



Ausgrid - Optimised Project Portfolio Allocation

Ausgrid operate and maintain Australia's largest electricity network and has a forecast capital investment program in excess of \$8 billion in the five years to 2014.

Ausgrid's capital expenditure decision is complicated by having to simultaneously manage competing organisational drivers (e.g. growing vs. maintaining the network), allocating scarce resources, and complying with complex regulatory requirements.

FACTS AND FIGURES

Client: Ausgrid

Portfolio value: \$8 billion over five years

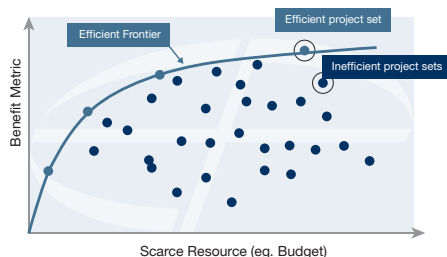
E&P involvement: 2009 - current

Managing decision complexity through project portfolio optimisation

Evans & Peck developed a holistic framework and modelling tool to assist Ausgrid with their project selection. The framework brings consistency to Ausgrid's project evaluation processes across asset types and business units.

With an overarching corporate strategy focussed on risk minimisation, the portfolio approach considered a wide range of risks at both corporate and customer levels over a long-term planning horizon. A "corporate health index" was developed using key business drivers to quantify the impact of individual projects on risk mitigation.

The modelling tool simulates the impact of projects on the existing network, and employs sophisticated optimisation algorithms to select the portfolio. Project dependencies and portfolio constraints (resources/budget) are considered in the optimisation process.



Informed capital planning

Evans & Peck's solution enables Ausgrid to effectively monitor implementation of the capital program, and allows management to plan the future trajectory of their corporate risk profile.

Key outcomes for Ausgrid are:

- their understanding of the true impacts of projects on the organisation
- the incorporation of environmental, social and community-oriented strategic goals into their portfolio strategy
- the monitoring of risk mitigation during program delivery
- the rebalancing of the portfolio to reflect changes in strategy and project performance
- their ability to efficiently and defensibly allocate funds between equally important business units
- their ability to bring transparency to the project selection process throughout the organisation
- the accuracy in forecasting skilled resource and critical equipment requirements.

Strategy is now communicated through the organisation and the most effective projects are chosen in a consistent way.

Ensuring efficient resource allocation by aligning project selection with corporate strategy