



Asset Management Strategic Planning Framework

MARCH 2022

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1. Introduction

The Regulated Investment Planning Policy states that:

ElectraNet will establish and maintain an asset management decision making framework for regulated capital investments that follows a risk-based approach balancing asset risk, cost, and performance over the asset lifecycle with the objective to ensure regulated investments provide their expected service outcomes at lowest long-run cost.

The Strategic Asset Management Plan (SAMP) describes the high-level Asset Management Strategic Planning Framework developed to meet this policy.

The purpose of this Asset Management Strategic Planning Framework document (the Framework) is to provide more information to support operationalising the Framework as part of annual business planning. The Framework:

- Outlines the key regulated investment planning activities undertaken and outputs produced throughout the year, describing their purpose, their content and associated accountabilities, and responsibilities;
- Provides a high-level timetable of these activities; and
- Provides an indication of key input requirements from the business and the correlation between the various activities required for developing integrated capital expenditure (capex) and operating expenditure (opex) regulated investment plans for input into the annual business plan, and 5-yearly Revenue Proposals.

The processes underpinning the Framework are principally the responsibility of the Asset Management Division, noting that various contributions are sourced from other parts of the business.

2. Framework Scope

The Framework ensures that planning for regulated transmission network capex and opex investments is performed in a systematic manner. Business IT and Facilities investments are outside the scope of this Framework.

The Framework encapsulates the interaction and interdependency between:

- Network Development and Asset Lifecycle strategies, plans and activities; and
- Regulatory obligations and Revenue Proposal expenditure plans.

This allows timely input into business planning (refer Integrated Financial Planning and Reporting Framework) to support:

- Workforce planning;
- Funding requirements (quantum & timing);
- Contracts and procurement strategies;
- Projects portfolio management; and
- Governance, risk and compliance.

3. Framework Objectives and Overview

The Framework summarises how we develop network and asset plans to meet the following Asset Management Objectives:

- **Safety of people** – ensure the safety of staff, contractors and the public;
- **Protect the environment** – ensure the environmental impact of network operations are minimised;
- **Affordability and reliability** – reduce the overall cost of electricity to customers by removing network constraints, operating the network and delivering our capital and maintenance works as efficiently as possible, while maintaining safety and reliability; and
- **Power system security and resilience** – ensure the network is resilient and operates within acceptable parameters in the face of electrical, physical, or cyber disruption, and continues to enable the transition to a low carbon emissions future.

These objectives were developed in consultation with the Consumer Advisory Panel and the Board Network Technical Committee and are documented in our Strategic Asset Management Plan.

An overview of the Framework is shown in Figure 1.

