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State-owned corporation TransGrid is a major electricity provider for the State of New South Wales. The organisation has been contending with increasing prices, growing customer demands, and calls for the company to be privatised.

Images by Scott Ehler

Managing Director of TransGrid Peter McIntyre has had a strong focus on transmission engineering throughout his career. “I was an internal appointment to the managing director job in April 2010,” he explains. “I’d previously held three other executive/general-manager roles in the company, covering a range of areas such as asset management, regulatory strategy, and the like; so I’ve had a very broad experience in the industry and the business.”

Peter’s first three years as managing director have been challenging due to the external environment continually changing in unforeseeable ways. “When I came into the role, we were in an industry where the future was reasonably predictable and thrived on technical excellence, efficiency, and ongoing continuous innovation,” he highlights. “Since then, there’s been a tremendous

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upsurge of public and political concern around power prices. The causes of those have largely been things outside the transmission sector. There have been a number of factors driving up prices; we’re largely a fairly small contributor to those prices.

“Around New South Wales, we technically represent 7 to 8 per cent of the end-user bill, but there has been intense political and media focus on price rises—generally driven from networks, but also other factors like carbon pricing and wholesale pricing, such as the cost of solar schemes put in by state governments, and the like. As a network, we’ve actually been criticised and are very much the focus of that debate. It’s been a very difficult environment trying to build as well as trying to run our business as best we can. I think the sector has generally suffered a loss of social trust. That has been the most challenging thing for the company.”

Peter believes stakeholder engagement is vital to TransGrid’s planning and decision-making for the future. “In our current five-year corporate plan, stakeholder engagement is one of two major initiatives that we need to deliver,” he says. “The first thing we’re doing is people-based. It’s around the culture and the organisation: moving us from a company that is internally focused and technically expert to one that provides information to the community about what the challenges are, and then works with the community on solutions rather than giving the community what we think is the best solution.”

Community engagement is crucial to TransGrid, as it helps build trust and understanding within the areas it operates in. “I’ve recently announced a restructure of the business that will create a new executive role that will report directly to me to give carriage of that,” Peter highlights. “It was very important to tell our staff and >





external stakeholders that we are serious about it. Both the board and I want to give engagement the highest priority. We have had fairly sophisticated mechanisms for managing stakeholders broadly over the past few years. What we have learned is that they just haven't been good enough; we had to actually lift the bar, open up the organisation and make incredibly transparent to people external to the organisation what our thinking is—not only what we're doing and why we're doing it, but our rationale and our decisions, how

we take feedback, assess it, and use it.

"In the past couple of months, for the first time in the company's history, we've done consumer workshops in western Sydney and in Dubbo where we've gone out to consumers and run focus groups to start to understand consumer expectations around transmission and their thoughts around service-price trade-off, their thoughts around asset replacement, and what a prudent company would do in terms of providing long-term supply security at the lowest cost. And that's very informative in terms of touching into the community directly."

To bring the focus towards community-centric solutions, Peter

has set forward motions for aligning staff with TransGrid's vision and mission. "That's an ongoing work," he expresses. "When I first spoke to *The CEO Magazine* three years ago, I spoke about how my focus was very much around people. As a company, we have three assets: We have a bank account, we have physical assets, and we have our people. Change only comes through the people, not through physical assets. It is around a long-term view of understanding our people and understanding our culture.

"We did our first culture survey of the organisation, which was a staff self-assessment of our own culture. That has been very useful in identifying some areas to work on, which is around more customer focus, more flexibility, and speed >

"Consolidated Power Projects is proudly involved in TransGrid's infrastructure development program. We particularly value TransGrid's professionalism and focused approach in dealing with our team, and look forward to strengthening our working relationship in the future." - Davin Berelowitz, New South Wales State Manager, Consolidated Power Projects



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of change. So that's identified the areas that we have to work on. We're now rolling out a leadership program and a reward-and-recognition program that focuses more on excellence in customer service delivery and excellence in speed of response, thinking, and innovation.

"I think it's just a matter of identifying where you need to work. TransGrid's board, our executive team, and I are totally committed to delivering changes—but knowing that those changes have to be deep-tissue, cultural changes; they can't be superficial. Changing a process or a document is not going to take you somewhere; it's about changing the mindset of people to think differently about customers and end consumers and the community more broadly."

The safety of staff and community is an idea that TransGrid takes extremely seriously. "As an organisation, we have a culture of safety first," Peter affirms. "We don't accept shortcuts; we place the highest priority on safety, and we have training in procedural compliance aspects, like any large corporation would have."

