ID13 ICT Management Systems Replacement
Preliminary Gate 2 Business Case

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Energy Queensland

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Contents

1 EXECUTIVE SUMMARY

1.1. Background & Business Problem

Information & Communications Technology (ICT) management systems underpin the ability to respond to ICT service requests, proactively maintain the ICT systems and supporting hardware, and identify, plan and execute appropriate ICT works programs to provide the ICT capabilities the business requires.

The current ICT management systems are aging and will require prudent investment over the coming regulatory control period to ensure ongoing supportability, sustainability and security. This is critical to mitigating the increasing risk of ICT management system failure and the flow-on operational impacts to the organisation.

1.2. Investment Overview

This business case proposes the replacement of the current ICT service management and architecture systems, leveraging the opportunity to integrate with the resource management, program management and asset configuration components of the Unified ERP EAM. This will drive more efficient ICT support and reduced duplication of current functions.

The key objectives of the investment are:

- Ensure the ongoing accessibility, supportability, sustainability and security of ICT management systems across Energex and Ergon Energy.
- Implement contemporary ICT management solutions to meet organisational needs, in terms of usability, flexibility and functionality.
- Support consistent operating practices across Energex and Ergon Energy to drive organisational efficiency and interoperability.
- Provide contemporary ICT architecture capability to model the technical environment in a manner consistent with evolving business processes.
- Provide a flexible technical system design able to integrate securely with existing and future business systems and support emerging support and delivery models.

1.3. Options Analysis

Three options are considered in this business case:

- Option 1 – Proceed with the replacement of the current ICT management systems (preferred)
- Option 2 – Upgrade to latest version of existing platforms with no interface development
- Option 3 – Do minimal

"Option 1 - Proceed with the replacement of the current ICT management systems" is the preferred option, as it meets all the business case objectives, it is aligned with Energy Queensland's strategic objectives and is consistent with Energex and Ergon Energy's obligations under the National Electricity Rules. This option also supports realisation of Energy Queensland's forecast 10% reduction in indirect costs.

"Option 2 - Upgrade to latest version of existing platforms with no interface development" is viable but will not support all business case objectives. This option also does not support realisation of Energy Queensland's forecast 10% reduction in indirect costs.

"Option 3 - Do minimal" defers renewal of the companies' legacy ICT management systems. It therefore represents a material risk to the ability to support ICT systems relied on to delivery customer service obligations.

1.4. Financial Summary[1]

1.4.1 Energex Option Comparison

[redacted]

1.4.2 Ergon Energy Option Comparison

[redacted]

1.4.3 Energex Expenditure Summary (Option 1 – Preferred)

[redacted]

1.4.4 Ergon Energy Expenditure Summary (Option 1 – Preferred)

[redacted]

1.5. Investment Benefits

This initiative is primarily an ICT Asset Replacement of legacy systems, required to ensure the ongoing sustainability, supportability and security of business critical capability.

The investment is also an enabler of Energy Queensland's planned productivity improvements which result in a forecast 10% reduction in indirect costs. The initiative supports productivity improvement in:

- ICT task management;
- Fault and defect diagnostics;
- Root cause analyses and enablement of ICT continuous improvement practices;

[1] Bracketed figures indicate negative values.

- ICT system monitoring;
- Effort associated with maintaining duplicate ICT asset configuration management; and
- ICT architecture accessibility, flexibility and design efficiency.

1.6. Investment Risks

[redacted]

1.7. Customer Focus

Contemporary ICT management systems and practices will enable the effective and efficient ICT support that the Energy Queensland workforce needs to deliver the services our community and customers rely on. This will be achieved through the provision of integrated tools for task management, system monitoring, problem diagnostics and ICT architecture.

2. INVESTMENT OVERVIEW

2.1. Background and History

Historically, Energex and Ergon Energy used SPARQ Solutions as a shared provider for all IT and telecommunications services for both organisations. These services were managed using common tooling to deliver a range of functions to the business, including the following:

- ICT service desk and user support
- ICT system maintenance and monitoring
- ICT system configuration and change management
- ICT project and programme delivery
- ICT strategy and architecture

SPARQ Solutions has been integrated within Energy Queensland as part of the merger of Energex and Ergon Energy. The legacy ICT management systems and support processes used to provide these functions have been retained, providing continuity of service to the organisation.

2.2. Business Problem and Rationale

ICT management systems are essential tools to support the effective ongoing operations of the organisation. These systems underpin the ability to respond to ICT service requests, proactively maintain the ICT systems and supporting hardware, and identify, plan and execute appropriate ICT works programs to provide the ICT capabilities the business requires.