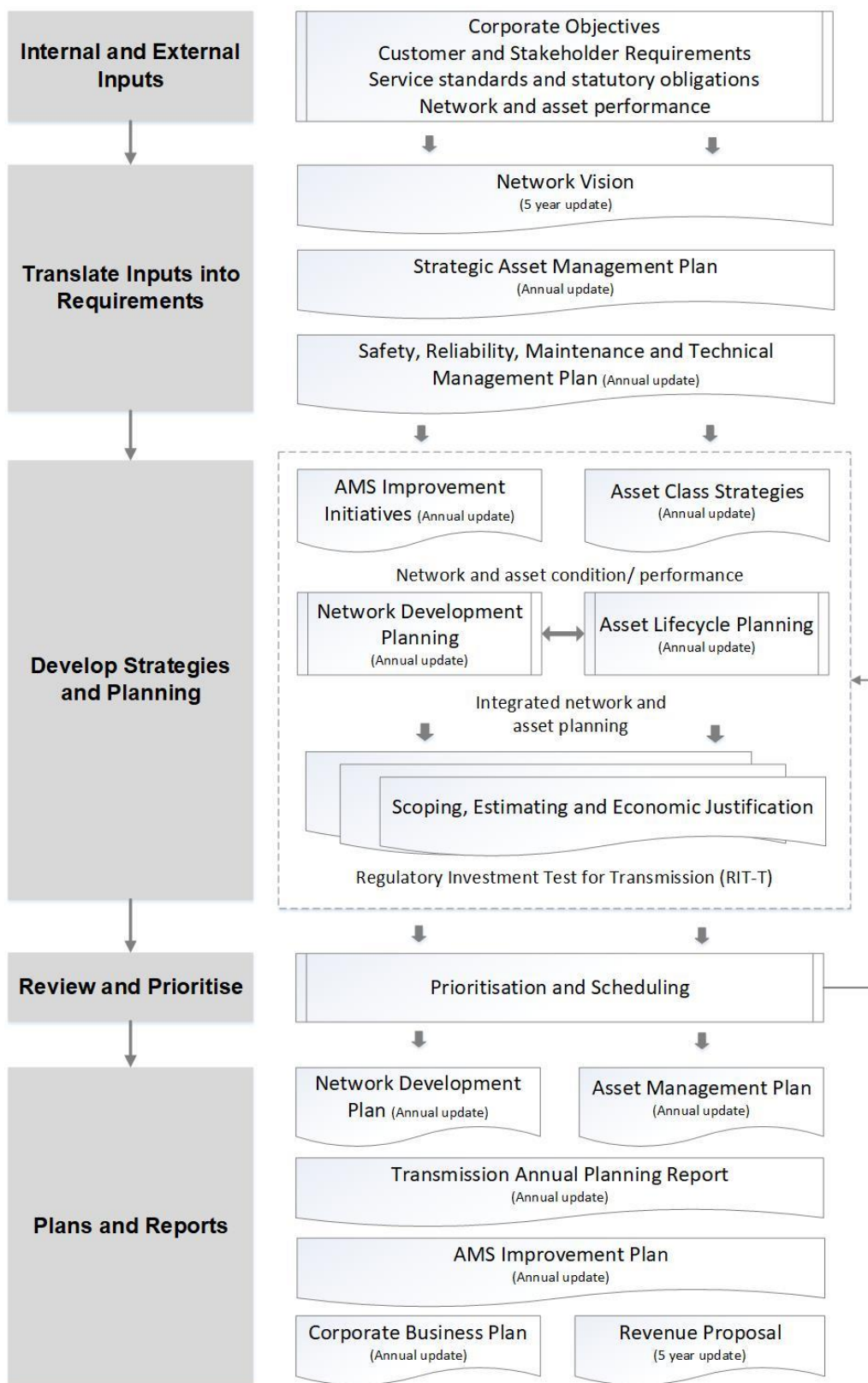
4. Integrated Planning

Integrated network and asset planning is critical to ensure optimal planning and asset management decisions.

Integrated planning is about developing asset plans that consider the future network service requirements of the relevant assets. Conversely it is also about network plans considering the condition and performance of assets.

Integrated planning is facilitated by close coordination between the Network Development and Asset Lifecycle functions and effective consultation on draft Network Development and Asset Management Plans.

Figure 1: High-level overview of the Asset Management Strategic Planning Framework.



5. Risk Cost Assessment Framework

Our risk-based approach to asset management decision making includes undertaking an economic assessment for all major projects, with a dollar value assigned to all quantifiable benefits and costs, including safety, reliability, system security and environmental risk benefits and costs.

