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# POWER Player

With an electricity network that provides power to more than three million homes and businesses across New South Wales, TransGrid knows how essential it is for its business to run smoothly.

Images courtesy of TransGrid

Since the discovery of how to conduct and utilise electricity in the 1800s, it has become essential to our daily lives and is impossible to live without in this modern age. It's such a part of our day-to-day living that it is easy to forget the complexities of running and maintaining a network that the country relies on to function.

TransGrid is the owner and operator of New South Wales' high-voltage electricity network. CEO Peter McIntyre is well aware of the importance of his job, and of the responsibility that rests on the company's shoulders. "We deliver a service day in and day out for the people of New South Wales and the Australian Capital Territory," Peter says. "The fact that we may not be a traditionally well-known organisation reflects the fact that we perform exceptionally well day in, day out delivering our core services."

"As an organisation, we are constantly looking at how we can do things better to make sure that the prices consumers pay are achieving value for money."

- Peter McIntyre

TransGrid owns and transmits electricity through more than 12,000 kilometres of power lines, with a network that stretches from the New South Wales Central Coast, inland to Broken Hill, and down through the Australian Capital Territory to the Snowy Mountains. Owning such a large network, and with the responsibility of providing such a vital service to more than three million homes and businesses, comes with certain challenges for TransGrid, however.

A particular challenge is maintaining the network to the required standards while keeping prices in check for consumers. "In response to the price sensitivity for the network generally, the Australian Energy Regulator is currently being quite aggressive in terms of the allowances it gives regulated businesses to run their enterprises," Peter explains. "So we need to be constantly finetuning our business to make sure that we can deliver the services the

community expects at a price that also allows consumers to see no more than a CPI price rise over the foreseeable future."

One way Peter and TransGrid have sought to reduce costs without compromising the quality of the network is by internal restructuring and ensuring the most efficient internal processes. "In the past two months, we've implemented a management restructure of the company from the executive down to our level two and level three management. That's taken about 15 per cent of our management costs out, worth about \$3 million per annum. As an organisation, we are constantly looking at how we can do things better to make sure that the prices consumers pay are achieving value for money."

This restructure was not about cutting staff and making the organisation run on less. Peter believes that his staff are TransGrid's best assets and that >





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there is a need to invest in them just like the company's physical network. "I believe the organisation's key asset is its people. We certainly have physical assets, but our ability to compete and win markets and our ability to deliver services at a competitive, fair price for consumers is principally delivered through our people. We do support a range of development, whether that's in management training or technical skills for our field work staff; and for our people in some areas of our business, we provide highly specialist training, which is important."

TransGrid is also aware that the future of energy is changing, and consumers are more aware of environmental impacts and alternative renewable energy options. They are investing in a number of renewable sources for now and the future. "We're very strong in our commitment to renewable energy, and this is in a number of areas. We are continuing to connect large wind farms to our network and to provide an avenue for significant wind generation through our energy network and to take that further."

"At the moment, we're consulting with the government and key stakeholders about the development of a renewable energy hub in the northern part of the state. The concept is to provide a point of connection onto our main grid where we can put about 800 megawatts of wind or solar into our network, and then attract that to a single point of connection to reduce

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costs for those parties and improve the performance of renewable energy generation. We are trying to be very responsive in those emerging trends of renewable energy, electric vehicles, and demand management, and we're very proud to be undertaking initiatives in those spaces."

To invest and move into new renewable technologies and energy generation, TransGrid has to ensure good relationships with suppliers and partners. As a government-owned corporation, an extra layer of complexity is added to an already difficult process, as there are guidelines that have to be followed for any procurement process. As part of Peter's focus on increasing efficiency, over the past two years TransGrid has improved these processes.

"We've been on a strategic procurement journey in the past 18 to 24 months to take a far more strategic approach to procurement. We've developed more than 20 sourcing strategies by class of activity—everything from substation construction to IT, to professional economic advisers. The largest dollar procurement source is actually building substations, and in that space we've now had about 18 months of experience with a panel of pre-selected contractors. That is taking cost out of the business and has allowed us to move from tender to contract award far more quickly."

"For a construction contract, what may have typically taken us six months from tender to evaluation to contract award now may take six or eight weeks, because we've locked down all the terms and conditions; we have sophisticated

monitoring performance management of those contractors, and they know they have a reasonable shot. We're getting sharp prices and really competitive bids, so it's allowed us to improve the pricing, improve the performance, and improve the speed of placement of contract.

"It has allowed us to focus on those companies in regard to contractor performance, safety performance, and environmental performance on site, so we actually have better-quality outputs on those projects as well. It's a real success story. We think we currently have about 80 per cent of our discretionary annual expenditure now sourced strategically, so that with the program over the coming months to complete that work, all our major lines of procurement have a strategic sourcing strategy assigned to them."

In the end, these changes Peter has led the organisation through over the past two years have been about improving service and cost for everyday Australians who use the network. Peter is very focused on the end goal of the company, which is providing a critical service without which the country could not run. "If you look at the modern economy and modern society, ultimately it is all underpinned by a reliable, secure, and safe electricity supply," Peter says.

"It's very easy for the community, when things are going well, to forget that companies like TransGrid provide the necessary support that underpins modern society, whether it's health, teaching, hospitals, banking, or night training of football teams. Everything big and small in this society is leveraged off electricity, and the electricity supply system at the moment is leveraged off effective transmission services that connect generators to distributors and ultimately to businesses and residences.

"That can be taken for granted by consumers, but I think we're playing a tremendously strong role in society." •

*"We regard working with TransGrid as a true privilege. Their professionals have a clear vision for their network and the improvements required. We are pleased to be part of their team in bringing this vision to reality." - Davin Berelowitz, Executive Vice President, Consolidated Power Projects Australia Pty Ltd*