Through the merger of Energex and Ergon Energy, Energy Queensland is rolling out consistent systems and work practices for efficient state-wide business operations. This consolidation across the organisation will result in a rationalisation of ICT systems, providing an opportunity for a more efficient support model.

The current ICT management systems are aging and will require prudent investment over the coming regulatory control period to ensure ongoing supportability, sustainability and security. This is critical to remediating the risk of ICT management system failure and the flow-on operational impacts to the business.

2.3. Investment Objectives

The investment to replace the ICT management systems will deliver on the following objectives:

- Ensure the ongoing accessibility, supportability, sustainability and security of ICT management systems across Energex and Ergon Energy.
- Implement contemporary ICT management solutions to meet organisational needs, in terms of usability, flexibility and functionality.
- Support consistent operating practices across Energex and Ergon Energy to drive organisational efficiency and interoperability.
- Provide contemporary ICT architecture capability to model the technical environment in a manner consistent with evolving business processes.
- Provide a flexible technical system design able to integrate securely with existing and future business systems and support emerging support and delivery models.

2.4. Principles

This initiative will be guided by the following principles:

- ICT management systems are key enablers of Energex and Ergon Energy business operations. They should therefore be maintained for supportability, sustainability and security.
- Fit for purpose ICT management systems should support the effective and efficient management of ICT services to the organisation.
- ICT management systems should support consistent operational best practices, including evolving agile work practices.
- ICT management systems should provide valuable and reliable information through real-time system monitoring to support pro-active system maintenance.
- ICT management systems should drive the reduction in the impact, duration and frequency of ICT system outages affecting business operations.

3. STRATEGIC ALIGNMENT

3.1. Alignment to Energy Queensland Strategic Objectives

This investment aligns with the Energy Queensland Strategic Objectives in the following ways:

Strategic Objective	How this investment contributes to the Strategic Objective of EQL	Impact
1. Community and customer focused Maintain and deepen our communities' trust by delivering on our promises, keeping the lights on and delivering an exceptional customer experience every time.	Contemporary ICT management systems and practices will drive the effective and efficient ICT support the Energy Queensland workforce needs to deliver the services our community and customers rely on. This will be achieved through the provision of integrated tools for task management, system monitoring, problem diagnostics and ICT architecture.	Low
2. Operate safely as an efficient and effective organisation Continue to build a strong safety culture across the business and empower and develop our people while delivering safe, reliable and efficient operations.	Safe, efficient and effective operations rely on access to reliable, secure and fit-for-purpose ICT systems. When these systems are unreliable in terms of availability or functionality, it impacts the operations of the organisation. This may jeopardise safety through lack of access to appropriate, accurate or timely works management information. Contemporary ICT management systems will provide flexibility to leverage modern support and delivery approaches whilst retaining overall control in a consistent environment. This would enable a more responsive approach to ICT service management and support greater efficiency and effectiveness within the wider business.	Medium
3. Strengthen and grow from our core Leverage our portfolio business, strive for continuous improvement and work together to shape energy use and improve the utilisation of our assets.	The aging ICT management systems place limitations on system support and monitoring and ICT works program delivery. The lack of integrated management of ICT services across program planning, project delivery and operational support exacerbates this issue. Investing in contemporary ICT management systems ensures the sustainability and availability of tools to run, maintain and deliver appropriate ICT capabilities for Energex and Ergon Energy.	Medium

Strategic Objective	How this investment contributes to the Strategic Objective of EQL	Impact
4. Create value through innovation Be bold and creative, willing to try new ways of working and deliver new energy services that fulfil the unique needs of our communities and customers.	The ICT management systems were established and configured based on a traditional approach to ICT service delivery. However, with the increasing prevalence of agile methodologies to deliver fast and flexible solutions, the lines between support and projects has become blurred. This has resulted in support teams augmenting core ICT management systems with solutions appropriate to managing work in this new context. Replacing existing corporate ICT management systems will support the evolution of how ICT services are delivered to best meet Energex and Ergon Energy's service obligations.	Low

3.2. Alignment with National Electricity Rules (NER)

The table below details the alignment of the proposed solution with the NER capital expenditure objectives as regulated by the AER.