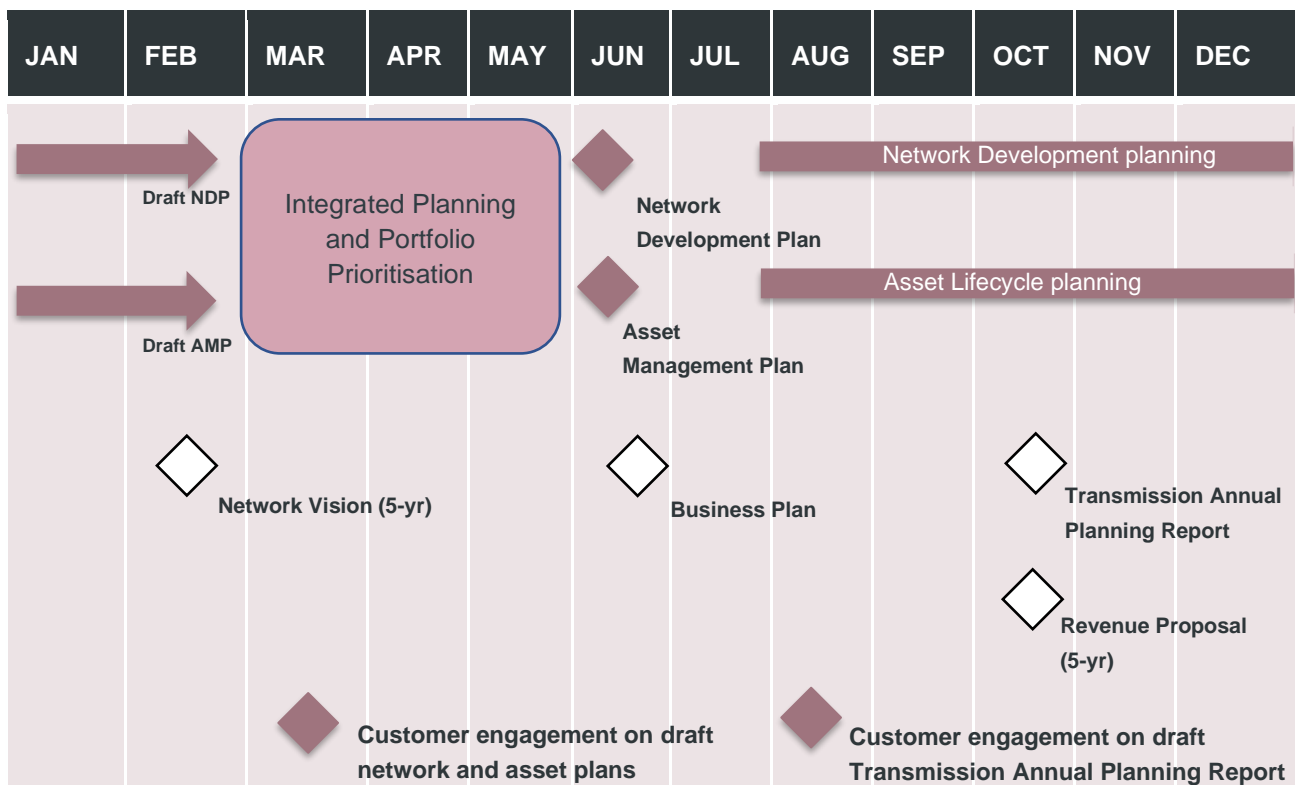
Where investment is required to meet a mandated Rule or Code obligation, the economic assessment may reduce to finding the solution with the lowest lifecycle cost. For replacement projects, the risk cost reduction and other benefits of a proposed asset replacement are compared to the costs of the replacement project to determine if the proposed expenditure delivers net economic benefits.

Guidance for applying the risk cost assessment framework is found in 1-18-OP02-P001 Risk Cost Assumption Procedure, and 1-18-FR02-P006 Probability, Consequence and Cost Assumptions Procedure.

6. Asset Management Strategic Planning Calendar

A high-level Asset Management Strategic Planning Calendar is shown in Figure 2.

Figure 2: Annual Asset Management Strategic Planning Calendar



This includes customer engagement on draft network and asset plans and on the draft Transmission Annual Planning Report.

The tables below outline the various activities and inputs that need to be delivered, the responsible parties and the due dates required to support annual asset management planning.

Table 1: Network Development Annual Planning Calendar

What	Who	When
Review and update connection developments	Business Development/ Customer Connections Planning	Aug - Oct
Review and update network performance inputs <ul style="list-style-type: none"> • Constraints • Protection and critical clearing times • Ratings • Special Protection Schemes (ElectraNet/ third-party schemes) 	Network Planning/ Power System Capability	
Review and update ultimate substation plans (fault levels and Single Line Diagrams)	Power System Planning	
Demand forecasts including SA Power Networks and AEMO inputs, Integrated System Plan inputs	Power System Planning	
Assess options, undertake economic assessments, and identify initial plans for addressing emerging needs, based on initial scopes and estimates.	Power System Planning with support from Estimating Team and Regulation & Investment Planning	Oct - Dec
Review economic cases and cost estimates for committed, changed, and under development projects	Network Development with support from Estimating Team and Regulation & Investment Planning	Oct - Dec
Produce Draft Network Development Plan and add Project Proposals to PSA	Network Planning	Jan - Feb

Table 2: Asset Life Cycle Annual Planning Calendar

What	Who	When
Review and update asset performance history	Asset Engineering (discipline teams)	Aug - Oct
Review and update asset TALC assessment	Asset Engineering (discipline teams)	
Review and update asset risk cost model <u>inputs</u> and <u>outputs</u> (PowerPlan)	Asset Lifecycle	
Review and update Asset Class Strategies	Asset Lifecycle	Oct - Dec

