

Appendix 1.2: Asset management policy

**Regulatory proposal for the ACT electricity distribution network 2019-24
January 2018**

Disclaimer: On 1 January 2018, the part of ActewAGL that looks after the electricity network changed its name to Evoenergy. This change has been brought about from a decision by the Australian Energy Regulator. Unless otherwise stated, ActewAGL Distribution branded documents provided with this regulatory proposal are Evoenergy documents.

Electricity Distribution Asset Management Policy

IMS Document Number: PO1101

Procedure Owner: Strategic Planning Manager
Date of issues: 18 January 2018
eIM Classification: Energy Delivery/ Asset Lifecycle Management

Version: 11.0
Date of next review: 18 January 2020

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 substations
- transmission system
- distribution system
- secondary systems (SCADA/protection/communications)
- operational technology systems

Asset management is:

“the coordinated activity of an organization to realize value from assets

Note 1: Realization of value will normally involve a balancing of costs, risks, opportunities and performance benefits.

Note 2: Activity can also refer to the application of the elements of the asset management system.

*Note 3: The term ‘activity’ has a broad meaning and can include, for example, the approach, the planning, the plans and their implementation”.*²

Figure 1 illustrates the scope of asset management.

1.1 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.

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

² Derived from ISO 55000:2014 : Asset management - Overview, principles and terminology

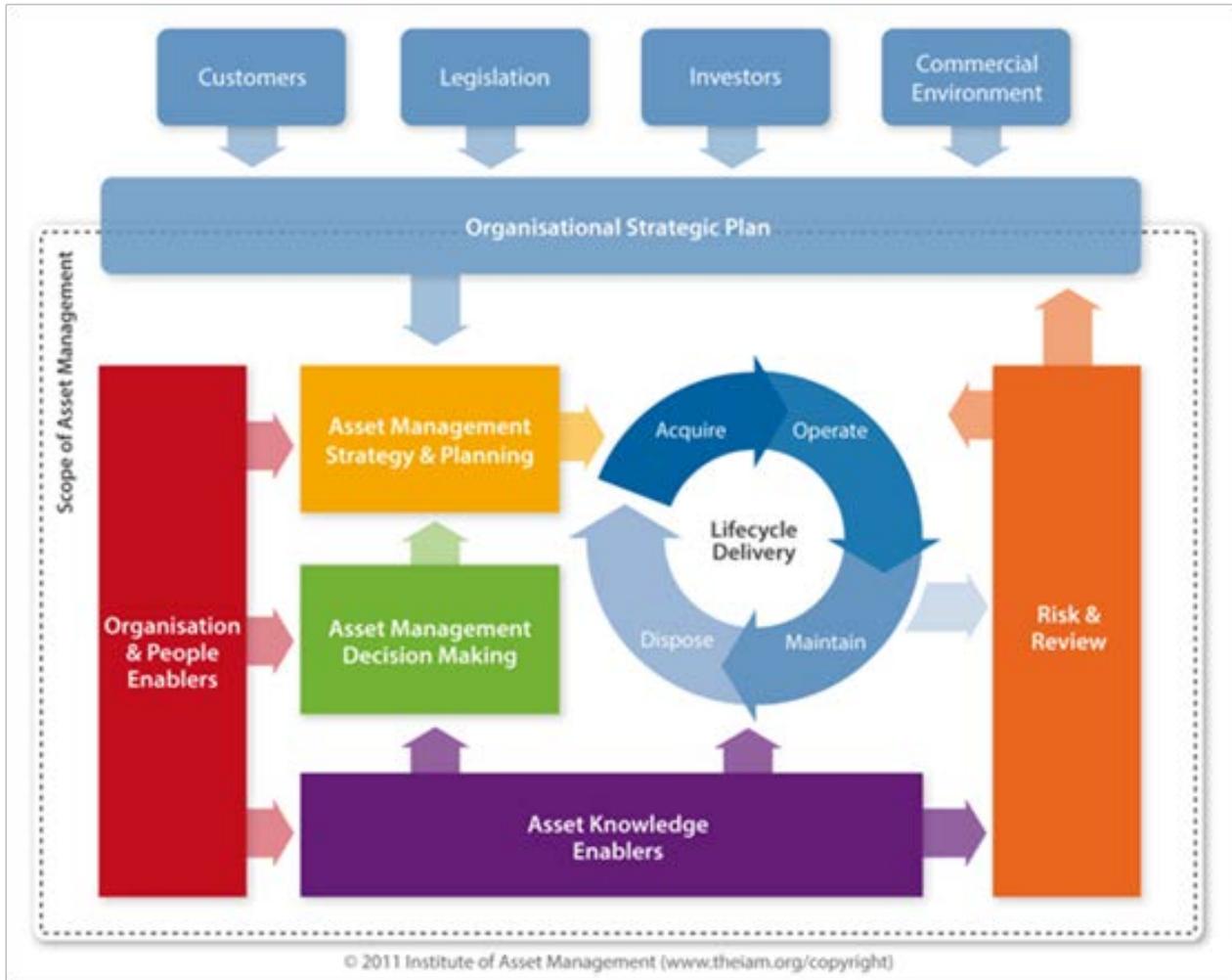


Figure 1: Scope of asset management³

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 ISO 55001:2014: Asset management - Management systems - Requirements.