NER Objective Alignment	Rationale
6.5.7 (a) (2) The forecast capital expenditure complies with all applicable regulatory obligations or requirements associated with the provision of standard control services	The solution will comply with relevant regulated, legislative and policy obligations to enable efficient delivery of standard control services by enabling the effective management of ICT services.
6.5.7 (a) (3) The forecast capital expenditure maintains the quality, reliability and security of supply of standard control services	The replacement of aging legacy ICT management systems ensures sustainability of systems to support ICT capabilities used by Energex and Ergon Energy to deliver standard control services in a safe and efficient manner.
6.5.7 (c) (1) (i) The forecast capital expenditure reasonably reflects the efficient costs of achieving the capital expenditure objectives	Costs for this investment have been forecast based on knowledge of the ICT service management upgrade and other recent procurement activities, as well as general information gathered through market scans and vendor discussions. Energy Queensland undertakes competitive market procurement processes to ensure efficiency in project cost and operational expenditure prior to investment. Energy Queensland also has a cloud services strategy which assesses each potential investment to ensure the optimal use of cloud and internal services with considerations of cost, risk, service requirements and other parameters.
6.5.7 (c) (1) (ii) The forecast capital expenditure reasonably reflects the costs that a prudent operator would require to achieve the capital expenditure objectives	The requirement for this investment is premised on industry typical ICT Asset Lifecycle Management principles to prudently and efficiently ensure the supportability, serviceability and security of ICT management systems. Currently this investment has been analysed to a "Preliminary Gate 2" level. Prior to investment, a Gate 3 business case will be prepared with further detail to be assessed in accordance with the established investment governance processes.

NER Objective Alignment	Rationale
6.5.7 (c) (1) (iii) The forecast capital expenditure reasonably reflects a realistic expectation of the demand forecast and cost inputs required to achieve the capital expenditure objective	Costs for this investment have been forecast based on knowledge of the current ICT management systems, other recent procurement activities, as well as general information gathered through market scans and vendor discussions. A further detailed cost build-up will take place in development of the Gate 3 business case. This detailed cost estimate may be subject to further competitive market procurement processes, sourcing analysis and peer consultation.

3.3. Alignment with the Digital Office Application Asset Management Guidelines

The table below indicates alignment of the solution with the **Digital Application Asset Management Guidelines:**

Digital Application Asset Management Guidelines Assessment	Rationale
ICT management systems are classified as Systems of Differentiation according to Energy Queensland's Digital Application Asset Management Guidelines. These guidelines state a System of Differentiation has the following key defining criteria: • Supports a differentiating and new business process • Business process is understood & dynamic (improved ways to deliver existing outcomes) • Utilises information that is core to the business and other information that is sourced externally or generated as part of the process. • Moderate data integrity requirements (data needs to validate transaction but not necessarily be auditable) On the above basis, the guidelines forecast that Systems of Differentiation should maintain currency, supportability and effectiveness through the following investment lifecycle. • Minor Upgrade – 2 years after implementation • Major Upgrade – 5 years after implementation • Replacement – 7 years after implementation The guidelines further describe that Upgrade and Replacement investments should consider the extent of "obsolescence" of the solution. E.g. • Technical Obsolescence – The solution is still functional but not supportable • Financial Obsolescence – The cost of maintaining the solution outweighs the value derived from it. • Asset Obsolescence – The asset has reached the end of its reasonable functional life as indicated through failure rates, inability to meet business requirements etc.	The ICT management systems proposed for renewal through this investment will meet the criteria for replacement identified in the guidelines. The proposed investment is planned to conclude in FY25. [redacted]

3.4. Regulatory Implications

Robust and reliable ICT management systems are critical to the delivery of Energex and Ergon Energy's statutory and regulatory obligations by minimising system outages through pro-active maintenance and support.

4. INVESTMENT SCOPE

4.1. Functional Scope

Energy Queensland comprises multiple business areas and functions as defined in the organisation's Business Reference Model. The proposed investment in ICT Management Systems Replacement supports ongoing efficient service delivery throughout the organisation. The capabilities the investment will deliver are essential to the following business areas and functions.

Business Area	Business Function	Business Reference Model Description
Information Technology Management	ICT Service and Support Management	A function that includes Contract Management, ICT Vendor Management, ICT Support and Service Performance Reporting, ICT Solution Life Cycle Management (includes application development), ICT Service Management, ICT Support Management, ICT Infrastructure and Application Asset Management, ICT Release, Change Configuration Management, ICT Incident and Problem Management, ICT Request Management; and ICT Security Management.
	ICT Governance	A function that includes Architecture Design Governance and ICT Financial Governance.
	ICT Strategy and Architecture	A function that includes Strategic Planning and Advice, ICT Strategy Development, ICT Policy Planning, Research and Innovation, Contract Strategic Advice, Strategic Business Planning Support, Customer Engagement and Strategic Reporting, Enterprise Architecture, Solution Architecture, and Solution Design (Concept and High Level).

