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## Case Study – Leading Electricity Distribution provider

### Electricity Distribution Pricing Review (EDPR)

A leading Electricity Distribution provider currently services more than 1.2 million customers across 80,000 square kilometres in the eastern half of Victoria. This involves the provision of electricity to approximately 532,000 residential and approximately 71,000 commercial/industrial customers.

Every 5 years Utility companies must submit a pricing submission (called EDPR) to the Energy Pricing Regulator to present their business case for the investment required to acquire the assets they need to provide energy, safely and profitably. The Request for Investment (of Assets) is articulated in value terms as to how they will deliver value to their customer base, meet regulatory requirements and maintain a safe electrical network. The resulting approval from the government to the utility company is an approved tariff base and revenue plan for the 5 year business cycle; as long as they implement the assets according to the agreed plan.



For the ICT to complete the EDPR process it is necessary for each EDPR cycle to refresh the ICT strategy. Sentric were responsible for the development of the ICT strategy including the system architecture that covered all aspects of the Distributor's IT environment that supports the electrical network and its operation.

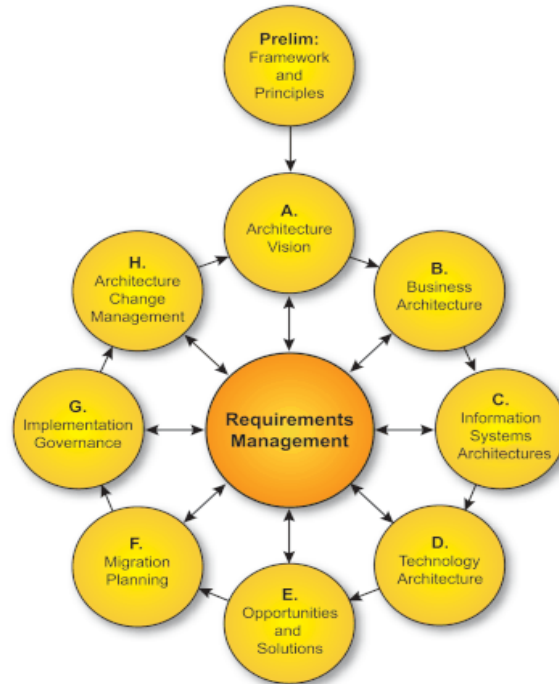
The Distributor was faced two major challenges in writing this submission. Firstly the Energy Pricing Regulator adopted a pricing model that demanded a more granular level of financial reporting than before and secondly the submission came out after Black Saturday.

The aspect of safety as a business driver had a higher level of priority as a key business driver. Both of these challenges required an IT asset strategy and plan that articulated how business objectives would be met, how the asset lifecycle plan would be managed and how the future state would be achieved. All investment requests must maintain a clear line of site to the objectives of supporting safety across the electricity grid.

### Approach

Within Sentric, practice directors have an extensive utilities background. Sentric understood the business drivers immediately, particularly that of safety and in collaboration with the lines of business articulated the needs and highest priority areas that required investment. The Plan was one that all areas of the business were involved with and supported.

Working with a combination of Federal Enterprise Architecture Framework (FEAF) and The Open Group Architecture Framework (TOGAF) ADM process, Sentric lead a team of Internal and external resources to analyse the current ICT strategy and historical outcomes of that strategy as it related to commitments made in the past EDPR submission. Two major documents that were developed form this process, the EDPR Gap Analysis and Historical Spend.



The teams then worked to provide a justification for any variation to the past EDPR submission based on impacts to the original strategy by events classified as:

- Opportunity Driven: Variation caused by the organisation taking advantage of an opportunity.
- Issue Driven: Variation caused by the organisation addressing an unforeseen problem.
- Target Driven: Variation caused by a change in Market or Regulatory conditions

Once the Historical component of the EDPR submission had been completed the team moved to define the future state of ICT for the next EDPR 5 year period

A new 5 year ICT strategy was developed including a supporting cost model. From this a 1 year tactical plan roadmap was developed.

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## Deliverables

Sentric were asked to deliver the following:

- Development of the ICT response for the EDPR submission
- Refresh of the ICT Strategic Plan
- Development of ICT tactical plan for first year implementation  
Development of a full Financial Costing Model for Strategy
- Develop presentation to the Regulator
- Present ICT component of EDPR to regulator

## Outcomes

Sentric wrote a 5 year ICT Strategy and Asset Plan to upgrade the IT infrastructure that supports the electricity grid in clear terms that expressed the value and purpose of each system and how it would be implemented, including the effort and cost to do so.

The submission was favourably received. The Distributor has now advanced on implementing their 5 year plan to improve their IT efficiency and operations. Now in the 3rd year of this 5 year business cycle, Sentric still supports the CIO in the financial management and reporting of the Asset Plan.

Sentric were involved in the development of the enterprise architecture, business case development and submission the Electricity Distribution Pricing Review (EDPR) to the regulator.

Sentric went on to build the architecture and governance office to oversee the 5 year plan to build the rigour and process required to achieve the outcomes.