3. Policy

3.1 Overarching policy statement

ActewAGL is committed to operating and maintaining an Asset Management System that conforms with *ISO 55001:2014: Asset management - Management systems – Requirements* which supports effective asset management outcomes and ensures continuous improvement in asset management processes.

This system is defined in document ActewAGL Asset Management System.

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

⁴ Derived from ISO 55001:2014 : Asset management - Management systems - Requirements

3.2 Aspirational Policies

All network businesses in Australia are at a turning point with the rapid changes in the composition of the energy system driven by changing customer behaviours, energy efficiency, shifts from centralised to decentralised generation / storage and a more austere regulatory environment. In the most recent regulatory determination ActewAGL Distribution was handed its toughest challenge with sizable declines in Opex and Capex.

ActewAGL's aspirational policy is to provide a clear and motivating direction or 'north star' for employees / owners to help guide decisions, enable better planning and ensure consistency and coherence of behaviours in the evolving networks business and emerging unregulated opportunities.

ActewAGL will position itself to maximise the relevancy and efficiency of the core business while delaying future revenue declines.

The corporate policy is to determine the urgency for short term action, what role ActewAGL should play, where do we want to be (aspiration) and what must we do to get there.

Overarching strategies to act on these aspirational policies are embedded in the Asset Management Strategy.

3.3 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 [Risk Management and Legal Compliance Policy - PO4930](#);
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.
6. ActewAGL shall employ appropriate innovative technology to develop the network to meet the aspirational policies in clause 3.2

3.4 Core Asset Management Principles

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

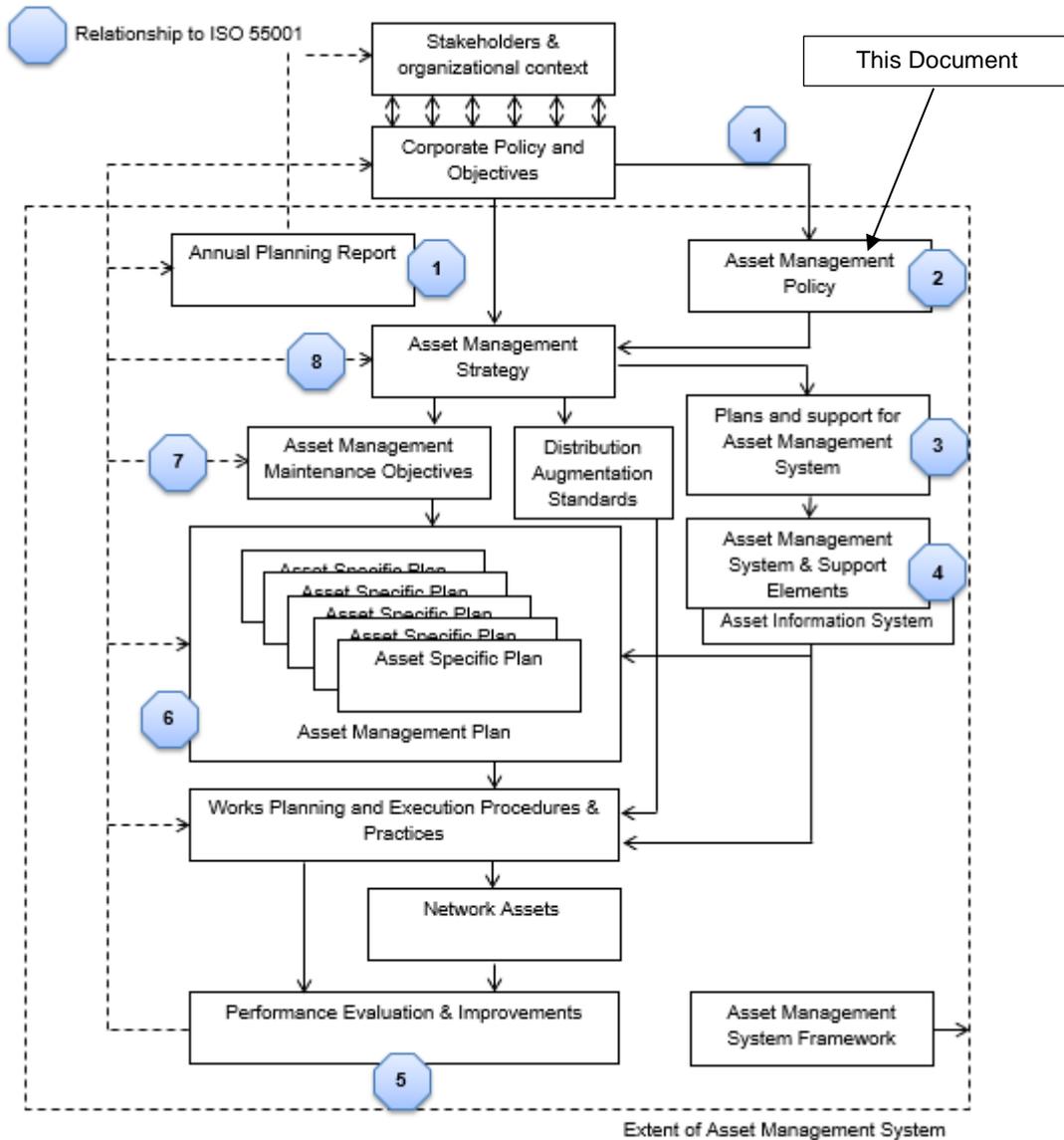
1. The appropriate balance between stakeholder expectations regarding system reliability, risk and cost will be determined.
2. All Asset Management interventions will be justified by robust engineering analysis underpinned by appropriate asset information.
3. Future projects will be prioritised based on the lifecycle costs as applicable to appropriate classes of assets, 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 maintenance program will be improved through implementation of a risk-based approach to determining maintenance requirements that deliver required levels of reliability. The maintenance program is based on maximising efficiency and effectiveness, and is detailed in the Asset Management Strategy and Objectives.
6. The search for continuous improvement of the utilisation and productivity of internal and contracted labour resources.