"I want to reflect briefly on a very tragic circumstance: we had the fatality of a contractor working for us in the Snowy Mountains earlier this year. That has highlighted to the company that despite everything we had done and sought to do, tragic incidents can still occur. I think the communication of the unacceptability of that incident and the fact that a person lost their life when they were working for TransGrid brings home very deeply to employees just how they have to remain 100-per-cent focused at all times. I think, again, it's just a mind thing to make sure there is an absolute commitment from the board, executives, and ›



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every employee to ensure that everything they do is entirely focused on delivering safe outcomes."

With TransGrid being a major power corporation, Peter is keenly aware of how important environmental consciousness is to the company's social licence. "We need to trim and remove vegetation on transmission-line easements to avoid major bushfire risk," he notes. "In recent years, we've seen major bushfires in Victoria, as well as the litigation that flows from that and the tragic loss of Victorian lives. We are focused on eliminating bushfire risk. That does mean we have to cut down trees, so, as a company, we have had a number of initiatives around tree generation. We have been working with Greening Australia on an initiative called GreenGrid on tree planting, regeneration, and river regeneration in southern New South Wales.

"We are also sponsors of PlantBank, which generates a large bank of native seeds that can be regenerated. As a company, we're really focused on understanding what we have, how we can minimise our impact, and how we can contribute to the broader community in a positive way. At the moment, we're just finishing the construction of a new office building in Sydney on top of an existing substation in the southern part of the CBD, and that building will also be a 5 Star Green Star building to demonstrate our commitment to good environmental management."

The future of TransGrid represents new challenges as well as new opportunities for the business. "We have challenges moving forward in relation to better integrating into the broader community that we serve. Additionally, we have challenges around likely reductions



in our revenue from our regulated revenue source," Peter reveals. "Those things are very real challenges. But I think the most positive thing I can say about the company is that we've responded to those challenges by saying they also provide opportunities.

"A fivefold increase in our unregulated revenues in five years is the target. And that's a response to make sure we can maintain the profitability of the company and the value that the business >





represents to the people of New South Wales.

“The second area I’ve touched on is building stronger links to the broad community we serve so that we don’t just operate within society but are integrated in society so people understand what we provide to them. I think both of those can be looked upon as challenges, but, internally, we look to them as opportunities to improve the company as we move forward in the next three years.”

Future planning can be difficult as the power industry faces huge shifts towards privatisation. “We note that there have been calls from many people in industry, government, and regulators who

believe all network companies in Australia should be privatised,” Peter notes. “Our view is that it is for the shareholder, the state government of New South Wales, to make that decision. If the government wishes to do so, the company response is to identify best practice in the world in private or public, to make sure our processes reflect the best of both, and that our efficiency is reflective of the best of both.

“We believe we should be as efficient as a best-practice public or private company. We are benchmarking and learning from public and private, and making sure that the changes we make in the company will put us in good stead, depending on

whether we remain in public hands going forward or if we’re privatised.

“While we are going forward and looking at our unregulated revenues and at community engagement, the other thing that I think is still very important is that we are focused on delivering a cost-efficient service. To me, that’s identifying ways to run the company more efficiently, so we’re still constantly refining how we run to make it leaner. We’re forming relationships with a smaller number of better-quality suppliers, whether that’s in major contracts, plant supply, or vegetation management. We do want to have valued suppliers who give us very good value for money and are in it for the long haul.”

Energy consumers are demanding more from their providers, particularly with regular price increases and growing demand for power. This means TransGrid must stay in touch with what its customers expect and how best to deliver those. “Our customers respond not only to better value, but they—particularly those connecting major loads, like coalmines or new generators—want to get projects up and running very quickly,” Peter says. “We need to be more flexible and more nimble while producing better quality. In the long term, having pre-approved suppliers that we’ve got close relationships with allows us to deliver projects more quickly.

“We’ve established a panel of four companies that provide our substation design and construct, and that allows us to move quickly for customers and provide better-quality services over time. It also enables us to take a position where we are less likely to be in dispute and have one-off contracts dragging on. We’re a company focused on delivering for the long



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term with big projects. We believe that we will all benefit from that set-up.”

With a network that includes up to 12,800 kilometres of transmission line and underground cables, plus links to Queensland, New South Wales, and Victoria, TransGrid is facilitating interstate energy

trading while delivering power to more than three million households and businesses.

Considering the scale of this network, the company must remain mindful of consumer needs and determine how best to deliver power supplies, education, and competitive pricing. •

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