4.2. Solution Overview

4.2.1 Current State (2018)

The ICT management tooling is currently provided through a collection of systems in varying lifecycle stages as described below:

- **BMC Remedy / Configuration Management Database (CMDB):** Remedy is the core ICT service management system, including contact centre ticketing, case management and reporting, while the CMDB contains detailed configuration data for all ICT assets. Remedy was originally implemented in 2013 and upgraded to maintain vendor support in 2018. [redacted]
- **Jira:** A work management tool used by various ICT support and delivery teams particularly suited to agile methodologies. Jira has progressively been adopted and is used in differing ways across support teams. Lack of integration between Remedy and Jira makes it difficult to attain a complete picture of work currently in progress.
- **Enterprise Architect/Corporate Modeller:** The ICT architecture toolkit used to logically represent the ICT systems used across the organisation. These systems contain high-level ICT asset configuration data, enabling the systems architecture to be visualised, analysed and modelled. This informs management of ICT assets based on system component lifecycle.

- **Artemis/Program Resource Tool (PRT):** The key system used for ICT portfolio planning and resource allocation. Artemis contains the planned, in progress and historical program of work and is used for financial planning, monitoring and reporting across the program of work. In concert with PRT (an in-house developed resource management solution) and Ellipse connectors, these systems link the ERP EAM to the program management toolkit. Artemis was originally implemented in 2012 and was upgraded in 2016. [redacted]

4.2.2 Interim State (commencement of proposed investment)

Energy Queensland is currently implementing an Enterprise Resource Planning (ERP) and Enterprise Asset Management (EAM) solution. This will consolidate the resource management, program of work management and asset configuration management components of the ICT management systems within an enterprise platform. The solution will provide a reliable source of asset configuration and resource rostering information for the ICT service management system to enable more effective works management.

However, ICT service management and architecture will remain on legacy systems until the investment in ICT management systems. [redacted]

4.2.3 Target State (end of the proposed investment)

The ICT Management Systems Replacement investment will implement contemporary platforms to replace the existing ICT Service Management and ICT Architecture toolsets for long term supportability and sustainability. The target state will:

- Accommodate contemporary work practices in ICT service management to remove the need for alternative task management systems.
- Provide a two-way interface between the ERP EAM solution and the ICT service management platform to enable dynamic resource management and provide controls to maintain alignment of asset configuration specification.
- Provide contemporary capabilities for system monitoring, advanced problem diagnostics and access to enterprise architecture models to enable pro-active and efficient service management.
- Improve ICT architecture capabilities and remove duplication by providing interfaces to ICT asset configuration data stored within the EAM and systems monitoring/performance data from the service management platform.

Replacement of the legacy ICT management systems provides the opportunity to align ICT management processes with state-wide operational processes following the merger of the distributors. The solution will drive improved operational efficiency and effectiveness both within the ICT group and the wider organisation.

[redacted]

4.3. Assumptions

This business case is based on the following assumptions.

- The scope, inclusions, exclusions, costs and impacts of the initiative will be further detailed through the Gate 3 business case prior to investment. This may be subject to competitive procurement processes as appropriate to ensure cost efficiency of delivery.
- The initiative will be delivered consistent with the system design developed through the ERP EAM Program.

4.4. Dependencies

This investment is dependent on the following programs, projects or business activities:

Program/Project	Dependency	Effect
ERP EAM Program	The ICT management systems will use the ICT resourcing and ICT asset configuration data within the ERP EAM.	The ERP EAM investment is planned to complete prior to the commencement of the ICT Management Systems Replacement. The ICT management systems will interface with the ERP EAM to avoid duplication leading to inconsistency and inefficiency.
ID13 Process Management System Consolidation & Replacement	The process management platform will provide access to end-to-end business process definitions to enable more complex diagnostics in ICT service management and improved architecture modelling capabilities.	The Process Management System investment is planned to complete prior to the commencement of the ICT Management Systems Replacement. The ICT management systems will need to be capable of interfacing with the process management systems to fully leverage potential synergies from these investments.

5. OPTIONS ANALYSIS

This section considers the following options analysis:

- Option 1 – Proceed with the replacement of the current ICT management systems (preferred)
- Option 2 – Upgrade to latest version of existing platforms with no interface development
- Option 3 – Do minimal

5.1. Option 1 – Proceed with the replacement of the current ICT management systems (preferred)

The existing ICT management systems will be replaced and rationalised onto platforms employing contemporary capabilities for ICT service management and architecture. The solutions will enable the adoption of modern ICT support and delivery models. The investment will also support improved productivity through improved integration between service management, resource management, program of work management and enterprise architecture.

