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Directlink

Asset Performance & Lifecycle Plan



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1. Introduction

1.1. Purpose

This Asset Performance & Lifecycle Plan presents a summary of the key aspects of asset management activities with respect to the Directlink.

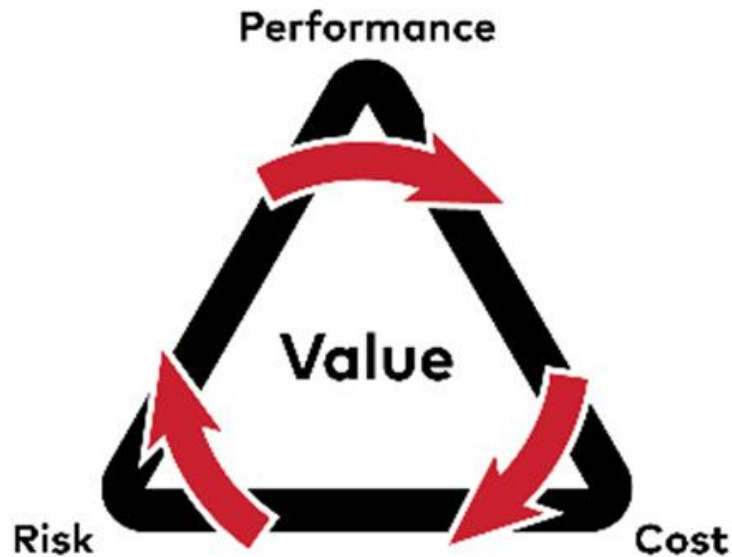
The plan is a collaborative document where the Operational Excellence standard is underpinned by business processes with accountable owners responsible for performance management of the asset, including any necessary actions required to meet or maintain the assets key objectives.

1.2. Scope

This document is generic to all APA assets, although reflects business processes pertinent to its Electricity Transmission operations that demonstrate how Asset Management is consistently undertaken at APA.

2. APA Asset Management

Asset Management at APA is the systematic and coordinated activities and practices through which the company optimally and sustainably manages its assets and asset systems, their associated performance, revenues, risks, and expenditures over the asset life cycles for the purpose of achieving its organisational strategic plan.



APA's Asset Management (AM) team is the custodian for all of APA's owned assets nationally, including Directlink.

2.1. Operational Excellence

Operational excellence at APA embraces certain principles and methods to create sustainable improvement within the organisation. It is a continuous improvement focus with an emphasis on removing waste, creating value and enhancing capability of Operations that translates to meeting customer needs.

Operational Excellence ensures APA executes its business strategy more effectively, efficiently, and consistently than its competitors, extracting maximum value from APA's Assets for its customers and shareholders. Realising competitive advantage, best practice operations and supporting growth through the following operational excellence pillars:

- Exceeding Customer Expectations through reliable service to market and leading product offerings
- Strategic Alignment of business priorities realising long term business value whilst balancing risk, cost, and performance
- Performance monitoring and management against SMART metrics
- Innovation and Continuous Improvement aligned with value-ease and benefits realisation framework
- High Performing Teams where APA have access to the right people at the right time, working in a positive culture and a positive employee experience



Figure 1, Operational Excellence Framework: The effective application of business processes across the six operational excellence pillars, transcending APA's Operations to achieve performance excellence

2.2. Operational Excellent Processes

The Operational Excellence standard has thirty four key business processes to ensure the assets are operated, maintained, and improved to maximise value in a safe, compliant, and effective manner.

The purpose of defining these processes is to ensure:

- Clear alignment of purpose
- Clear ownership of key processes
- Integration of activities across teams to minimise risk and waste
- Prioritisation of improvement initiatives (roadmaps and governance)

The processes have agreed definitions, including approved purposes and deliverables as well as agreed key performance metrics used to measure and monitor performance of each asset across APAs' Operations.

2.3. Asset Performance Monitoring

Performance monitoring is critical for driving strategic business decision making practices to achieve operational excellence. High-level performance metrics are reviewed against the background of Asset Strategic Objectives and Asset Risk, with the following objectives:

- Key Performance Indicators for each asset applicable processes are monitored and reviewed at frequencies defined in the relevant business process.
- The asset's management team make recommendations for corrective action where an asset's performance indicates it is significantly off track to meeting its strategic objectives.
- Where the performance metric indicates an on-going issue, these issues are escalated through Operational Performance Management forums, with corrective actions outlined.

2.4. Asset Lifecycle Management System

Asset Lifecycle Management involves the identification and treatment of risk/opportunities and the allocation of APA's capital management program over a 5 to 20-year window.

