organizational strategic plan, providing a framework for the development and implementation of the asset management strategy and the setting of the asset management objectives
asset management strategy	long-term optimized approach to management of the assets, derived from, and consistent with, the organizational strategic plan and the asset management policy
asset management system AMS	organization's asset management policy, asset management strategy, asset management objectives, asset management plan(s) and the activities, processes and organizational structures necessary for their development, implementation and continual improvement

9. Document control

Version	Author/Editor	Description of change	Approved by/Date
1.0	M Schulzer	Date of effect original version	Executive 10 Sep 12
2.0	M Schulzer	Audit & Amended J Breaden	
2.1	M Schulzer	Checked by AMCL, additions sec 3	