5.2. Option 2 – Upgrade to latest version of existing platforms with no interface development

The existing ICT management systems will be upgraded for ongoing supportability, security and serviceability. No rationalisation beyond that undertaken within the ERP EAM program will occur. No additional integration will be delivered. This option therefore does not support productivity improvements state-wide process alignment.

5.3. Option 3 – Do minimal

The existing ICT service management and enterprise architecture tools will be locked down, and where possible, maintained to enable continued operation until the FY26-30 regulatory control period. No productivity improvements will be enabled in relation to the ICT service management or enterprise architecture functions.

A comparison of these options is provided over page.

5.4. Option Comparison

Each option has been assessed against key assessment criteria contained in the table below.

Assessment Criteria	Option 1 - Proceed with the replacement of the current ICT management systems (preferred)	Option 2 – Upgrade to latest version of existing platforms with no interface development	Option 3 – Do Minimal
Advantages	**Consistent with the business case objectives**, this option: • Ensures the ongoing accessibility, supportability, sustainability and security of ICT management systems across Energex and Ergon Energy. • Implements contemporary ICT management solutions to meet organisational needs, in terms of usability, flexibility and functionality. • Supports consistent operating practices across Energex and Ergon Energy to drive organisational efficiency and interoperability. • Provides contemporary ICT architecture capability to model the technical environment in a manner consistent with evolving business processes. • Provides a flexible technical system design able to integrate securely with existing and future business systems and support emerging support and delivery models.	**Partly consistent with the business case objectives**, this option: • Ensures the ongoing accessibility, supportability, sustainability and security of ICT management systems across Energex and Ergon Energy. • Implements contemporary ICT management solutions to meet organisational needs, in terms of usability, flexibility and functionality.	**This option does not effectively achieve any of the objectives of the business case.** However, it does represent the lowest near-term capital expenditure for ICT Management Systems by deferring replacement investment into the FY26-30 period.

Assessment Criteria	Option 1 - Proceed with the replacement of the current ICT management systems (preferred)	Option 2 – Upgrade to latest version of existing platforms with no interface development	Option 3 – Do Minimal
Disadvantages	This option meets all the objectives of the business case. **However, the following disadvantage is recognised:** • Implementing contemporary ICT management systems and integration with the ERP EAM will involve a degree of disruption within EQ's ICT group that may have a short-term impact on ICT support service levels during transition.	**This option does not meet the following objectives of the business case:** • Does not support consistent operating practices across Energex and Ergon Energy to drive organisational efficiency and interoperability. • Does not provide contemporary ICT architecture capability to model the technical environment in a manner consistent with evolving business processes. • Does not provide a flexible technical system design able to integrate securely with existing and future business systems and support emerging support and delivery models. **Therefore, this option does not support the forecast Energy Queensland 10% reduction in indirect costs.** Furthermore, although contemporary versions of the toolsets will be in place, this option would result in the ICT management systems not having been replaced in up to 17 years old by the end of the regulatory control period.	**This option does not meet any of the business case objectives** with a consequence that the ICT management systems will range from 10-17 years old by the end of the regulatory control period. **This option does not support the forecast Energy Queensland 10% reduction in indirect costs.** This will impact the companies' FY26-30 revenue requirements, resulting in a negative price outcome for customers.

Assessment Criteria	Option 1 - Proceed with the replacement of the current ICT management systems (preferred)	Option 2 – Upgrade to latest version of existing platforms with no interface development	Option 3 – Do Minimal
Key Identified Risks	As the "preferred option", a specific implementation risk assessment is detailed in section 10.2. Key amongst these risks are: • Resource capacity and availability – mitigated through use of market-provisioned services and established practices, tools and techniques.	Similar to Option 1, this option involves a substantial investment. Therefore, the risks are similar as follows: • Resource capacity and availability – mitigated through use of market-provisioned services and established practices, tools and techniques. In addition, the following operational risks will not be mitigated: • Lack of native integration with ERP EAM platform may impede information sharing between functions and limit take-up of best-practice ICT support and ICT architecture processes.	[redacted] See the organisational risk assessment in section 10.1 for information

6. PREFERRED OPTION

"Option 1 - Proceed with the replacement of the current ICT management systems" is the preferred option, as it meets all the business case objectives, it is aligned with Energy Queensland's strategic objectives and is consistent with Energex and Ergon Energy's obligations under the National Electricity Rules. This option also supports realisation of Energy Queensland's forecast 10% reduction in indirect costs.

