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Driving Efficiency

As the power industry becomes increasingly regulated, Ergon Energy Corporation is investing in new technologies and programs to provide safe, reliable, efficient, and sustainable energy solutions to support customers and the Queensland economy.

Images courtesy of Ergon Energy

CEO of Ergon Energy Corporation Ian McLeod has more than 30 years experience in the power industry. “I initially started in the field and then moved on to manage various project, engineering, business development, finance, and construction departments,” Ian says. “I moved around and worked for the State Electricity Commission in Victoria for some time. I then went to Powercor Australia. Afterwards, I established a contracting company called Electrix in 1996. I’ve been with Ergon for 13 years and have been CEO for six years.”

Throughout Ian’s tenure, Ergon has faced two major challenges that have helped shape the organisation. “The first challenge was the economic boom Queensland experienced in the past decade with the resources boom and the construction of enabling infrastructure such as ports and water. Immigration and sea change were quite big drivers of significant growth in regional populations and therefore new subdivisions. The economic prosperity saw increasing penetration of lifestyle appliances such as air-conditioners, plasma

televisions, and computers, which in turn increased demand and consumption on the network. It was a huge growth phase for Ergon. At that time, my role was about delivering the infrastructure and services to support the boom. By the time I assumed the CEO role, we were pretty much at the peak before the global financial crisis.”

Following the boom came contraction, assisted by the global financial crisis. Kevin Rudd was elected prime minister in 2007 and implemented various policies around climate change, carbon, and renewable-energy targets. “That certainly started to change the market and take it in a different direction. Since that time, we’ve had contraction in consumption, a flatlining of peak demand, and growth has been suppressed. We’ve had to downsize the business and investment to take the pressure off future electricity prices. We’ve also been quite active in developing new solutions for energy efficiency and conservation. We very much take the view that the cheapest kilowatt is the one you don’t use. A focus on demand and efficiency rather than supply drives a more productive outcome for the Australian economy.”

Innovation and technology are being used to help Ergon reduce its operating costs and risks, with the aim of easing upward pressure on prices. The organisation has implemented a new technology initiative called ROAMES (Remote Observation Automated Modelling Economic Simulation). “We had done some work on an aerial platform with automated flight planning and navigation; it actually started with drones,” Ian explains. “Data-storage costs were coming down and data-processing speed was increasing, so that gave us the ability to model that data into a virtual 3D world. So we’re capturing our whole asset—150,000 kilometres—and it gives us a virtual 3D world where we will be capturing every regional town and city.

“For the first time, we can see the environment around the conductors from our offices. It automatically identifies intrusions or vegetation touching lines, so we’re able to reduce our vegetation inspection-and-cutting costs, see the risks across the whole state, and allocate our resources effectively. This was all about bringing our core operating capital costs down through the introduction of intelligence, automation, and new ways of >



doing things. We used ROAMES as a pilot and trial in Tasmania when the bushfires occurred to identify where assets had been damaged, and we also used it in Bundaberg during the floods, so it's also a technology that allows us to see where the damage to the network is after a disaster event. Traditionally, that would take us several days or weeks due to ground-based access issues, particularly in regional areas."

With regulatory changes impacting greatly on the power industry, Ergon has worked hard to remain ahead of the curve by implementing numerous initiatives to increase efficiency. "We're putting battery storage into the network, we're putting battery storage on customers' installations, and we're trialling electronic vehicles to understand their impact on the grid, and how those new markets can help increase utilisation of the grid," Ian says. "They can be a problem or they can be part of the solution, and

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we want to make them part of the solution.

"In regard to strategy in the early days, we put in a well-recognised strategic framework, and we have a strategic performance-monitoring tool that contains all of our initiatives, targets, dates, and progress. We've got a very structured framework for implementing our strategic initiatives. Ergon's strategies centre heavily around customer outcomes. Market reform, prudent investment, and efficient delivery are all key themes.

"I'm very much pushing for market reform and getting the price signals right so we can get these assets utilised more efficiently and therefore have a downward influence on price and costs in the longer term. A lot of the investment now is going into people's installation and not so much the network, so we're very much trying to hold forward investment low while putting in

enough smart technology to enable the market to occur. We've been consulting on network tariff reform across Queensland to try and get the right outcomes for us and our customers."

Ian cannot stress enough the importance of customer engagement, noting that they are central to the company's success. "Ergon has won many awards for customer engagement programs, such as solar cities," he explains. "What we do is engage local enterprises, the chambers of commerce—councils specifically—and customer representative groups. The customer and the community are central to what we do; if we can get them on board, then we have great success. We're trying to get people to conserve their energy and be more efficient with it so that we don't have to build more infrastructure and invest in unnecessary infrastructure."

As legislation plays a major role in how the power industry delivers its

service to the public, Ergon realises the importance of collaborating with government. "In terms of the Queensland state government, Mark McArdle, the Minister for Energy and Water Supply, has also got a very strong vision for the future. He's leading the development of a 30-year plan for Queensland's energy and electricity industry, and I'm a big fan of long-term planning. So they've got good vision and are working with all stakeholders to try and achieve an outcome where more efficient power supply is driving the economy.

"The minister was up in Cairns recently to launch a product called GUSS [Grid Utility Support System]. That's a battery-inverter system that we put on our long, rural, single-wire network that wasn't built for the loads that we have today. To replicate or augment those networks would cost hundreds of millions, if not billions, of dollars, so we're using them more for battery storage.

"The state government has been a great advocate in that space and wants to work with us on future solutions. There are also the industry participants, and we've got arrangement with SMEs, universities, and suppliers to the industry. We had a Queensland Energy Future workshop a couple of months ago that included a number of our stakeholders and industry participants. The workshop dealt with issues including the capability to move, conserve, and store energy, and be more efficient with it."

Ian believes Australia must focus on getting the greatest efficiency and productivity from an energy and carbon perspective. "I see the future as continuing to work towards that and having a network that's agnostic on what's connected to it, whether it's a load, supply, battery storage, distributed generation [solar panels], or electric transport. Electric vehicles are coming along, so there's a fantastic opportunity to decarbonise and utilise the grid more efficiently to put a downward pressure on prices. That's a huge



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opportunity, and that's why I talk about market reform. Market reform is not just for tariffs, but determining the new markets that can be utilised to make our grid more efficient.

"And then there are the employees of the future. We've got a program out there looking at what our employees of the future will look like and what skill sets they'll need," Ian concludes. "We're working with universities to make sure we get the right type of people coming through with the right skill sets to advance the agenda. It's a very exciting future; it'll be a very

different future with a lot more players in it. With PV solar-panel service providers, there will be an increase in different types of service providers, and that creates opportunities for people in the industry as well."

The power sector has gone through a host of changes that have seen greater public awareness of the cost and impact of power generation. Ergon is exploring various facets of the industry to help increase national efficiency while giving consumers more choices and environmentally conscious options. •