A SharePoint database is used to develop and implement improvement projects linked to Asset Management Strategy and Asset Risk. The information captured is managed through a project proposal form which has been specifically designed to collect the information and captures a thorough understanding of the scenario, evaluation of options and the defined business benefit.

The initiation to prioritisation process is as follows;

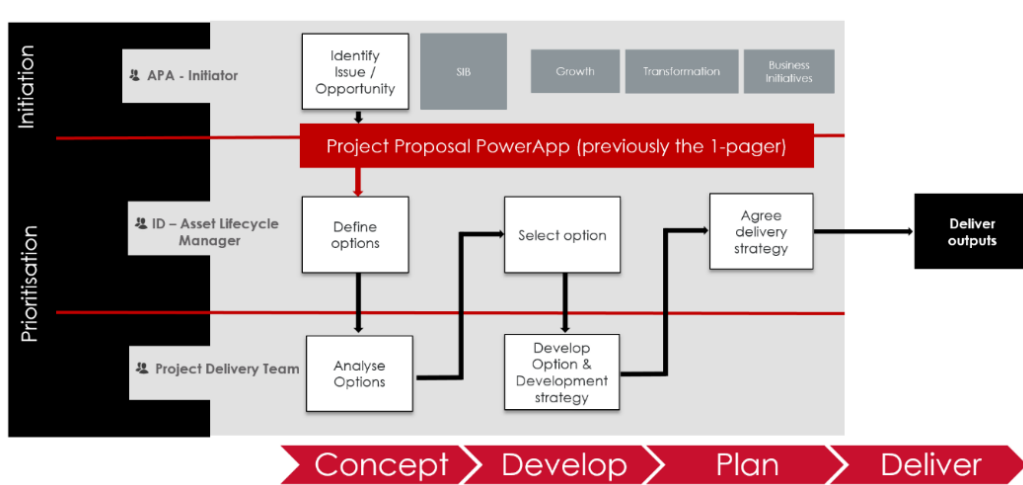


Figure 2 - Project Proposal Lifecycle Map

2.4.1 Project Identification and Selection

All members of the cross functional asset management team can develop a project proposal that relate to risks and opportunities relevant to their discipline. These projects can relate to short and medium-term integrity-based activities, such as operating hours-based overhauls, asset condition rectification and other risk management mitigation initiatives or can be more complex. Where the issue is complex additional information in the form of an internal business case is submitted. Additionally, opportunities to improve the assets may also be received. These are managed in parallel to the risk-based projects and utilise similar assessment criteria.

All projects are prioritised or deferred by being assessed for a Risk Score and Asset Management Alignment score.

Risk Score

The Risk Score is assessed using the APA 5 x 5 Risk Matrix. The Risk Score is a combination of the likelihood and consequence associated with the untreated risk. The Risk Score is proposed by the team member developing the project proposal and validated by the cross functional asset team prior to inclusion in the project portfolio.

The consequence is based on outage duration and the impact on the supply of services:

- a consequence of 2 (minor) corresponds to a supply disruption of more than one day and less than one week
- a consequence of 3 (significant) corresponds to a supply disruption of more than one week and less than one month
- a consequence of 4 (major) corresponds to a supply disruption of more than one month and less than three months.
- a consequence of 5 (catastrophic) corresponds to a supply disruption greater than three months

The likelihood is based on a qualitative categorisation of historical data and trending deterioration to align to the descriptions outlined in the Risk Matrix, extracted below.

Likelihood*	Description	Frequency
Frequent	Expected to occur on a regular basis and many times	Many times in 1yr
Occasional	May occur occasionally or in many circumstances	Every 2yrs
Unlikely	Unlikely to occur but possible when certain circumstances prevail	Every 5yrs
Remote	Not anticipated but may occur if certain abnormal circumstances prevail	Every 20yrs
Rare	Conceivable, but has not been known to arise previously	Every 50yrs

The team considers the Asset's Risk Register and the high-level asset risks and opportunities, with residual, inherent and target risks re-assessed on an annual basis, with any projects (as controls) assessed against the revised Asset Risk Register.

2.4.2 Project Delivery Management

Capital projects are typically delivered by APA's Project Design & Delivery team, within the Engineering and Planning business unit. Projects may also be delivered by the Infrastructure Construction, Operations & Maintenance or IT/OT depending on the nature of the project.

Throughout the year the delivery of projects is reviewed and the expenditure re-forecast monthly. The delivery teams operate independently, and separate governance meetings are held monthly to ensure scope, schedule and budget milestones are being met.

The Lifecycle team take any variations taken into consideration and may add projects to or defer projects from the annual scope, based on re-assessment of asset risk and alignment to asset needs.