"Option 2 - Upgrade to latest version of existing platforms with no interface development" is viable but will not support all business case objectives. This option also does not support realisation of Energy Queensland's forecast 10% reduction in indirect costs.

"Option 3 - Do minimal" defers renewal of the companies' legacy ICT management systems. It therefore represents a material risk to the ability to support ICT systems relied on to delivery customer service obligations.

6.1. Delivery Timeline and Approach

[redacted]

7. INVESTMENT BENEFITS OVERVIEW

This section outlines the benefits associated with the investment. This business case has currently been analysed to a "Preliminary Gate 2" level. As such, the benefits will be further detailed, tested, and verified in preparation of the Gate 3 business case prior to investment.

This initiative is primarily an ICT Asset Replacement of legacy systems, required to ensure the ongoing sustainability, supportability and security of business critical capability. Energy Queensland will leverage the opportunity associated with this ICT replacement to also enable planned productivity improvements, resulting in a forecast 10% reduction in indirect costs. The benefits listed below represent contributions to the overall Energy Queensland productivity improvement targets.

7.1. Financial and Other Benefits

Area	Benefits Identified	Value
Financial Benefits		
ICT Operations Productivity	Improved operational productivity resulting from a consolidated and contemporary ICT management toolset. Benefit is derived from improvements in: • ICT task management; • Fault and defect diagnostics; • Root cause analyses and enablement of ICT continuous improvement practices; • ICT system monitoring; and • ICT architecture accessibility, flexibility and design efficiency.	[redacted]
Other Benefits		
ICT Operations	Sustainment of the companies' ICT operations management systems.	Sustainment
Whole of Business	Improved availability of ICT services due to enhanced ability to monitor systems and diagnose problems.	Operational Effectiveness

8. FINANCIAL ANALYSIS

8.1. Scope of Costs

The table below summarises the potential cost inclusions to deliver the outcomes described in this business case.

Phase	Description / Rationale
All Phases	Project management
	Project support
	Internal corporate logistics / overheads
	Communications and engagement
	Review and assurance (excluding normal Internal Audit functions)
Planning & Procurement Phase	Tender facilitation, probity management and legals
	Gate 3 business case development
	Development of planning deliverables (e.g. PMP, Stakeholder and Communications Plan etc)
	Software licences, hardware purchases, cloud services procurement
Design Phase	Software, infrastructure, interaction and information design
	Data profiling and migration design
	Solution architecture
	Integration design
	Business process design
	Organisational change design and change management planning
Build, Integrate, Test and Deploy Phase	Data migration and ETL (Extract, Transform, Load) build
	Data migration execution (incl. Trial Migrations, Dress Rehearsals, Verification etc)
	Software, infrastructure and environment configuration
	Integration build
	Business process design and organisational change implementation
	Testing (incl. information consistency, capacity, performance and load, security etc)
	Training
	Production deployment
Warranty Phase	Post implementation operational support
	Transition to business-as-usual (BAU) support
	Post implementation review

8.2. Cost Assumptions

The table below summarises the key cost assumptions for the initiative.

#	Assumption	Description / Rationale
1	Project phasing and deployment	The initiative will be delivered over an 18 month elapsed period with an up-front design phase followed by agile development and deployment. The deployment plan will be structured with consideration of: • Alignment with other dependent initiatives. • Sequencing to maximise business performance benefit. • Intention to minimise customer disruption and confusion by avoiding parallel running of multiple websites.
2	Use of market services	The initiative will be delivered through a team comprising internal subject matter experts and external solution delivery specialists, to ensure project cost efficiency and mitigation of project risk.
3	Energex and Ergon Energy costs	The project costs for Energex and Ergon Energy are consistent with the effort and complexity of transitioning each company from their respective current state to the common target state. The respective estimates (CapEx and OpEx) are as described in the section below.
4	Option 2 (Upgrade to latest version of existing platforms with no interface development)	[redacted]
5	Option 3 (Do minimal)	

8.3. Financial Summary[2]

8.3.1 Energex Option Comparison

[redacted]

8.3.2 Ergon Energy Option Comparison

[redacted]

8.3.3 Energex Expenditure Summary (Option 1 – Preferred)

[redacted]

8.3.4 Ergon Energy Expenditure Summary (Option 1 – Preferred)

[redacted]

8.4. NPV Calculation Parameters

The above NPV and financial calculations are based on the following parameters.

