



UMS Group Inc. SOS: Communicating Results to the Asset Owner



COMPANY

A Dutch Electric and Gas DSO serving over 2.5 million customers.



BACKGROUND & BUSINESS CHALLENGE

The company operates under an Asset Owner – Asset Manager – Service Provider business model, wherein the asset owner defines and sets the company's long-term business values, KPIs and targets; the asset manager undertakes decision-making activities to realize the targets identified; and the service providers provide day-to-day operational efficiency. The company was looking to improve its investment portfolio performance to derive optimal value with the least risk exposure possible, all while aligning each investment undertaking with the company's business values. Tied to the need of a sound portfolio optimization process was the growing importance of providing transparency to stakeholders, both internal and external.



APPROACH

With these challenges in mind, UMS Group worked with the company to define the company's specific requirements for an investment optimization application and process. The process was jumpstarted with UMS Group facilitating the asset owner and asset manager through identifying the business values and underlying success criteria scoring measures, assigning relative weights for each category, breaking down success criteria to a set of scoring algorithms, and creating value and risk scoring matrices for each criterion.

UMS
group

www.umsgroup.com
info@umsgroup.com
Americas +1.973.335.3555
Europe +31.20.561.7033
© UMS Group Inc., All Rights Reserved

SOS: Communicating Results to the Asset Owner



RESULTS

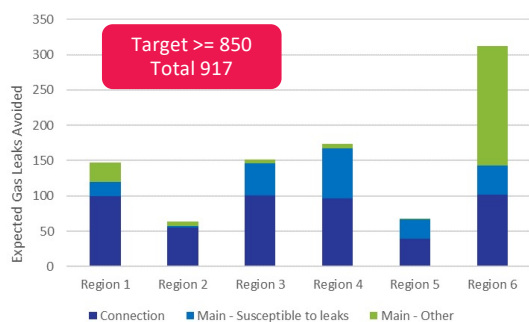
With the web-based Spend Optimization Suite (SOS) in place, a paradigm shift took place in terms of portfolio focus: from being a financially-driven investment portfolio to a business-values driven one. It was also found, through a parallel test run, that an optimized portfolio generates cost savings compared to the results of a non-optimized scenario since it aligned the investment undertakings based on targets set by the asset owner. The value derived from the use of the tool has been significant enough such that it has now become an integral part in the decision-making process of the company.



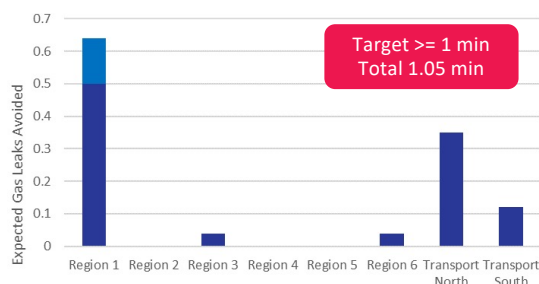
HIGHLIGHT: COMMUNICATING RESULTS WITH THE ASSET OWNER

SOS was used to analyze the data, determine a recommended plan for the following year, and create a presentation for the Asset Owner, aiming to get agreement on the plan as well as approval for extra replacements for a positive impact on SAIDI and above-target quality of supply. The following highlight some of the results included.

Communicating Results – Safety (Reduced/Prevented Gas Leaks)



Communicating Results – Qual. Supply (SAIDI Improvement)



Decision by Asset Owner/Board to approve extra replacement of VPE cable (1.1M cost, 0.14 min SAIDI)

Communicating Results – Capex

Investment Type	SAMP 10-yr / MLT 1-yr	Investment Plan 1-yr	Delta
Customer Driven	207	200.5	-6.5
Non-Customer Driven	190	193.2	3.2
Total (M)	397	393.7	-3.3

Investment Type	Explanation of impact on investment plan (annual part of 10-yr SAMP)
Customer Driven	Economic situation results in lower budget new connections (~4M) and upgrade grid / grid extensions (~2.5M)
Non-Customer Driven	Higher budget replacements (+3.2M)

Fictional Data

Replacements and Grid Improvements (Capex per Business Value per Region)

