MARCHMENT HILL
- consulting -

Vegetation Management Sustainable Delivery Strategy for Regional DNSP

the challenge

Our client, a regional Distribution Network Service Provider with one of the largest network areas in Australia, faced a number of issues in relation to the delivery of vegetation management (VM) services including an incomplete and problematic outsourcing arrangement, high levels of urgent work and constrained funding. The current approach was simply not sustainable. However imminent activities, including contract negotiations for some regions, presented a valuable opportunity to address some of these issues, and plot a path to the sustainable delivery of VM services.

In order to determine the optimal approach to these near term opportunities, our client first needed to understand their desired end state. It needed a vegetation management sustainable delivery strategy (VMSDS) which defined that desired end state, as well as the principles and rationale that support it, a transition plan to achieve this end state and specific short-term activities to best leverage these imminent opportunities.

what Marchment Hill did

Marchment Hill had previously worked with this client to fully understand the issues with the current VM service delivery approach. This insight was combined with MHC's detailed understanding of the range of options and approaches to contracting for utility services and extensive internal stakeholder engagement to develop the future strategy. The engagement process included:

- Interviews with senior stakeholders;
- A 2-day workshop with a range of stakeholders across Procurement, Network Services and Asset Management; and
- A further half day workshop to confirm a mutual understanding of the approach to key integration points and to reach a consensus on the preferred strategy for contract design and management.

The VMSDS answered a number of key questions in relation to "how to deliver" the services, these included:

- Which VM services will be outsourced and which will be insourced?
- How many VM suppliers should be active at any one time?
- What should be the basic nature of the relationship with VM suppliers?

engagement profile

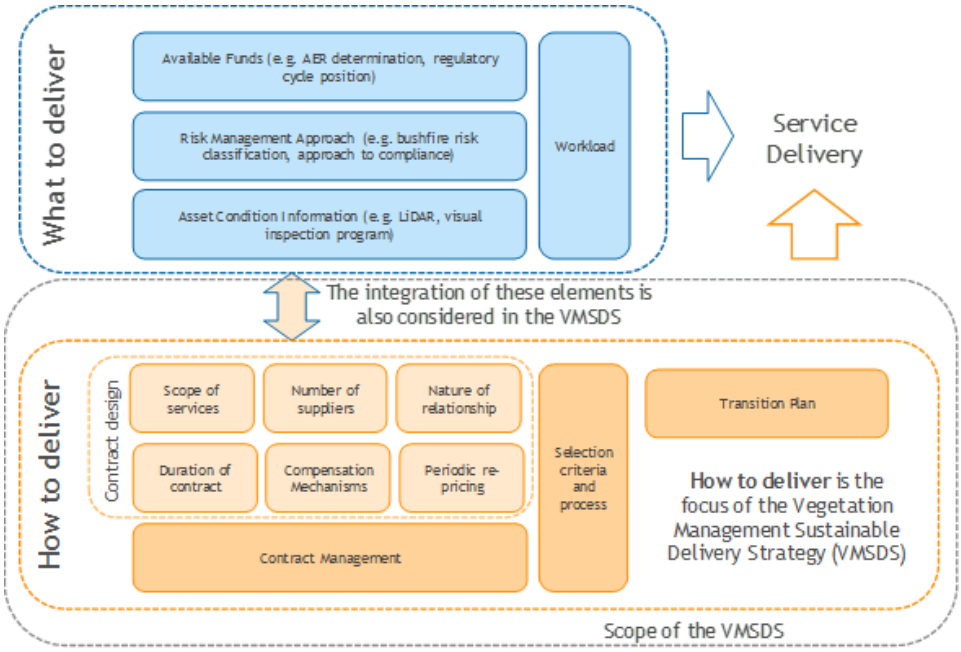
- What (indicative) tenure should be available in an 'ideal' VM supply contract(s)?
- What compensation mechanisms should be used (i.e. payments, incentives, risk allocation)?
- How should periodic re-pricing occur?

Importantly, MHC's work also included key integration points with the clients assessment of "what to deliver" including:

- The approach to risk mitigation and the ability of the client to alter their cutting requirements by year and region; and
- The integration of LiDAR data into the process for determining cutting requirements.

Finally, MHC developed a transition plan covering a 3 year period, plus specific short-term actions to make the most of the upcoming procurement opportunities.

These activities are summarised in the project scope diagram shown below.



the benefit

Critical benefits for the client included:

- Agreement and understanding within the business, at all levels, of the preferred end state approach to the delivery of vegetation management services;
- Immediate actions and a transition plan to make the most of the current situation and progress towards the end state;
- A lasting reference guide to support future decision making; and
- Improved integration between Procurement, Asset Management and Network Services business units.