- The Energy Queensland Net Present Value (NPV) model has been used to calculate the NPV calculations for this business case.
- The financial analysis period has been based over a 10 year period after an 18 month implementation.
- 5.40% Regulated Rate of Return/WACC is applied with present values discounted to FY17/18.

[2] Bracketed figures indicate negative values.

9. PROGRAM DELIVERY

9.1. Program Governance & Delivery

The governance and delivery model depicted in Figure 4 (below) is planned to be used for delivery of the initiative.

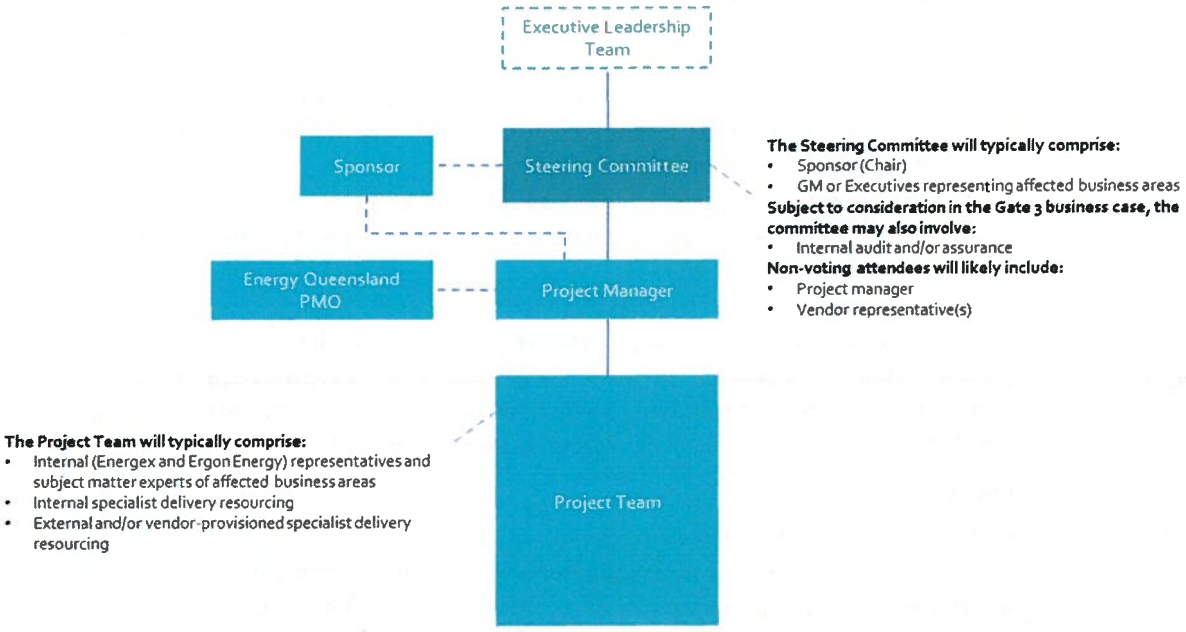

Figure 4 Governance and delivery model

Role	Key Accountabilities
Steering Committee	Provides a single point of accountability for delivery of the initiative in accordance with the business case, as well as decision making aligned with strategic directions of the company. The committee governs the initiative with appropriate balance between delivered outcomes (time, fitness for purpose, cost), risk, business impact and enabled business value. **Responsibilities** • Attend and be an active participant in committee meetings • Foster positive communications outside of the committee regarding the initiative • Be the voice of the initiative, including communications where appropriate to the Group Executive, Energy Queensland Board and other key stakeholders • Review and approve/reject any request for change (change requests) to the agreed scope, budget, schedule or deliverables. • Ensure all approved change requests align with the program objectives • Ensure program quality outcomes are balanced with other competing priorities • Review each completed phase (or defined stages or gates) and provide go/no-go direction after consideration of quality, risk, cost and schedule • Undertake a Post Implementation Review (PIR) • Ensure the appropriate independent auditing and review of the program is undertaken at the logical stage gates of the program