What	Who	When
Assess options, undertake economic assessments, and identify initial plans based on initial scopes and estimates.	Asset Lifecycle with support from Estimating Team and Regulation & Investment Planning	Oct - Dec
Review existing economic cases and cost estimates for committed, changed, and under development projects	Asset Lifecycle with support from Estimating Team and Regulation & Investment Planning	Oct - Dec
Produce Draft Asset Management Plan (Draft) and add Project Proposals to PSA	Asset Lifecycle	Jan - Feb

Table 3: Integrated Planning Annual Calendar

What	Who	When
Undertake integrated project optioneering	Asset Lifecycle and Network Development with support from Project Engineering and Estimating Teams	Mar - May
Undertake scoping, estimating and economic assessment	Asset Lifecycle and Network Development with support from Project Engineering and Estimating Teams, and Regulation & Investment Planning	Mar - May
Engage with Consumer Advisory Panel (CAP)	Regulation & Investment Planning	Mar - May
Complete Network Development Plan (Final)	Network Development	June
Complete Asset Management Plan (Final)	Asset Lifecycle	June

7. Framework Outputs

The Group Executive Asset Management is accountable for the Framework and the outputs listed below in Table 4.

Table 4: Framework and outputs

Document	Purpose	Annual Timing	Responsible	Contributor(s)
Network Vision	A vision of future network requirements developed in consultation with customers and stakeholders. The vision includes directions and priorities that guide the management and development of the transmission network.	Reviewed prior to development of 5-year Revenue Proposal	Manager Network Development	<ul style="list-style-type: none"> ▪ External stakeholders ▪ Power System Planning ▪ Power System Capability ▪ Regulation and Investment Planning ▪ Strategic Asset Management ▪ Business Development
Network Development Plan	A 20-year plan that is updated annually based on a review of the capability of the transmission network and regulated connection points to meet customer and regulatory needs under a range of future operating scenarios.	Draft by February Final by June	Manager Network Development	<ul style="list-style-type: none"> ▪ Customers ▪ Power System Planning ▪ Power System Capability ▪ Customer Connection Planning ▪ Regulation and Investment Planning ▪ Strategic Asset Management
Asset Management Plan (AMP)	A plan for the maintenance, refurbishment, and replacement of physical and information assets constituting the transmission network.	Draft by February Final by June	Manager Asset Lifecycle	<ul style="list-style-type: none"> ▪ Customers ▪ Power System Planning ▪ Regulation and Investment Planning ▪ Strategic Asset Management ▪ Asset Planning ▪ Asset Engineering Teams (various) <ul style="list-style-type: none"> – Substation, – Primary Plant, – Lines, – Secondary Systems – Telecommunications

Document	Purpose	Annual Timing	Responsible	Contributor(s)
Transmission Annual Planning Report (TAPR)	The TAPR provides information on the current capacity and emerging limitations of the transmission network. The report covers a ten-year planning period and includes a description of the current network, demand projections, emerging network limitations or constraints, and information on completed, committed, pending and proposed transmission network developments.	Published by 31 October in accordance with the National Electricity Rules	Manager Network Development	<ul style="list-style-type: none"> ▪ Customers ▪ Power System Planning ▪ Power System Capability ▪ Customer Connection Planning ▪ Regulation and Investment Planning ▪ Strategic Asset Management ▪ Asset Planning

8. Assurance

Assurance regarding delivery of the Framework outputs is provided by the following:

1. First Line of Defence is provided by the responsible manager, who is required to develop the necessary procedures and guidelines to ensure the quality and timeliness of the respective outputs, and to ensure that these are followed.
2. Second Line of Defence is provided by:
 - (a) Manager Strategic Asset Management will develop an annual audit plan and performance dashboard in consultation with the Group Executive Asset Management which will include:
 - (i) Status/ currency of procedures and guidelines; and
 - (ii) Audit report of compliance/ conformance to the procedures and guidelines highlighting major non-compliances, minor non-compliances and improvement opportunities.
 - (b) Audits will be conducted independently of the Asset Management Division based on the annual audit plan;
 - (c) The Asset Management Committee will annually review the audit reports/ dashboards, any associated action items, their status, and recommend prioritisation/ escalation, including into the corporate risk register and/ or Board Audit and Compliance Committee (if required).
3. Third Line of Defence is provided by the Internal Audit function overseen by the Board Audit and Compliance Committee.