7. The search for continuous improvement of the utilisation and productivity of network assets.
8. The Asset Management capabilities of the organisation will be developed to an appropriate level to deliver efficient outcomes for customers and stakeholders.

3.5 Asset Management Alignment

The ActewAGL Asset Management System (AMS) incorporates alignment of its components shown in Figure 2. The relationship of subsystem components is provided in the [Asset Management System Framework Document](#).

Figure 2: Asset Management System



3.6 Commitment to compliance

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

3.7 Corporate alignment

This policy is a key component of the electricity distribution AMS which delivers the operational assets necessary to achieve the [Energy Networks Business and Transformation Plan](#). 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 ISO 55001 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:

- [Risk Management and Legal Compliance Policy - PO4930](#)
- [Environmental Strategic and Management Plan - SM4602](#)
- [Work Health, Safety, Environment and Quality Policy - PO4601](#)
- [Business Interruption Management - PR4678](#)

4. Roles and responsibilities

Table 1 outlines the positions and roles of key parties in the AMS. Operational responsibilities are detailed in the [Asset Management - Configuration Management](#) document.

Table 1: Asset management roles

Position	Role
Board	The Board provides organisational strategic direction and approves ActewAGL’s 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 Energy Networks	The General Manager Energy Networks is accountable for an effective electricity distribution Asset Management System in accordance with this policy.
Branch Manager Asset Strategy	The Branch Manager Asset Strategy 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 ³ and managers ⁴ 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 works are expected to apply the asset management principles detailed in this policy and comply with related procedures and plans.

5. Related documents

5.1 External

ISO 55001:2014 Asset Management (available through ActewAGL’s subscription to [Standards Online](#))

5.2 Internal – corporate policy

- [Corporate governance arrangements - PO4906](#)
- [Risk Management and Legal Compliance Policy - PO4930](#)
- [Environmental Strategic and Management Plan - SM4602](#)
- [Work Health, Safety, Environment and Quality Policy - PO4601](#)
- [Business Interruption Management - PR4678](#)
- [Asset Management and Accounting - PO4401](#)

³ Being General Managers and Directors

⁴ Branch level managers

5.3 Internal – other

[ActewAGL Asset Management Strategy](#)

[Asset Management Objectives](#)

[Asset Specific Plans](#)

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 as 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 and equipment, machinery, property, buildings, vehicles and other items that have a distinct value to the organisation
asset management	systematic and coordinated activities and practices through which an organisation optimally and sustainably manages its assets and asset systems, their associated performance, risks and expenditures over their lifecycles for the purpose of achieving its organisational 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 organisational 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 organisational strategic plan and the asset management policy
asset management system AMS	organisation's asset management policy, asset management strategy, asset management objectives, asset management plan(s) and the activities, processes and organisational structures necessary for their development, implementation and continual improvement