Role	Key Accountabilities
Sponsor	The Sponsor is accountable for delivering the business value enabled by the initiative and meeting the objectives set through the business case. **Responsibilities** • Oversee development of the business case • Oversee development of the project management plan (PMP) working closely with the Project Manager • Monitor and advise on delivery outcomes working closely with the Project Manager • Ensure that any proposed changes of scope, cost or delivery timeline are checked against possible impacts to program benefits • Approve Change Requests within delegated authority levels • Ensure Change Requests have been endorsed by all impacted parties (Business Change, Design, Delivery, Finance, BAU) • Brief Executives and Board on program progress • Ensure that the benefits realisation plan is realistic and achievable
Project Manager	The Project Manager has responsibility for the delivery of the overall initiative while maintaining the balance of competing priorities and alignment with initiative objectives as specified in the business case and as directed by the Steering Committee. **Responsibilities** • Deliver the overall initiative outcomes • Agree delivery strategies with the Sponsor and the Steering Committee • Develop the PMP and oversee specification of all initiative deliverables including assessment of interdependencies and appropriate sequencing across the initiative • Manage development of the communications plan and ongoing communications with guidance and feedback from key stakeholders • Manage mobilisation of the initiative, including resource provision and procurement • Oversee technical delivery of solution design, development, implementation, integration, testing and data conversion • Oversee the delivery of training, deployment, organisational change management and business process re-engineering • Resolve all issues concerning project plans, schedules, budgets, risks and issues as they relate to the initiative • Manage cross-project dependencies, scope and resourcing issues • Ensures audit feedback is actioned in a timely, verifiable manner and validated
Program Management Office	The Program Management Office is a centralised Energy Queensland business function which provides coordination, standards, administrative support and end-to-end reporting for Energex and Ergon Energy's business transformational and ICT initiatives. **Responsibilities** • Provide a central repository and framework for all program and project issues and risks • Co-ordinate and manage all project plans under guidance from the Project Manager • Overall program / project risk mitigation management • Overall program / project issue management • Program financial tracking and reporting • Deliverables monitoring • Program key performance monitoring and reporting

Role	Key Accountabilities
Project Team Members	The Project Team undertakes the core delivery of the project under direction of the Project Director and/or Project Manager. The team typically comprises internal representatives and subject matter experts of affected business areas as well as internal and vendor-provisioned delivery resourcing. **Responsibilities** • Develop and deliver assigned project deliverables • Identify issues and record, monitor and report status • Manage issues with appropriate actions • Escalate issues as required • Attend reference groups and other forums as required

9.2. Stakeholder Management

The following tables summarise the key internal and external stakeholders for the investment. A detailed stakeholder management plan will be developed as part of delivery planning for the initiative.

9.2.1 Key Internal Stakeholders

Stakeholder	Interest
ICT Management Team	Continued ability to meet ICT support performance targets while also delivering operational efficiency.
ICT Support Teams	ICT service management capabilities, including service desk, task management, system monitoring and problem diagnostics tools. It is anticipated this will necessitate training and development of the current team.
ICT Architects	ICT Architecture capabilities and removed need to maintain separate ICT asset configuration data.
General Workforce	Altered ICT support model must have a positive or neutral impact on system availability and problem resolution.

9.2.2 Key External Stakeholders

Stakeholder	Interest
ICT system vendors	Continued ability to manage hand-offs between EQ ICT support and vendor support.

10. RISK ASSESSMENT

10.1. Organisational Risk Assessment

[redacted]

[redacted]

[redacted]

10.2. Preliminary Implementation Risk Assessment

This section provides a preliminary assessment of the key implementation risks of the preferred investment option. These risks will be managed and mitigated by standard program controls and therefore have significantly reduced likelihood of occurring.

Risk Description	Inherent risk	Planned Mitigation	Residual risk
Risk 1. Resource capacity and availability The initiative requires mobilisation of a skilled delivery team comprising internal subject matter experts and external solution delivery specialists. The required internal subject matter experts may be limited in capacity due to other initiatives and organisational change. Availability of required external solution delivery specialists is dependent on the capacity of the market.	Moderate	Continue to perform prudent program management planning to minimise internal resourcing conflicts, ensuring adequate capacity is committed to each initiative prior to delivery. Also prior to delivery, verify the availability of external solution delivery expertise through market procurement processes.	Low
Risk 2. ICT support levels during cut-over As with any major system implementation, there may be a short term productivity impact as users become familiar with the new ICT service management system. This may result in temporarily reduced issue resolution performance during transition.	Moderate	Ensure sufficient training has been factored in to the project plan and consider a staged roll-out to minimise risk.	Low
Risk 3. Program Interdependencies Interrelated upgrades and/or replacements of related systems have been sequenced to minimise risk and duplication of effort. The system design adopted in earlier planned items may impose some limitations on subsequent implementations.	Moderate	Ensure an open system design is adopted wherever possible to minimise limitations on future deployments.	Low

11. CHANGE IMPACTS

The below section details the potential impacts to occur across Energy Queensland during and after the implementation of this investment.

11.1. Investment System Impacts

[redacted]

11.2. People & Process Impacts

[redacted]